

Tirex CORP
Form 10KSB/A
October 30, 2008

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

FORM 10-KSB/A

(Mark One)

Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended **June 30, 2006**

Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number **33-17598-NY**

THE TIREX CORPORATION

(Name of Small Business Issuer in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

22-3282985
(I.R.S. Employer
Identification No.)

P.O. Box 1000, Stratford Postal Store
411 Barnum Ave. Cutoff
Stratford CT

(Address of Principal Executive Offices)

06614-9991
(Zip Code)

(203) 522-3247

(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Exchange Act:

Name of Each Exchange

Title of Each Class

NONE

on Which Registered

NONE

Securities registered under Section 12(g) of the Exchange Act:

NONE

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Company was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and if no disclosure will be contained, to the best of the Company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

\$nil

(Issuer's revenues for its most recent fiscal year)

\$zero (as of June 30, 2007)

(Aggregate market value of the voting stock held by non-affiliates of the Issuer)

249,895,892 (as of September 30, 2007)

(Number of shares outstanding of each of the Issuer's classes of common stock)

Transitional Small Business Disclosure Format (check one)

Yes No

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DOCUMENTS INCORPORATED BY REFERENCE
into Part I

Annual Report of the Company on Form 10-KSB/A for the year ended June 30, 2007

Quarterly Reports of the Company on Form 10-QSB for the quarters ended September 30, 2006, December 31, 2006,
and March 31, 2007

Current Reports on Forms 8-K of the Company

EXPLANATORY NOTE

The primary purpose of this amended Report 10-KSB is to replace the unaudited financial statements included with the original filings with audited financial statements, these statements having been retroactively audited by Moore & Associates. To the extent of some minor variations in the financial statements, as a result of the audit, the Liquidity and Capital Resources sub-section of the Management Discussion and Analysis has been modified to reflect the numbers of the audited financial statements. There have been no other material changes.

ITEM 1. DESCRIPTION OF BUSINESS

The Company

The Tirex Corporation (hereinafter referred to as "we", "us" or the "Company") is engaged in the business of developing for sale, license or lease an environmentally safe patented "turn key" cryogenic tire recycling system, known as the "TCS System". The TCS System was designed and developed by us and separates tires into clean and saleable rubber crumb, steel wire, and fiber. The Company was incorporated in Delaware on August 19, 1987 under the name "Concord Enterprises, Inc." The Company's name was changed to "Stopwatch Inc." on June 20, 1989 and to "Tirex America Inc." on March 10, 1993. On July 11, 1997, the Company's name was changed to "The Tirex Corporation". Since 1993, our core business has been to develop and to initiate marketing efforts by sale or license of an environmentally friendly cryogenic tire recycling system, which we intend to sell to recycling companies and governmental agencies to enable them to recycle tires. We have devoted much of our earlier efforts to completing the design and development of our first production model and raising the financing required to do so, but for the last four years, our efforts have turned to marketing. The Company has generated only very limited revenues from operations and is still in the development stage.

The TCS-System

Our TCS-System comprises a complete, turn-key, environmentally safe, semi-cryogenic tire recycling system designed to: (i) disintegrate scrap tires, using less energy than is required by existing ambient methods (which shred and/or chop tires at "ambient" or normal room temperatures) or other currently available cryogenic methods (which reduce the temperature of the materials through the use of liquid nitrogen), and (ii) produce commercially exploitable, high quality, clean rubber crumb and shredded steel and fiber. Disregarding configuration variations related to tire feedstock preparation and possible auxiliary grinding after processing through the System to obtain higher proportions of fine mesh rubber, these variations not forming part of our technology in any event, the TCS System is offered in multiple versions, defined in terms of multiples of basic TCS-1 capacity. Based on an assumed scrap tire weight of 19 lbs., a TCS-1 would process one million scrap tires per year. There is no significant market for a TCS-1 per se, and we market the TCS-2 version primarily. However, we are reacting to requests for TCS-3 and TCS-4 systems as well. It should be emphasized that the TCS technology is not defined in terms of quantities of tire processing but rather the weight of tires to be processed. In some regions, scrap tire weights vary significantly from the 19 lb average. For example, in upstate New York, the apparent scrap tire average weight is reportably about 22½ lbs. In such regions, the actual numbers of tires which can be processed over a year would vary proportionately as a function of actual scrap tire weight versus the 19 lb average.

