UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-QSB
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QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL QUARTER ENDED MARCH 31, 2007

COMMISSION FILE NO.: 0-52356

GS CARBON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 20-5996486

(State of other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

One Penn Plaza, Suite 1612, New York, N.Y. 10119

(Address of principal executive offices) (Zip Code)

(212) 994-5374

(Registrant’s telephone number including area code)

Check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant as required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ____ No X
The number of outstanding shares of common stock as of May 21, 2007 was:
421,577,063

Transitional Small Business Disclosure Format: Yes No X.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)
### GS CARBON CORPORATION AND SUBSIDIARIES, A DEVELOPMENT STAGE COMPANY
### CONDENSED CONSOLIDATED BALANCE SHEET
### AS OF MARCH 31, 2007

#### ASSETS

**Current assets:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$58,887</td>
</tr>
</tbody>
</table>

**Property and equipment, net**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>140,953</td>
</tr>
</tbody>
</table>

**Other Assets:**

- Investments - at cost: $1,935,763
- Investments - equity method: $303,078
- Security deposits: $7,548
- Due from related party (Note 6): $368,566
- Deferred financing costs (Note 5): $119,792
- Technology licenses, net (Note 4): $418,494

**Total other assets**: $3,153,241

*TOTAL ASSETS*: $3,353,081
LIABILITIES AND STOCKHOLDER'S DEFICIENCY

Current liabilities:
Accounts payable ........................................ $ 300,585
Accrued expenses ........................................ 175,899
Derivative liability - convertible debentures (Note 5) .......... 2,613,354
   Derivative liability - warrants (Note 5) ................. 1,990,396

Total current liabilities ..................................... 5,080,234

Convertible debentures payable, net - long term (Note 5) .. 566,093
Investments payable (Note 4) ............................... 191,427
Due to related parties ....................................... 740,417

TOTAL LIABILITIES .............................................. 6,568,171

Commitments (Note 11) ....................................... --

STOCKHOLDERS' DEFICIENCY

Series A voting preferred stock ($.0001 par value; 100,000 shares authorized; no shares issued and outstanding) .......... --

Series B voting preferred stock ($.0001 par value; 100,000 shares authorized; 78,250 shares issued and outstanding) ..... 7

Common stock, $0.0001 par value, 2,500,000,000 authorized; 179,264,850 issued and outstanding ......................... 17,927
Additional paid-in capital ........................................ 2,262,189
Deficit accumulated during the development stage ............. (5,495,213)

Total stockholders' deficiency ................................ (3,215,090)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY ................. $ 3,353,081

The notes to the consolidated condensed financial statements are an integral part of these statements.

</TABLE>
## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006
THE PERIOD OF INCEPTION (JANUARY 14, 2006) TO MARCH 31, 2007

<table>
<thead>
<tr>
<th>Period of Inception</th>
<th>Period of Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ended to March 31, 2007</td>
<td>Ended to March 31, 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>&lt;S&gt;</th>
<th>&lt;C&gt;</th>
<th>&lt;C&gt;</th>
<th>&lt;C&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selling, general and administrative expenses</td>
<td>$356,929</td>
<td>$38,147</td>
<td>$1,245,770</td>
</tr>
<tr>
<td>Share based compensation</td>
<td>1,810,654</td>
<td>--</td>
<td>1,810,654</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(2,167,583)</td>
<td>(38,147)</td>
<td>(3,056,424)</td>
</tr>
<tr>
<td>Other income (expense):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forgiveness of the registration rights penalty</td>
<td>--</td>
<td>--</td>
<td>480,290</td>
</tr>
<tr>
<td>Unrealized gain on derivative instruments</td>
<td>(1,976,127)</td>
<td>--</td>
<td>(1,086,117)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(411,394)</td>
<td>(4,090)</td>
<td>(582,488)</td>
</tr>
<tr>
<td>Interest income</td>
<td>11,078</td>
<td>--</td>
<td>11,078</td>
</tr>
<tr>
<td>Net loss</td>
<td>$4,544,026</td>
<td>$(42,237)</td>
<td>$(4,233,661)</td>
</tr>
<tr>
<td>Basic and diluted income per share</td>
<td>$0.06</td>
<td>$(42.24)</td>
<td>--</td>
</tr>
<tr>
<td>Weighted average of shares of common stock outstanding, basic and diluted</td>
<td>75,211,131</td>
<td>1,000</td>
<td>--</td>
</tr>
</tbody>
</table>
The notes to the consolidated condensed financial statements are an integral part of these statements.

<TABLE>

GS CARBON CORPORATION AND SUBSIDIARIES, A DEVELOPMENT STATE COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006
THE PERIOD OF INCEPTION (JANUARY 14, 2006) TO MARCH 31, 2007

<CAPTION>

<table>
<thead>
<tr>
<th>Period of Inception</th>
<th>Period of Inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ended to March 31, 2007</td>
<td>to March 31, 2006</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>&lt;S&gt;</th>
<th>&lt;C&gt;</th>
<th>&lt;C&gt;</th>
<th>&lt;C&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash used in operating activities</td>
<td>$ (333,352)</td>
<td>$ (108,900)</td>
<td>$ (878,679)</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of machinery and equipment</td>
<td>--</td>
<td>--</td>
<td>(156,977)</td>
</tr>
<tr>
<td>Acquisition of technology license</td>
<td>--</td>
<td>(50,000)</td>
<td>(261,328)</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>--</td>
<td>(50,000)</td>
<td>(418,305)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from convertible debt</td>
<td>1,000,000</td>
<td>--</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Advances from/(payments to) related parties, net</td>
<td>(607,949)</td>
<td>349,437</td>
<td>355,871</td>
</tr>
<tr>
<td>Cash provided by financing activities</td>
<td>392,051</td>
<td>349,437</td>
<td>1,355,871</td>
</tr>
<tr>
<td>Net increase in cash</td>
<td>58,699</td>
<td>190,537</td>
<td>58,887</td>
</tr>
<tr>
<td>Cash at beginning of the period</td>
<td>188</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Cash at end of the period</td>
<td>$ 58,887</td>
<td>$ 190,537</td>
<td>$ 58,887</td>
</tr>
</tbody>
</table>

Supplemental Schedule of non-Cash Investing and Financing Activities

Issuance of GS Carbon Trading, inc. shares in exchange for the transfer of holdings in cost and equity method investment | $ -- | $ -- | $ 107,134 |

==          ==          ==
DirectView, Inc. net liabilities assumed, October 9, 2006 $ -- $ -- $ 3,318,732

Acquisition of technology license ....................... $ 191,427 $ 211,328 $ 402,755

Discount on convertible debt ................................. $ 954,603 $ -- $ 954,603

Beneficial conversion on convertible debt ............... $ 221,208 $ -- $ 221,208

The notes to the consolidated condensed financial statements are an integral part of these statements.

Note 1 - CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB and Rule 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair statement of the results of operations have been included. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results of operations for the full year. When reading the financial information contained in this Quarterly Report, reference should be made to the financial statements, schedule and notes contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006.

Note 2 - DESCRIPTION OF BUSINESS

BASIS OF PRESENTATION, ORGANIZATION AND OTHER MATTERS

On October 9, 2006, DirectView, Inc. ("Directview"), acquired all of the outstanding capital stock of GS Carbon Trading, Inc. GS Carbon Trading became a
wholly owned subsidiary of DirectView. The business of GS Carbon Trading, Inc. is the only business of DirectView after the acquisition.

DirectView completed its Subsidiary Stock Purchase Agreement between the DirectView and DirectView Holdings, Inc. ("DR Holdings") pursuant to the Share Purchase Agreement with GS Energy Corporation ("GS Energy") immediately prior to the acquisition of GS Carbon Trading, Inc. DR Holdings agreed to accept and assume all the outstanding capital stock of the DirectView's subsidiaries together with all of the liabilities and obligations of the DirectView's subsidiaries arising prior to the closing of the Share Purchase Agreement with GS Energy.

DirectView, Inc. was originally incorporated under the laws of the Commonwealth of Massachusetts on June 12, 1989 with the name "Boston & Pacific Company Inc." On May 5, 2003, DirectView changed its domicile from the Commonwealth of Massachusetts to the State of Nevada and changed its name to DirectView, Inc. DirectView was a full-service provider of teleconferencing services to businesses and organizations.

GS Carbon Trading, Inc. was incorporated under the State of Delaware with on August 30, 2006. GS Carbon Trading, Inc. was a development stage company that owned two cost method investments and one equity method investment.

The Company accounted for the acquisition of GS Carbon Trading, Inc. by the Company on October 9, 2006 as a recapitalization. The recapitalization was the merger of a private operating company (GS Carbon Trading, Inc.) into a non-operating public shell corporation (DirectView) with nominal net assets and as such is treated as a capital transaction, rather than a business combination. As a result no Goodwill is recorded. The transaction is the equivalent to the issuance of stock by the private company for the net monetary assets of the shell corporation. The pre-acquisition financial statements of GS Carbon Trading, Inc. are treated as the historical financial statements of the consolidated companies.

On October 23, 2006 GS Carbon acquired General Ultrasonics from its parent Greenshift Corporation for the assumption of the liabilities and General Ultrasonics' ongoing cash needs. The acquisition was treated as a common control acquisition under the provisions of Appendix D of SFAS No. 141, Business Combinations.

Effective on November 27, 2006, DirectView, Inc., a Nevada corporation, reincorporated in the State of Delaware by merging with and into GS Carbon Trading, Inc., who changed its name to GS Carbon Corporation, a Delaware corporation which was a wholly owned subsidiary of DirectView. As a result of the merger, GS Carbon Corporation is the surviving corporation; the name of the surviving corporation is GS Carbon Corporation; and the Certificate of Incorporation and Bylaws of GS Carbon Corporation (the "Company") are the Certificate of Incorporation and Bylaws of the surviving corporation.

The Merger Agreement provided that each two hundred and fifty (250) shares of common stock, $.0001 par value, of DirectView outstanding prior to the merger would be converted into one (1) share of common stock, $.0001 par value, of GS Carbon Corporation. Each share of preferred stock, $.001 par value, of each series of DirectView outstanding prior to the merger was converted into one share of preferred stock of the comparable series of GS Carbon Corporation. No other changes were effected with respect to the registrant or its capitalization.
On February 26, 2007, the Company formed new subsidiary called General Carbonics Corporation ("GCC").

Development Stage Company

The Company is a development stage company that was founded to facilitate decarbonization in ways that cost-effectively capitalize on the evolving carbon markets. GS Carbon’s ambition is to affect reductions in the carbon intensity of energy consumption by investing in carbon trading, developing and commercializing advanced new decarbonization technologies, and by developing and owning renewable energy production assets. Since its formation the Company has not realized any revenues from its planned operations. The Company’s primary activities since incorporation have been conducting research and development, performing business and strategic and financial planning.

Going Concern

The financial statements have been prepared using accounting principles generally accepted in the United States of America applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. As of March 31, 2007, the Company has no established source of revenues and has accumulated losses of $4,233,661 since its commencement. Its ability to continue as a going concern is dependent upon achieving production or sale of goods, the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due and upon profitable operations. The outcome of these matters cannot be predicted with any certainty at this time and raise substantial doubt that the Company will be able to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

The Company intends to overcome the circumstances that impact its ability to remain a going concern through a combination of the commencement of revenues, with interim cash flow deficiencies being addressed through additional equity and debt financing. The Company’s ability to obtain additional funding will determine its ability to continue as a going concern. There can be no assurances that these plans for additional financing will be successful. Failure to secure additional financing in a timely manner and on favorable terms if and when needed in the future could have a material adverse effect on the Company’s financial performance, results of operations and stock price and require the Company to implement cost reduction initiatives and curtail operations. Furthermore, additional equity financing may be dilutive to the holders of the Company’s common stock, and debt financing, if available, may involve restrictive covenants, and may require the Company to relinquish valuable rights.