As noted above, the TCS System is a semi-cryogenic system, in that the precise scientific definition of cryogenics involves temperatures much colder than what is required to freeze tire pieces to the point where they can be disintegrated mechanically. Liquid nitrogen systems are truly cryogenic in that the temperature of liquid nitrogen qualifies for the truly cryogenic definition. The operating cost of truly cryogenic systems is significantly higher than that of a semi-cryogenic system because the incremental cost of attaining cryogenic temperatures, which are not necessary, imposes a substantial cost of cold premium to the process of tire chip freezing. At issue is that the cost of attaining each additional degree of cold costs a little more than the previous degree. While not an exponential relationship, neither is it a linear relationship. The semi-cryogenic process avoids the cost of acquiring these additional and unnecessary degrees of cold.

The freezing chamber of the TCS-1 Production Model, previously located in Montreal, was a large tank through which the tire parts were circulated having temperatures of approximately 170 degrees below zero, Fahrenheit. The first commercial version of the TCS has been re-designed to run approximately 20 degrees colder to ensure that no pieces of rubber can warm up to the "glass point" before being entirely processed by our patented fracturing mill. Frozen tire parts are passed through a fracturing mill that separates the component parts of all tires, including rubber powder, clean steel wire and twine. The mesh is then physically separated from the metal and twine and is finally subjected to other steps to achieve the desired mesh size. The configuration of the back end of the system can be modified, as required, to produce proportions of mesh sizes appropriate to local crumb rubber customers, such as 100% -30 mesh or even finer.

The functions and mechanisms of the TCS-System were originally designed for the purpose of disintegrating automobile tires, although relatively minor modifications could be introduced to accept other kinds of tires as well. Such modifications would focus on the front-end tire chip operation which is not part of the Tirex technology and which is widely available.

The TCS System has been designed to operate continuously (with minimum amounts of scheduled downtime for maintenance) and to require less energy than is used, to the best of the Company's knowledge, by other presently existing tire recycling equipment.

Step-by-Step Operations

The step-by step operations of the TCS-System comprise the following:

Tire Feedstock Preparation

The TCS System is not designed to accept whole tires; whole tires must undergo preliminary preparation to produce pieces of tire having dimensions which permit their introduction into the patented fracturing mill. Feedstock preparation can be accomplished in a number of ways including chipping, shredding and removal of sidewalls followed by diecutting. None of these techniques form part of the TCS System technology and the technique ultimately chosen by the tire recycling entrepreneur will revolve around issues of capital and operating costs as well as possible issues of transportation costs respecting whole tires.

Freezing the Tire Pieces

The prepared tire pieces are deposited on a conveyor belt which brings a continuous stream of tire pieces to a freezing chamber. Supercooled air, produced on-site by an Air Plant, is continuously blown into the freezing chamber, and this cold air freezes the tire pieces moving through the chamber to the point where these pieces can be made to shatter like glass when subjected to forces such as pressure and bending. After approximately thirty minutes in the Freezing Chamber the frozen pieces exit the Freezing Chamber and enter our patented disintegrators ("Fracturing Mills").

Size Reduction and Materials Separation in the Fracturing Mill

The frozen tire pieces pass through our patented disintegrators ("Fracturing Mills") where the pieces are reduced to three separate output materials, these being rubber crumb of varying degrees of fineness, intact pieces of steel and intact pieces of fiber. This operation does not involve any chopping, shredding, or hammer-milling. Therefore, the steel wires are neither cut nor broken. The fiber threads retain their basic shapes and characteristics. No steel powder or fiber fluff is produced.

Elimination of the Steel from the Fracturing Mill Output

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Upon completion of processing in the Fracturing Mill, the output is conveyed to a magnetic separation system where the intact steel wires are magnetically removed from the remaining output of the Fracturing Mill, this being the rubber crumb and the fiber. The steel can then be baled for either disposal or sale.

Fiber Removal

The fiber and rubber crumb is then passed through screens to separate the crumb from the fiber threads. The fiber threads are then conveyed out of the machine. The fiber can then be baled or put into a container for either disposal or sale.