Note 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Technology License

Costs associated with the Company's technology licenses are capitalized and amortized over their useful lives of ten years using the straight-line method.

Principles of Consolidation
The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, General Ultrasonics and General Carbonics Corporation. All significant inter-company transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

Derivative Financial Instruments

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended and EITF Issue No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, "require all derivatives to be recorded on the balance sheet at fair value. The embedded derivatives are separately valued and accounted for on our balance sheet with changes in fair value recognized during the period of change as a separate component of other income/expense. Fair values for exchange-traded securities and derivatives are based on quoted market prices. The pricing model we use for determining fair value of our derivatives is the Black Scholes Pricing Model. Valuations derived from this model are subject to ongoing internal and external verification and review. The model uses market-sourced inputs such as interest rates and stock price volatilities. Selection of these inputs involves management's judgment and may impact net income.

Net Loss per Common Share

In accordance with SFAS No. 128, "Earnings Per Share," Basic loss per share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net loss adjusted for income or loss that would result from the assumed conversion of potential common shares from contracts that may be settled in stock or cash by the weighted average number of shares of common stock, common stock equivalents and potentially dilutive securities outstanding during each period. The Company had 51,652,000 warrants outstanding at March 31, 2007. The inclusion of the warrants and any shares to be issued upon conversion have an anti-dilutive effect on diluted loss per share because the Company incurred a loss from continuing operations for the three month period ended March 31, 2007 and the period of inception (January 14, 2006) to March 31, 2006.

The following table sets forth the computation of basic and diluted loss per share:

<table>
<thead>
<tr>
<th>March 31, 2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
</tbody>
</table>

Numerator:
Net loss - basic and diluted .......... $ (4,544,026) $ (42,237)
Denominator:
Weighted average shares - basic .......... 75,211,131 1,000

Effect of dilutive stock warrants and convertible preferred stock and debt ...

Denominator for diluted earnings per share 75,211,131 1,000

Loss per share
Basic .................................... $ (0.06) $ (42.24)

Diluted .................................... $ (0.06) $ (42.24)

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 clarifies the principal that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS 157 if effective for the Company on January 1, 2008. The Company is in the process of evaluating SFAS 157 but does not believe it will have a significant effect on its financial position or results of operation.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 ("SFAS 159"). SFAS159 permits an entity to choose to measure many financial instruments and certain other items at fair value. Most of the provisions of SFAS 159 are elective, however, the amendment to SFAS 115, "Accounting for Certain Investments in Debt and Equity Securities", applies to all entities with available for sale or trading securities. SFAS 159 is elective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. SFAS 159 was recently issued and the Company is currently assessing the financial impact the statement will have on our financial statements.

Note 4 - TECHNOLOGY LICENSES

On January 14, 2006, General Ultrasonics Corporation acquired 70% of H2 Energy Solutions, Inc. H2 Energy owned the rights to certain patented ultrasonics technologies used in the reformation of synthetic fuels. The purchase price of $261,328 was paid $50,000 in cash and current liabilities of $211,328 were assumed. H2 Energy subsequently ceased operations. The technology is under development by General Ultrasonics and the entire purchase price of $261,328 was assigned to technology license. The technology use agreement between H2 energy and the technology owner is for a term of ten years and requires certain minimum royalties for the Company to maintain its exclusive use.

On February 26, 2007, GCC acquired patent-pending technologies involving carbon aerogel composites (United States Patent Application Nos. 10/327,300, 10/695,214, 10/800,993, 10/840,544, and 10/198,095) (the “GCC Technologies”) and several executory contracts pertaining to the GCC Technologies in return for
$191,427 and preferred stock convertible into five percent of the fully diluted capital stock of the Company. Among these contracts is a contract with United Technologies Corporation for work to be performed in cooperation with the U.S. Department of Energy. As of March 31, 2007, the 4191,427 is classified as an investment payable and the preferred stock has not been issued.

Technology licenses consist of the following at March 31, 2007:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology licenses</td>
<td>$452,755</td>
</tr>
<tr>
<td>Less: Accumulated amortization</td>
<td>34,261</td>
</tr>
<tr>
<td>Technology licenses, net</td>
<td>$418,494</td>
</tr>
</tbody>
</table>

Amortization expense related to the technology license was $8,128, $4,355 and $6,533 for the three months ended March 31, 2007, 2006 and the period of inception (January 14, 2006) to March 31, 2007, respectively. The estimated aggregate amortization expense for the next five years is estimated to be approximately $45,000 for each year.

Note 5 - CONVERTIBLE DEBENTURES PAYABLE - LONG TERM

On March 23, 2006, DirectView entered into a Securities Purchase Agreement (the "Agreement"), with Cornell Capital Partners, LP, ("Cornell"), and Highgate (Cornell and Highgate collectively, "Buyers"). In connection with this Agreement, Highgate converted old debentures for conversion into new 10% Secured Convertible Debentures amounting to $1,062,329 (including accrued interest of $62,329) and Cornell purchased additional secured convertible debentures amounting to $150,000 for the total purchase price of $1,212,329 (the "Purchase Price"). The debentures are due on March 23, 2009. In connection with the Agreement, DirectView paid Yorkville Advisors LLC a fee equal to $15,000 and a structuring fee to Yorkville Advisors LLC of $5,000 from the proceeds of the Closing. Accordingly, DirectView received net proceeds of $130,000.

Each of the 10% Secured Convertible Debentures provides for interest in the amount of 10% per annum and are convertible at the lesser of $0.015 or 85% of the lowest closing bid price of DirectView's common stock during the 10 trading days immediately preceding the conversion date.

The Company at its option shall have the right, with three (3) business days advance written notice (the "Redemption Notice"), to redeem a portion or all amounts outstanding under the 10% Secured Debenture prior to the Maturity Date provided that the Closing Bid Price of the Company's common stock, as reported by Bloomberg, LP, is less than the Fixed Conversion Price at the time of the Redemption Notice. The Company shall pay an amount equal to the principal amount being redeemed plus a redemption premium ("Redemption Premium") equal to twenty percent (20%) of the principal amount being redeemed, and accrued interest, (collectively referred to as the "Redemption Amount").

In connection with this Agreement, the Company issued to the Buyer warrants to purchase 1,636,000 shares of the Company's Common Stock (the "Warrants") in such amounts as set forth on below.

<table>
<thead>
<tr>
<th>Exercise price</th>
<th>Number of warrants per share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In order to secure its obligations under the secured convertible debenture and related documents, the Company has granted the debenture holders a security interest in all of its assets and property, and the Company has pledged 1,000,000 shares of its common stock. A certificate representing the pledged shares together with a stock power has been deposited in escrow with a third party. If the Company should default under the Securities Purchase Agreement, 10% convertible secured debentures or the related transactional documents, Highgate is entitled to voting, dividend and other rights over these pledged shares, and may take possession of and sell the pledged shares to satisfy the Company's obligations to the debenture holders. A foreclosure by Highgate of the pledged shares could result in a change of control of the Company. Upon the satisfaction or conversion of the secured convertible debentures, the pledged shares will be returned to the Company for cancellation and return to its treasury.

Under the terms of the Securities Purchase Agreement, secured convertible debentures and warrants, no conversion of the debentures or exercise of the warrants may occur if a conversion or exercise would result in Highgate and any of its affiliates beneficially owning more than 4.99% of the Company's outstanding common shares following such conversion or exercise. Highgate may waive this provision upon 65 days prior notice to the Company.

The Company determined that the conversion feature of the convertible debentures represents an embedded derivative since the debentures are convertible into a variable number of shares upon conversion. Accordingly, the convertible debentures are not considered to be conventional debt under EITF 00-19 and the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. The Company believes that the aforementioned embedded derivatives and freestanding warrants meet the criteria of SFAS 133 and EITF 00-19, and should be accounted for as separate derivatives with a corresponding value recorded as liability. Accordingly, the fair value of these derivative instruments has been recorded as a liability on the consolidated balance sheet with the corresponding amount recorded as a discount to the debentures. Such discount will be accreted from the date of issuance to the maturity date of the debentures. The change in the fair value of the liability for derivative contracts will be credited to other income/expense in the consolidated statements of operations. The $1,212,329 face amount of the debentures were stripped of their conversion feature due to the accounting for the conversion feature as a derivative, which was recorded using the residual proceeds method, whereby any remaining proceeds after allocating the proceeds to the warrants and conversion option would be attributed to the debt. The beneficial conversion feature (an embedded derivative) included in this debenture resulted in an initial debt discount of $1,192,329 and an initial loss on the valuation of derivative liabilities of $262,219. At March 31, 2007 the conversion derivative liability on the Highgate debt calculated using the Black-Scholes model was $2,536,931. For the three months ended March 31, 2007 the unrealized loss on the conversion derivative on the Highgate date was $1,062,104.

As a result of the Company's meeting the requirements of SFAS 133, all of the
Company's previously issued and outstanding instruments, which included 4,000,000 warrants exercisable at $0.001 per share, have been classified as derivative liabilities. The aggregate of 413,000,000 warrants, which expire five years after issuance, were assigned an initial value of $1,597,189. At March 31, 2007 the warrant derivative liability calculated using the Black-Scholes model was $50,397. For the three months ended March 31, 2007 the unrealized gain on the derivative created by the warrants was $147,797.

On February 26, 2007, the Company entered into a Securities Purchase Agreement (the "February 2007 CCP Agreement"), with Cornell Capital Partners, LP. ("Cornell"). In connection with the February 2007 CCP Agreement, Cornell purchased secured convertible debentures amounting to $1,125,000 due on February 26, 2009.

The February 26, 2007 Cornell debentures provide for interest in the amount of 10% per annum and are convertible at the lesser of $0.05 or 90% of the lowest closing bid price of the Company's common stock during the 30 trading days immediately preceding the conversion date. Cornell will be entitled to convert the February 26, 2007 debenture on the basis of the conversion price into the Company's common stock, provided that Cornell cannot convert into shares that would cause Cornell to own more 4.9% of the Company's outstanding common stock.

The Company at its option shall have the right, with three (3) business days advance written notice (the "Redemption Notice"), to redeem a portion or all amounts outstanding under the 10% Secured Debenture prior to the Maturity Date provided that the Closing Bid Price of the Company's common stock, as reported by Bloomberg, LP, is less than the Fixed Conversion Price at the time of the Redemption Notice. The Company shall pay an amount equal to the principal amount being redeemed plus a redemption premium ("Redemption Premium") equal to twenty percent (20%) of the principal amount being redeemed, and accrued interest, (collectively referred to as the "Redemption Amount").

In connection with the February 2007 CCP Agreement, the Company paid Yorkville Advisors, LLP a fee equal to $100,000 and a structuring fee of $25,000 from the proceeds of the closing. Accordingly, the Company received net proceeds of $1,000,000. These fees were treated as a deferred financing fees and beginning on February 27, 2007 are being amortized over the term of the loan. The Company used $900,000 of the proceeds from the Cornell Debenture to repay loans payable to GreenShift Corporation and GS Ethanol Technologies.