Rubber Crumb Finishing

Rubber crumb finishing operations are dictated by the output requirements of the entrepreneur and his or her customers. The basic TCS System has been configured to produce rubber crumb in mesh sizes ranging from -10 mesh to -30 mesh at the option of the entrepreneur (limited quantities of even finer mesh rubber are also produced), and in such proportions of mesh sizes as the entrepreneur decides, according to his market requirements. Back-end configuration modifications can be added to increase the proportion of finer mesh crumb rubber, even beyond 30 mesh. This reconfiguration could imply the addition of auxiliary processing equipment which does not form part of the TCS System technology.

It is possible that some very small pieces of steel and fiber can be trapped in the larger pieces of rubber coming out of the Fracturing Mill. These small amounts of steel and fiber are released during auxiliary processing and can be separated during the auxiliary processing operation, magnetically for the steel and by an air separation system for the residual fiber. Alternatively, these larger pieces could be drawn off and refrozen and re-introduced into the fracturing mills. The rubber crumb is then passed through a series of screens to sort the rubber crumb by mesh size, which is then packaged for customer requirements.

Manufacturing

Our earlier activities focused primarily on the design and development of the original TCS-1 First Production Model, and, more recently, on the completion of the design of a second generation version of this technology. In connection with these activities, we have been dependent upon arrangements with subcontractors for the manufacture and assembly of the principal components incorporated into a TCS System Plant. Pursuant to our signing of the exclusive manufacturing license agreement with Simpro, S.p.A., with the exception of those systems which Simpro might choose to refuse to accept a contract from any particular potential customer for whatever reason, all manufacturing activities of our company will now be undertaken by this Italian company. In the seemingly unlikely scenario where Simpro would refuse a contract which we believe should be accepted, we would have the right to go to alternate sources to have such systems manufactured and installed. Management believes that numerous alternative sources of supply for all such systems are readily available and has already identified potential key suppliers.

We have licensed the manufacturing respecting our technology to our Manufacturing Partner, Simpro S.p.A. of Turin, Italy. Simpro is a designer and manufacturer of high-technology production systems, historically, primarily for the automobile industry, and is active internationally. Simpro has its ISO 9001, ISO 14001 and EMAS certifications. We have agreed to this manufacturing partner arrangement because Simpro is in a position to offer insurance-backed contract performance guarantees and also to guarantee a minimum tire weight throughput on systems fabricated, installed and commissioned by them.

The Tirex R&D License

Tirex R&D held an exclusive, ten year license from the Company, which expired on July 2, 2005. This license, which was modified in June of 2002, permitted Tirex R&D to design, develop, and manufacture the TCS-Systems on a worldwide basis (the "Primary License"). To the extent necessary to ensure that Tirex R&D's operations were focused on pure research and development activities, Tirex R&D was able sublicense the Primary License to TCCI or such other corporate entity as would be deemed appropriate and beneficial. With the expiry of the license and the

government's dissolution of Tirex Canada R&D Inc., and TCCI, unrestricted ownership of the intellectual property related to the TCS Technology reverted to The Tirex Corporation.

Canadian Government and Government Sponsored Financial Assistance

Our May 1995 transfer of our research and development and manufacturing activities to Tirex R&D (then referred to as "Tirex Canada") made us eligible for various Canadian and Quebec government programs which provide loans, grants, and tax incentives, as well as government guarantees for loans from private lending institutions, for eligible investment, research and development, and employee-training activities.

Tax Incentives

Canadian and Quebec scientific research and experimental development (SR&ED) tax incentives take the form of deductions and tax credits with respect to eligible research and development expenditures previously incurred by Tirex R&D. Certain tax credits are called "refundable" because, to the extent that the amount of the tax credit exceeds the taxes otherwise payable, they are paid over or "refunded" to the taxpayer. Thus, these credits function effectively as monetary grants. Our company has received all of the tax credits to which we were entitled. The Company has not produced any tax credit claims following its Fiscal 2002 year. In the event that the Company would envision restarting its R&D efforts, it would either reactivate Tirex Canada R&D Inc. or create a new Canadian subsidiary eligible for such tax credits.

Canadian Government, and Government Sponsored Loans and Grants

We have in the past also received financial assistance by way of loans and grants from Canadian and Quebec governmental agencies for the design and development of the TCS-1 Plant and for export market development. All of the activities for which these loans were approved have been completed and we received the funds approved. Approximately 80% of the loans previously received have been repaid. Of the remaining approximately CA\$148,000 could be forgiven if the Company does not realize any sales in Spain and Portugal prior to June 30, 2004 and a further approximately US\$14,000 could also be forgiven because there were no sales in Spain and / or Portugal prior to June 30, 2007. The Canadian dollar and the US Dollar are approximately at par. The government contested one claim in the amount of CA\$95,000 on the assertion that the transaction was not at arm's length. We are disputing this assertion. Significantly prior to the contract in question, the person in question had an indirect but non-exclusive relationship with the company but this relationship was terminated long before the issuance of the contract in question. We are vigorously contending the government's assertion but cannot provide any guarantees that the government could be persuaded to accept our position.

Patent Protection

We were issued a United States patent on our Cryogenic Tire Disintegration Process and Apparatus on April 7, 1998 (Patent No. 5,735,471). The duration of the patent is 20 years from the date the original application was filed. In November 1998, we filed our patent, for review, with the Canadian Patent Office. Canadian patent number 2193334 was granted on August 17, 2004. Canadian patents have a duration of seventeen (17) years. Prior to the issuance of our US patent, we relied solely on trade secrets, proprietary know-how and technological innovation to develop our technology and the designs and specifications for the TCS-1 demonstration unit. The Company's patents are free of liens. We do not presently hold any patents for our products or systems outside of the United States and Canada. We have lacked the financial resources to apply for a process patent on an international basis, but the Company intends to file for additional patent protection, in accordance with our Agreement with Simpro S.p.A. of Turin, Italy, once sufficient financial resources will become available.

We have entered into confidentiality and invention assignment agreements with certain employees and consultants, which limit access to, and disclosure or use of, our technology. There can be no assurance, however, that the steps we have taken to deter misappropriation of our intellectual property or third party development of our technology and/or processes will be adequate, that others will not independently develop similar technologies and/or processes or that secrecy will not be breached. In addition, although Management believes that our technology has been independently developed and does not infringe on the proprietary rights of others, there can be no assurance that our technology does not and will not so infringe or that third parties will not assert infringement claims against us in the future. Management believes that the steps they have taken to date will provide some degree of protection, however, no assurance can be given that this will be the case.

Employees

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As of September 2007, we have four persons employed either directly or under consulting contracts including its three executive officers. Three of the foregoing persons devote their full time to our business and affairs, as required. At times, we also utilize the services of part-time consultants to assist us with market research and development and other matters. We could hire additional personnel, as needed, and as financial resources permit.

Potential Markets

We believe that the potential markets for our TCS System will be directly affected by the level of demand for economical, high quality rubber crumb derived from the recycling of scrap tires. The following discussion of the potential markets for rubber crumb assumes that the TCS System will actually be capable of economically producing high quality recycled rubber crumb and in a variety of sizes, and capable of being used in wide range of products. It should be noted, however, that because of the limited operating history of our heretofore TCS-1 Production Model Plant, we cannot give any assurance that our TCS Systems will in fact perform as expected under continuous, commercial operating conditions. Our manufacturing partner, Simpro, however, is prepared to offer tire throughput guarantees as a function of scrap tire weight. Our Manufacturing Licensee, Simpro S.p.A. of Turin, Italy, is also prepared to offer limited performance guarantees, backed by insurance policies. Moreover, even if the demand for rubber crumb should increase in accordance with our expectations, there can be no assurance that a demand for TCS Systems will likewise develop.

Rubber is a valuable raw material and we believe that recycling this valuable resource from scrap tires is an ideal way to recover that value. Recycled scrap tire rubber is already used in a great variety of products, promoting longevity by adding it to asphalt pavement, adding bulk and providing drainage as a soil additive, providing durability as a carpet underpadding, road guardrail posts, increasing resiliency in running track surfaces and gymnasium floors, absorbing shock and lessening the potential for injuries as a ground cover for playgrounds and other recreational areas, and as a significant component added to plastic resins for making extruded or molded products. We are aware of significant recent developments in making finished products from crumb rubber compounded with plastic resins, particularly polypropylene. We believe that the potential for crumb rubber to substitute for either virgin or recycled plastic resins is very significant, given the relative market price for crumb rubber versus the commodity prices for such plastic resins. We believe that TCS operators could realize very attractive profits at prices even less than US\$0.20 per pound. As of September 24, 2007, virgin general purpose injection grade polypropylene was selling for approximately US\$0.87 to US\$0.90 per pound for high-volume users with an average premium of between 2 and 4 cents per pound for lower volume users. Also in an independent report for September 24, 2007, recycled polypropylene was selling for between US\$0.40 to US\$0.44 (for clean regrind or flake) and US\$0.55 to \$0.59 per pound (for pellets), depending on its form. TCS System-produced crumb rubber has been proven to compound very well with polypropylene in high proportions and with prices of between US\$0.20 to US\$0.22 per pound, represents a major cost saving for industry producers, even relative to recycled resins.