In addition the Company issued to Cornell a warrant to purchase 50,000,000 shares of the Company's common stock at $0.03 a share. The value of the warrant was calculated to be $712,125 at the time of the issuance using the guidance found in APB Opinion 14, "Accounting for Convertible Debt and Debt issued with Detachable Stock Purchase Warrants" and was recorded as a discount. The discount is amortized to interest expense using the effective interest method of amortization. The freestanding warrant met the criteria of SFAS 133 and should be accounted for as a derivative. Therefore the offset to the $712,125 discount on the debt was a derivative liability. At March 31, 2007 the fair value of the warrant derivative liability created by the warrant to purchase 50,000,000 shares of common stock calculated using the Black-Scholes model was $1,940,000. For the three months ended March 31, 2007 the unrealized loss on the derivative instruments created by this warrant was $1,227,875.

The Company determined that the conversion feature of the convertible debenture represents an embedded derivative since the debenture is convertible into a variable number of shares upon conversion. Accordingly, the convertible
debenture is not considered to be conventional debt under EITF 00-19 and the embedded conversion feature must be bifurcated from the debt host and accounted for as a derivative liability. The embedded derivative feature created by the variable conversion meets the criteria of SFAS 133 and EITF 00-19, and should be accounted for as a separate derivative. Accordingly, on February 27, 2007 the fair value of the embedded derivative of $242,478 calculated using the Black-Scholes model has been recorded as a liability on the condensed consolidated balance sheet with a corresponding amount recorded as a discount to the debenture. The discount is amortized to interest expense using the effective interest method of amortization. At March 31, 2007 the fair value of the conversion derivative liability created by this debenture calculated using the Black-Scholes model was $76,423. For the three months ended March 31, 2007 the unrealized gain on the derivative instrument created by this debenture was $166,055.

The Company determined that the conversion terms of the convertible debenture created a beneficial conversion at the commitment date. The Company followed the guidance in EITF 98-5 "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios" and EITF 00-27, "Application of Issue No.98-5 to Certain Convertible Instruments", and determined that an interest expense of approximately $221,000 should be recorded based on the beneficial conversion.

The following assumptions were applied to all convertible debt and warrants:

<table>
<thead>
<tr>
<th>February 26, 2007</th>
<th>March 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market price</td>
<td>$0.04</td>
</tr>
<tr>
<td>Exercise prices</td>
<td>$0.027-$0.03</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>186.06%</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>None</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>2-5</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>4.62%-4.77%</td>
</tr>
</tbody>
</table>

The convertible debentures liability is as follows at March 31, 2007:

- Convertible debentures payable: $2,270,719
- Less: unamortized discount on debentures: 1,714,626
- Convertible debentures, net - Long term: $556,093

Note 6 - DUE TO/FROM RELATED PARTIES

At March 31, 2007 the Company owed Greenshift Corporation $539,254 and the GreenShift owed the Company $907,820 for a net amount of $368,566.

Due to related parties consists of the following at March 31, 2007:

- Candent Corporation: $466,000
- GS Ethanol Technologies, Inc.: 219,317
- GS Advanced Application: 5,000
- Due to officer: 50,000
During the three months ended March 31, 2007, the Company recorded $6,802 of interest expense for amounts due to GreenShift Corporation and $11,078 of interest income for amounts due from Greenshift Corporation.

GreenShift Corporation is the Company's parent. GS Ethanol Technologies, Inc. is a subsidiary of GreenShift, and the former president of Candent is the wife of the Company's chairman. All of the issued and outstanding capital stock of Candent is held in trust for the benefit of its former president. GS Advanced Application is a subsidiary of GS CleanTech Corporation and GS CleanTech is a subsidiary of GreenShift. Amounts due to officer represent amount loaned by the Company's Chairmen and Chief Executive officer. All amounts are non-interest bearing.

Note 7 - INCOME TAXES

The Company currently files an income tax return in the U.S. federal jurisdiction as well as in the State of New York. Tax returns for the year 2006 remain open for examination in various tax jurisdictions in which the Company and its subsidiaries operate or operated.

The Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-An Interpretation of FASB Statement No. 109, Accounting for Income Taxes" ("FIN 48"), on January 1, 2007. As a result of the implementation of FIN 48, the Company recognized no material adjustment in the liability for unrecognized income tax benefits. At the adoption date of January 1, 2007, and at March 31, 2007, there were no unrecognized tax benefits. Interest and penalties related to uncertain tax positions will be recognized in income tax expense. As of March 31, 2007, no interest related to uncertain tax positions had been accrued.

Note 9 - STOCKHOLDER'S EQUITY

The Company accounts for its share-based employee compensation arrangements under SFAS No. 123 (revised 2004), "Share Based Payment" ("SFAS 123R"), which requires companies to recognize the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards, in the financial statements.

On January 4, 2007 the Company issued 130 shares of common stock to an employee for services provided. The fair value of the award was determined by the closing price of its stock on the issuance date. For the three months ended March 31, 2007 the Company incurred $16 of share based compensation related to these issuance.

On January 16, 2007 the Company issued 6,914,892 shares of common stock to employees for services provided. The fair value of the awards was determined by the closing price of its stock on the issuance date. For the three months ended March 31, 2007 the Company incurred $760,638 of share based compensation related to these issuance.

On February 26, 2007 GreenShift converted its 6,250 shares of the Company' Series B Voting Preferred Stock into its Common Stock for $1.
On March 2, 2007 Cornell Capital converted $52,850 of its convertible debentures into 5,285,000 shares of its Common Stock

On March 21, 2007 Cornell Capital converted $13,760 of its convertible debentures into 1,376,000 shares of its Common Stock

On March 29, 2007 the Company issued 35,000,000 shares of common stock to employees for services provided. The fair value of the awards was determined by the closing price of its stock on the issuance date. For the three months ended March 31, 2007 the Company incurred $1,050,000 of share based compensation related to these issuance.