Marketing Activities

To a large extent, we have, in the past, concentrated our efforts on completing the design, development, and construction of our heretofore TCS-First Production Model 1 and raising adequate financing to support such efforts. Our long-term objective, however, is to market TCS Systems worldwide, through national and international sales representatives, licensees or strategic partners. Pursuant to an extensive technical audit, our heretofore First Production Model permitted our company to be certified as an Accredited Tire Recycler by Recyc-Québec, a Quebec-governmental agency. Users of the TCS technology in Quebec could have access to tipping fees paid by Recyc-Québec, which currently work out to approximately US\$0.85 per passenger car tire, based on current exchange rates. Management believes that this accreditation will be beneficial to our marketing efforts respecting our technology, not only in Quebec but elsewhere, given its independent status.

We can make no assurances with respect to the degree of success of our marketing and distribution strategy of our TCS Systems. Furthermore, we have limited resources to achieve the distribution of our TCS Systems and to date we have made no sales, leases or licenses. We believe that we may need additional financing, which may not be available, to achieve our long-term objectives.

Government Regulation

Insofar as the Company is not actually a tire recycler, government regulations have little direct effect on our activities. Of greater importance is the possible effect on our customers for the TCS technology. The TCS-System is a "closed loop" system which does not use any chemicals, solvents, gases or other substances which could result in noxious emissions of any kind from the operation of the Plant. To the best of the Company's knowledge, operation of a TCS-System will not result in the emission of any pollutants, the disposal of combustion residues, the storage of hazardous substances, or the production of any significant amounts of solid waste which would have to be landfilled. Our Manufacturing Licensee, Simpro S.p.A., has undertaken a formal environmental assessment of our technology using the very stringent European standards, the results of which confirms our assertions. However, the operation of a TCS System will involve, to varying degrees and for varying periods of time, the storage of scrap tires or tire pieces representing the feedstock to the System, and limited storage of crumb rubber prior to shipment to customers. Rubber, regardless of its physical dimensions or form, is widely defined as being a fire hazard by fire protection services in most industrially-advanced countries.

As a result, many US states and Canadian provinces have either passed or have pending legislation regarding discarded tires including legislation limiting the storage of used tires to specifically designated areas. The regulatory environment of the European Union is already very stringent. Operators of TCS Systems will therefore be subject to various local, state, and federal laws and regulations including, without limitation, regulations promulgated by federal and state environmental, health, and labor agencies. Establishing and operating a TCS System for tire recycling will require numerous permits and compliance with environmental and other government regulations, on the part of our customers, both in the United States and Canada and in most other foreign countries. The process of obtaining required regulatory approvals may be lengthy and expensive for some customers of our TCS Systems. Moreover, regulatory approvals, if granted, may include significant limitations on operations. The US-EPA and comparable US state and local regulatory agencies, and similar government bodies in Canada and in other jurisdictions where TCS Systems will be marketed actively enforce environmental regulations and conduct periodic inspections to determine compliance with government regulations. Failure to comply with applicable regulatory requirements can result in, among other things, fines, suspension of approvals, seizure or recall of products, operating restrictions, and criminal prosecutions.

We believe that existing government regulations, while extensive, will not result in the disabling of its TCS System customers to operate profitably and in compliance with such regulations. While these regulations are usually stringent, the huge scrap tire problem must also be dealt with on a daily basis and the need for economic and environmentally friendly recycling operations is critical. The burden of compliance with laws and regulations governing the installation and/or operation of TCS Systems could, nonetheless, discourage potential customers from purchasing a TCS System. This would adversely affect our business, prospects, results, and financial condition. As a result, our business could be directly and indirectly affected by government regulations.

ITEM 2. DESCRIPTION OF PROPERTY

Our corporate headquarters is located at Stratford, Connecticut. We have occupied offices at this address since September 2006. Prior to moving to these premises, during Fiscal 2006, the Company occupied premises in a residential and office complex in west-end Montreal. Prior to its west-end location, Tirex occupied an industrial building on St. Patrick Street in Montreal, where the TCS Prototype was located. After having accumulated very substantial arrearages in rent and property taxes for which we were financially responsible, our former landlord instructed us to vacate these premises such that he could rent the space out to another company. As part of the settlement agreement with this former landlord, we agreed to pay to this former landlord the sum of US\$540,000 out of the proceeds of the first four sales of TCS Systems, at the rate of US\$140,000 per system sold.