Note 8 - COMMITMENTS

EMPLOYMENT AGREEMENT

In February 2007 the Company entered into a three-year employment agreement with the President of its newly formed wholly owned subsidiary. The annual salary stipulated in the agreement is $125,000 but could increase to $150,000 based on the subsidiary's achievement of pre-tax operating profits for two consecutive calendar quarters. The Company purchased its aerogel technology from GCC's president.

Note 9 - CONTINGENT LIABILITY

A subsidiary of GS Carbon that was spun-off from GS Carbon in 2006 issued debt instruments in the principal amount of $498,074 several years ago. We recently were presented with evidence that GS Carbon may be liable for payment of the debts. Management is actively investigating the facts and circumstances with respect to the debts, and is not able to determine at this time if GS Carbon has liability for the debts.

The Company's General Ultrasonics subsidiary is party to the matter entitled LeBlanc v. Tomoiu, et. al., which action was filed in the Superior Court of Connecticut. The verified complaint, which also names GreenShift Corporation and certain of its affiliates, seeks damages relating to the acquisition by General Ultrasonics of the stock of H2 Energy Solutions, Inc. from substantially all of its shareholders, as well as attorney's fees and costs. General Ultrasonics has responded to the verified complaint and denies any liability.

Note 10 - SUBSEQUENT EVENT

In April 2007, the company entered into an amended employment with the Chief Science Officer of General Ultrasonics. The agreement is for a term of five years calls for an annual salary of $150,000, a minimum annual bonus of $250,000, a signing bonus of $62,500 and requires the Company to issue Series B Preferred Stock corresponding to 5% of the Company's fully diluted capital stock to the Chief Science Officer.

In April 2007, GreenShift converted 12,500 shares of the company's Series B Preferred Stock into 200,832,521 shares of common stock. On May 4, 2007, GCC amended the February 26, 2007 Technology Acquisition Agreement. The amendment provided for the replacement of the GSCR preferred stock with 400,000 share of common stock in General Carbonics Corporation equal to 40% of GCC.

On May 14, 2007, the Company's parent GreenShift Corporation executed an
agreement to sell its majority stake in the Company to Seaway Capital, Inc. Seaway Capital, Inc. has agreed to assume up to $500,000 of the Company's legacy debt and GreenShift Corporation will retain the Company's current operating subsidiaries by transferring the stock of the subsidiaries to GS CleanTech Corporation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

BUSINESS RISK FACTORS

There are many important factors that have affected, and in the future could affect, GS Carbon's business, including but not limited to the factors discussed below, which should be reviewed carefully together with other information contained in this report. Some of the factors are beyond our control and future trends are difficult to predict.

There is substantial doubt concerning our ability to continue as a going concern.

GS Carbon had approximately $58,887 in cash at March 31, 2007 and had current liabilities totaling $5,080,234. These matters raise substantial doubt about GS Carbon's ability to continue as a going concern. Management's plans include raising additional proceeds from debt and equity transactions and completing strategic acquisitions.

The issuance of shares under our agreements with Cornell and Highgate could increase our outstanding shares by over 30%.

While Cornell and Highgate are subject to restrictions on conversion of their respective debentures limiting their ownership to 4.9% of our common stock, upon default the Cornell and Highgate Debentures could be converted into approximately 55,000,000 shares at the market price on March 31, 2007. The issuance of these shares would dilute the interest of our current shareholders by over 30%.

The conversion of our convertible debentures, the exercise of any outstanding warrants and options and GS Carbon's various anti-dilution and price-protection agreements could cause the market price of our common stock to fall, and may have dilutive and other effects on our existing stockholders.

The conversion of our outstanding convertible debentures (including the Cornell Debenture and Highgate Debenture), and the exercise of our outstanding warrants and options could result in the issuance of up to 55,000,000 shares of common stock. Such issuances would reduce the percentage of ownership of our existing common stockholders and could, among other things, depress the price of our common stock. This result could detrimentally affect our ability to raise additional equity capital. In addition, the sale of these additional shares of common stock may cause the market price of our stock to decrease.

We may be unable to satisfy our current debts.

Our total liabilities as of March 31, 2007 were $6,658,171. We cannot afford to pay these amounts out of our operating cash flows and our ability to operate
will be significantly impaired if we cannot reduce the Cornell and Highgate debt with registered stock.

We may be liable for $498,074 in unreported debt.

A subsidiary of GS Carbon that was spun-off from GS Carbon in 2006 issued debt instruments in the principal amount of $498,074 several years ago. We recently were presented with evidence that GS Carbon may be liable for payment of the debts. Management is actively investigating the facts and circumstances with respect to the debts, and is not able to determine at this time if GS Carbon has liability for the debts.

We lack capital to fund our operations.

During the three months ended March 31, 2007 our operations used $333,352 in cash. In addition, during those twelve months we were required to make payments on some of our outstanding debts. Loans from some of our shareholders and the issuance convertible debentures funded both the cash shortfall from operations and our debt service. Those individuals may not be able to continue to fund our operations or our debt service.

ITEM 1. DESCRIPTION OF BUSINESS (continued)

BUSINESS RISK FACTORS (continued)

Our operations will suffer if we are unable to manage our rapid growth.

We are currently experiencing a period of rapid growth through internal expansion and strategic acquisitions. This growth has placed, and could continue to place, a significant strain on our management, personnel and other resources. Our ability to grow will require us to effectively manage our collaborative arrangements and to continue to improve our operational, management, and financial systems and controls, and to successfully train, motivate and manage our employees. If we are unable to effectively manage our growth, we may not realize the expected benefits of such growth, and such failure could result in lost sales opportunities, lost business, difficulties operating our assets and could therefore significantly impair our financial condition.

We may have difficulty integrating our recent acquisitions into our existing operations.