ITEM 3. LEGAL PROCEEDINGS

We are presently a party in the following legal proceedings:

IM2 Merchandising and Manufacturing, Inc and David B. Sinclair v. The Tirex Corporation, Tirex Corporation Canada, Inc., et al.

The Plaintiffs, a Canadian resident and a Canadian corporation sued in the Delaware, U.S. Federal District Court claiming fraud, breach of contract, unjust enrichment and other allegations, that the alleged Defendants, which include Tirex Corporation Canada and The Tirex Corporation, jointly conspired to profit from their failure to comply with terms of a manufacturing agreement. The monetary demand of this complaint was unspecified. We were prepared to move to dismiss Plaintiffs' Complaint, but after consultations with the Plaintiffs' Attorneys, the Plaintiffs' withdrew this complaint voluntarily. Plaintiffs later filed a second action in the Chancery Court of Delaware alleging certain of the same allegations; fraud, breach of contract, unjust enrichment, breach of fiduciary duty and misrepresentation, but eliminated other counts including the securities fraud allegations. The Defendants in the State Court action are the same named in the Federal Court action, and again the monetary damages are unspecified. We moved to dismiss the State Court Chancery case alleging defective service of process and asserting that the Court had no jurisdiction over the Defendants in Delaware and for removal of the case to Canada based on forum non convenience and other considerations. Our motion was granted and the case dismissed.

Subsequently, on or about April 25, 2001, the Plaintiffs instituted a lawsuit in Superior Court, judicial district of Montreal alleging breach of contract and claims damages of Canadian\$794,690 (approximately US\$755,000 at current exchange rates) representing expenses and an additional Canadian\$5,411,158 (approximately US\$5,140,000 at current exchange rates) in loss of profits (court docket # **500-05-063730-021**). Unlike the suit filed in the US Federal District Court in Delaware, there was no accusation of fraud.

We have filed a detailed answer denying all liability, stating further that Plaintiffs failed to comply with their obligations. We believe we have meritorious defenses to all of the Plaintiffs' claims. The action is still pending.

There has been no activity relative to this suit for the last six years.

Surgent v. The Tirex Corporation

An action was brought by the Plaintiff against us, alleging that we had agreed to issue 1,000,000 shares of our Common Stock to the Plaintiff in consideration for expenses allegedly paid by the Plaintiff on our behalf in the amount of approximately \$150,000. These expenses allegedly were incurred in relation to the rental of certain office space and performance of administrative services. The Plaintiff's complaint sought to impose an equitable trust or lien on 1,000,000 of our unissued common shares, demanded the issuance of the 1,000,000 shares and alleged breach of contract and claimed damages of \$1,400,000.

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We moved to dismiss the case on various procedural grounds and in September 2000 the Court granted our motion based upon the lack of venue in Union County, New Jersey. A new action was instituted by Plaintiff in the Superior Court of New Jersey, Bergen County in April 2001 alleging similar claims as set forth in the previous action (Docket L-08060-00). We denied all of plaintiff's allegations. On July 24, 2002, The Superior Court of New Jersey, Bergen County, dismissed, with prejudice, the plaintiff's complaint for "Lack of Prosecution". Plaintiff was granted right to appeal, which was undertaken. However, Plaintiff's appeal was rejected by the Appellate Court. Subsequently, plaintiff was convicted of fraud and incarcerated in a US prison.

Lefebvre Freres Limited v. The Tirex Corporation

Lefebvre Frères Limited instituted an action against us on August 13, 2001 in the Superior Court, judicial district of Montreal (court docket # **500-05-066942-010**) claiming Canadian \$98,513 (approximately US\$96,500 at current exchange rates) is due and owing for the manufacture and delivery of car tire disintegrators. We have prepared a defense and cross claim against Plaintiff as the product delivered was defective and included used parts in direct contravention of the supply agreement. We believe we are entitled to a reimbursement of sums paid.

There has been no activity relative to this suit for the last six years.

Tri-Steel Industries Inc. v. The Tirex Corporation

Our landlord Tri-Steel Industries Inc. instituted an action against us, and our subsidiaries Tirex Canada and Tirex Canada R & D Inc., on or about June 22, 2001 for arrears of rent in the amount of Canadian \$177,973.62 Subsequent to the Plaintiff's instituting this action, we continued to accumulate very substantial arrearages for rent and property taxes for which we were financially responsible. Subsequent to our vacating the premises which had been the object of the lease, we settled with our former landlord for a total amount of US\$560,000, to be paid at the rate of US\$140,000 from each of our first four TCS System sales.

No director, officer, or affiliate of the Company, or any associate of any of them, is a party to or has a material interest in any proceeding adverse to us.

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

During the fiscal year ended June 30, 2007, no matters were submitted to a vote of the shareholders of the Company.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's common stock, is traded on a limited basis in the over-the-counter market and, since January 2003, has been listed on the "Gray Sheets". We are currently awaiting the completion of our first unconditional sales contract before attempting to have our stock re-quoted on the OTC Electronic Bulletin Board, maintained by the National Association of Securities Dealers, Inc. (the "OTC Bulletin Board"). Since being relegated to the Gray Sheets, bid prices are not posted.

Shareholders

As of September 30, 2007, the number of holders of record of the Company's common stock, \$.001 par value, was less than 500, which does not include shares held by persons or companies in street or nominee name.

Dividends

The Company has paid no cash dividends and has no present plan to pay cash dividends, intending instead to reinvest its earnings, if any. Payment of future cash dividends will be determined from time to time by its Board of Directors, based upon its future earnings (if any), financial condition, capital requirements and other factors, the company is not presently subject to any contractual or similar restriction on its present or future ability to pay such dividends.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes thereto included elsewhere in this Report. This document contains certain forward-looking statements including, among others, anticipated trends in our financial condition and results of operations and our business strategy. These forward-looking statements are based largely on our current expectations and are subject to a number of risks and uncertainties. Actual results could differ materially from these forward-looking statements. Important factors to consider in evaluating such forward-looking statements include (i) changes in external competitive market factors or in our internal budgeting process which might impact trends in the our results of operations; (ii) unanticipated working capital or other cash requirements; (iii) changes in the our business strategy or an inability to execute its strategy due to unanticipated changes in the industries in which we operates; and (iv) various competitive factors that may prevent the us from competing successfully in the marketplace.

Tirex's primary objective is to sell it's patented and proprietary tire recycling process, called the TCS System, to tire recyclers throughout the world (www.tirex-tcs.com). In March 2000, we announced that our TCS technology prototype was ready for replication and commercialization. The intellectual property owned by Tirex comprises both the patented "fracturing mill" (both US and Canadian patents) plus the proprietary freezing process of using super-cooled air (rather than the competitions liquid nitrogen process, which represents expensive overkill in terms of what is required to freeze tire chips) to freeze the tire chips to the "glass point" which permits the effective separation and disintegration of the tire components by our patented "fracturing mill", producing a semi-cryogenic crumb rubber at a significant cost saving. The intellectual property of our TCS System process is recognized in the Manufacturing License Agreement (2003) we have with Simpro S.p.A. of Torino, Italy www.simpro.it. Simpro has a semi-exclusive manufacturing license to manufacture the TCS System, semi-exclusive to the extent that they have a right of first refusal for the fabrication, installation and installation of any TCS system anywhere in the world, but the exclusivity is lost on a case-by-case basis in those circumstances where they would elect to not accept an order, under which circumstances we have the right to contract the same services to other companies. Our patent renewals and continuation for both the USA and Canada were documented in 2005.

In 2001 Tirex's TCS tire recycling prototype was accredited by Recyc-Québec, the provincial recycling agency in Montreal, Quebec, Canada, as an economically viable and environmentally-friendly process that produced quality recycled rubber. During the year 2000 and 2001, we demonstrated our technology to numerous groups from Asia, Europe, North and South America and the Caribbean, as well as to some shareholders and potential strategic alliance partners. While numerous Letters of Intent were signed during this stage, none materialized into firm purchase contracts. Management attributed these failures to acquire sales contracts to the lack of a commercial history for the TCS technology, or alternatively, to the Company's inability at the time to provide performance guarantees. With the signing of the License Agreement with Simpro we engaged a reputable, highly accredited manufacturer that created the potential for performance guarantees to be offered. The TCS prototype was disassembled and its "fracturing mill" was sent to Simpro's facility in Italy. Simpro is prepared to build the first commercial TCS System. As of June 30, 2007, no purchase/sale contracts have been written.