Acquisitions will involve the integration of companies that have previously operated independently from us, with focuses on different geographical areas. We may not be able to fully integrate the operations of these companies without encountering difficulties or experiencing the loss of key employees or customers of such companies. In addition, we may not realize the benefits expected from such integration.

Our failure to attract qualified engineers and management personnel could hinder our success.

Our ability to attract and retain qualified engineers and other professional
personnel when we need them will be a major factor in determining our future success. There is a very competitive market for individuals with advanced engineering training, and we are not assured of being able to retain the personnel we will need.

Key personnel are critical to our business and our future success depends on our ability to retain them.

Our success depends on the contributions of our key management, environmental and engineering personnel. The loss of these officers could result in lost sales opportunities, lost business, difficulties operating our assets, difficulties raising additional funds and could therefore significantly impair our financial condition. Our future success depends on our ability to retain and expand our staff of qualified personnel, including environmental technicians, sales personnel and engineers. Without qualified personnel, we may incur delays in rendering our services or be unable to render certain services. We may not be successful in our efforts to attract and retain qualified personnel as their availability is limited due to the demand of hazardous waste management services and the highly competitive nature of the hazardous waste management industry. We do not maintain key person insurance on any of our employees, officers or directors.

GreenShift Corporation can exert control over us and may not make decisions that further the best interests of all stockholders.

GreenShift Corporation controls 100% of our outstanding Series B preferred stock. The preferred shares are convertible into 85% of our Common Stock. As a result, GreenShift Corporation exerts a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of us and might affect the market price of our common stock, even when a change in control may be in the best interest of all stockholders. Furthermore, the interests of this concentration of ownership may not always coincide with our interests or the interests of other stockholders and accordingly, they could cause us to enter into transactions or agreements which we would not otherwise consider.

GS Carbon is not likely to hold annual shareholder meetings in the next few years.

Delaware corporation law provides that members of the board of directors retain authority to act until they are removed or replaced at a meeting of the shareholders. A shareholder may petition the Delaware Court of Chancery to direct that a shareholders meeting be held. But absent such a legal action, the board has no obligation to call a shareholders meeting. Unless a shareholders meeting is held, the existing directors elect directors to fill any vacancy that occurs on the board of directors. The shareholders, therefore, have no control over the constitution of the board.
BUSINESS RISK FACTORS (continued)

of directors, unless a shareholders meeting is held. Management does not expect to hold annual meetings of shareholders in the next few years, due to the expense involved. Kevin Kreisler who is currently the sole director of GS Carbon was appointed to that position by the previous directors. If other directors are added to the Board in the future, it is likely that Mr. Kreisler will appoint them. As a result, the shareholders of GS Carbon will have no effective means of exercising control over the operations of GS Carbon.

Investing in our stock is highly speculative and you could lose some or all of your investment.

The value of our common stock may decline and may be affected by numerous market conditions, which could result in the loss of some or the entire amount invested in our stock. The securities markets frequently experience extreme price and volume fluctuations that affect market prices for securities of companies generally and very small capitalization companies such as us in particular.

The volatility of the market for GS Carbon common stock may prevent a shareholder from obtaining a fair price for his shares.

The common stock of GS Carbon is quoted on the OTC Bulletin Board. It is impossible to say that the market price on any given day reflects the fair value of GS Carbon, since the price sometimes moves up or down by 50% or more in a week’s time. A shareholder in GS Carbon who wants to sell his shares, therefore, runs the risk that at the time he wants to sell, the market price may be much less than the price he would consider to be fair.

Our common stock qualifies as a "penny stock" under SEC rules which may make it more difficult for our stockholders to resell their shares of our common stock.

Our common stock trades on the OTC Bulletin Board. As a result, the holders of our common stock may find it more difficult to obtain accurate quotations concerning the market value of the stock. Stockholders also may experience greater difficulties in attempting to sell the stock than if it were listed on a stock exchange or quoted on the NASDAQ National Market or the NASDAQ Small-Cap Market. Because our common stock does not trade on a stock exchange or on the NASDAQ National Market or the NASDAQ Small-Cap Market, and the market price of the common stock is less than $5.00 per share, the common stock qualifies as a "penny stock." SEC Rule 15g-9 under the Securities Exchange Act of 1934 imposes additional sales practice requirements on broker-dealers that recommend the purchase or sale of penny stocks to persons other than those who qualify as an "established customer" or an "accredited investor." This includes the requirement that a broker-dealer must make a determination on the appropriateness of investments in penny stocks for the customer and must make special disclosures to the customer concerning the risks of penny stocks. Application of the penny stock rules to our common stock affects the market liquidity of the shares, which in turn may affect the ability of holders of our common stock to resell the stock.

Only a small portion of the investment community will purchase "penny stocks" such as our common stock.

GS Carbon common stock is defined by the SEC as a "penny stock" because it trades at a price less than $5.00 per share. GS Carbon common stock also meets
most common definitions of a "penny stock," since it trades for less than $1.00 per share. Many brokerage firms will discourage their customers from purchasing penny stocks, and even more brokerage firms will not recommend a penny stock to their customers. Most institutional investors will not invest in penny stocks. In addition, many individual investors will not consider a purchase of a penny stock due, among other things, to the negative reputation that attends the penny stock market. As a result of this widespread disdain for penny stocks, there will be a limited market for GS Carbon common stock as long as it remains a "penny stock." This situation may limit the liquidity of your shares.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD LOOKING STATEMENTS

In addition to historical information, this Quarterly Report contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the section entitled "Business Risk Factors." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

OVERVIEW

GS Carbon Corporation ("we," "our," "us," "GS Carbon," or the "Company") is a development stage company that was founded to facilitate decarbonization in ways that cost-effectively capitalize on the evolving carbon markets. GS Carbon's ambition is to affect reductions in the carbon intensity of energy consumption by investing in carbon trading, developing and commercializing advanced new decarbonization technologies, and by developing and owning renewable energy production assets.

GS Carbon currently has two operating subsidiaries: General Ultrasonics Corporation ("GUC") and General Carbonics Corporation ("GCC"). GS Carbon also has three investments: Sterling Planet, Inc. ("Sterling"), TerraPass, Inc. ("TerraPass"), and Air Cycle Corporation ("Air Cycle").

Sterling has established a strong reputation as the premier market maker for renewable energy sales. Sterling has sold over 4 billion kilowatt hours of renewable energy since its inception, representing enough energy to power 350,000 homes for a full year and offset 2.6 million tons of carbon dioxide. Sterling Planet currently services an impressive array of clients including Alcoa, The Coca-Cola Company, DuPont, Delphi Corporation, Duke University, University of Utah, Nike, Pitney Bowes, U.S. Environmental Protection Agency, the U.S. General Services Administration, the Homeland Security Department,
Western Area Power Administration, New York State Energy Research and Development Authority (NYSERDA), the U.S. Army, Staples, Whirlpool Corporation, the World Resources Institute and over 150 other companies. GS Carbon holds a 10% stake in Sterling.

By issuing a "TerraPass" to its members, TerraPass utilizes its members' contributions to promote global energy efficiency and greenhouse gas reduction through targeted projects. It is through these clean energy projects that TerraPass counterbalances pollution from its members' vehicles. TerraPass recently partnered with Ford Motor Company in a program called "Greener Miles," which allows consumers to calculate the amount of carbon dioxide produced by their car in one year of driving, and then to purchase a TerraPass linked to the cost of producing an amount of clean energy equivalent to the carbon dioxide produced. Individual purchases range from $29.95 to $79.95 annually, depending on the type of vehicle, amount of carbon dioxide emitted and miles traveled, and the funds are used to invest in U.S. based renewable energy projects. GS Carbon holds a 10% stake in TerraPass.

GS Carbon holds a 30% stake in Air Cycle, a lamp, ballast, battery and e-waste recycling company. Air Cycle's Bulb Eater(R) product line crushes spent fluorescent lamps into small fragments and compacts them into 55-gallon containers which are then shipped for recycling. Air Cycle's EasyPak(TM) Recycling Program is offered as an alternative for customers who generate spent lamps, batteries, and/or ballasts and cannot meet Air Cycle's quantity minimums for bulk pick-ups. Small shipments are instead shipped through pre-paid FedEx transportation services.

GS Carbon's GUC subsidiary focuses on the research and development of commercially viable advanced applications of cutting-edge clean technologies. GS Carbon's testing laboratory is currently focused on commercializing new technologies that increase the efficiency and reduce the emissions profile of energy production. Current research and development projects include ultrasonic reformation of carbon-based liquids and gases into clean fuels. GS Carbon's GCC subsidiary focuses on the synthesis and use of novel carbon-based products.

GS Carbon owns 70% of GUC 100% of GCC. GUC owns the exclusive rights to a proprietary new ultrasonic reformation process uses water, carbon-based materials and high intensity ultrasonic energies to synthesize clean burning fuels and other materials. GCC owns patent-pending technologies involving carbon aerogel composites.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

RESULTS OF OPERATIONS FOR THREE MONTHS ENDED MARCH 31, 2007

Revenues

Total revenues were $0 for the three months ended March 31, 2007.
Selling, General and Administrative Expenses

Selling, general and administrative expenses for the period ended March 31, 2007 were $356,929 which amount was primarily attributable to the operating activities of our research and development unit, General Ultrasonics Corporation.

Interest Expense and Financing Costs

Interest expenses and financing costs for the period ended March 31, 2007 were $411,394 and was primarily attributable to our existing financing agreements with Cornell Capital Partners, LLP and Highgate House Funds, Ltd.

Net Income

Our net loss for the period ended March 31, 2007 was $4,544,026. The net loss incurred was due to the expenses and other factors described above.

Liquidity and Capital Resources

The Company had $476,484 in accounts payable and accrued expenses at March 31, 2007. GS Carbon intends to satisfy these amounts predominantly out of cash flows from its operations and financing activities. The Company had negative working capital of $5,021,347 at March 31, 2007, of which $2,613,354 related to convertible debentures due to Highgate and Cornell.

ITEM 3. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our principal executive officer and principal financial officer participated in and supervised the evaluation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). That are designed to ensure that information required to be disclosed by us in the reports that we file is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. The Company's chief executive officer and chief financial officer determined that, as of the end of the period covered by this report, these controls and procedures are adequate and effective in alerting him in a timely manner to material information relating to the Company that are required to be included in the
Company's periodic SEC filings.

There was no change in internal controls over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934) identified in connection with the evaluation described in the preceding paragraph that occurred during the Company's third fiscal quarter that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company's General Ultrasonics subsidiary is party to the matter entitled LeBlanc v. Tomoiu. et. al., which action was filed in the Superior Court of Connecticut. The verified complaint, which also names GreenShift Corporation and certain of its affiliates, seeks damages relating to the acquisition by General Ultrasonics of the stock of H2 Energy Solutions, Inc. from substantially all of its shareholders, as well as attorney's fees and costs. General Ultrasonics has responded to the verified complaint and denies any liability.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None during the three months ended March 31, 2007

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following are exhibits filed as part of the Company's Form 10-QSB for the period ended March 31, 2007:

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.1</td>
<td>Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>31.2</td>
<td>Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</td>
</tr>
<tr>
<td>32.1</td>
<td>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to the</td>
</tr>
</tbody>
</table>

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the date indicated.

GS CARBON CORPORATION

By: /S/ KEVIN KREISLER

________________________

KEVIN KREISLER
Chairman and Chief Executive Officer

Date: May 21, 2007

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