Tirex has continued with its marketing structure consisting primarily of Tirex's President, John L. Threshie Jr., assisted financially by CFO Michael Ash, combined with Simpro's significant marketing and sales efforts, as well as independent representatives. Simpro also has a non-exclusive marketing agreement applicable on a worldwide basis. Tirex continues to entertain requests for marketing agreements on several continents, but adheres to its policy of offering commissions out of sales proceeds only and not providing exclusivities in the absence of prior-established results.

The lack of a significant track record relative to the operation and output of the TCS System has proven to be a difficult hurdle to overcome in acquiring TCS System sales. The installed cost of a TCS-2 System to a recycler, depending on the system configuration, the condition of the feedstock and the output requirements and excluding building and infrastructure costs, is in the vicinity of Euros 5,500,000 (approximately US\$7.75 million at prevailing exchange rates). When one adds infrastructure costs, preproduction expenses and a reasonable provision for working capital after system commissioning, we are of the opinion that the entrepreneur has to consider his gross investment cost (prior to debt financing possibilities) to be in the vicinity of US\$9 million to \$10 million, depending on the customs duties which could be imposed on US and Canadian customers respecting the importing of products from non-NAFTA countries. We do not actively market the TCS-1 as the apparent market for this reduced-scale system does not appear to be that significant. US\$9,000,000 or more represents a substantial investment for a start-up company. Simpro has been able to obtain insurance backing to support their offer of limited performance guarantees, and such potential is expected to assist the marketing effort. Simpro is now offering limited feedstock throughput guarantees on a case by case basis. Management is of the opinion that, insofar as the systems are normally priced in Euros, the continuing strength of the Euro against the US dollar is having a negative on the sales efforts in North America.

Market and sales efforts of the TCS System continues to evolve and has attracted qualified and capable companies over the past year. During Fiscal 2007, the Company and Simpro have entertained numerous potential TCS System customers. Out of these developments, several opportunities have presented themselves that have merited and continue to merit the expenditure of considerable effort to close a Purchase and Sales Agreement. Of the most recent opportunities, it has been represented to us that some partial and some complete project financing has been offered in the Middle East, the UK and Malaysia and the northeastern USA, and yet contracts still remain pending. Our listing on the Internet Recycling Exchange and our web site www.tirex-tcs.com continues to generate inquiries from all over the world. This interest confirms the need for new technology in the industry. These opportunities may not conclude, however, until there is a commercial system in operation and regardless of Management's optimism there can be no assurance that these opportunities will actually result in unconditional sales contracts.

The finalizing of the License Agreement with Simpro means that the gross revenues from sales will be recorded on Simpro's books, not in the books of Tirex. The amount remitted back to Tirex will take the form of a royalty and will be accounted for as such. Regardless of the contract structure and the accounting effects which result, generally accepted accounting principles in effect in the USA have the effect that the revenues to Tirex resulting from such transactions will not be recognizable until the systems will have been accepted by the customers. Given the time line required to manufacture, install and have accepted these systems, it is clearly impossible that any revenues would become recognizable during our fiscal year which will end June 30, 2007. While the Company will benefit from the periodic cash inflows resulting from progress payments during the next approximately ten months, the royalty will, in fact, not have been earned until the systems are accepted by the customers.

In February of 2001, we concluded a private financing with an investor group. Under the terms of the Agreement, we had the contractual right to require the Investor to purchase up to US\$5,000,000 of put notes. We drew down US\$750,000 of this amount and used the proceeds of this financing toward legal and consulting fees due, normal operating expenses such as payroll, rent and taxes and the acquisition of equipment for our prototype TCS-1 Plant. In July of 2001, the Company entered into a technical default with respect to the Agreement by not having an SB-2 Registration Statement declared effective by the SEC. After several months of negotiations, the Company entered into a Settlement Agreement with the Investor Group which provided for a cash pay down of the amount owed, including interest and penalties over a period of approximately two years starting with the date the Settlement Agreement was signed, the right of the Investor Group to continue to be able to sell up to 600,000 collateral and Rule 144 shares per month and the issuance of three series of warrants, 500,000 each, exercisable at prices of one cent, five cents and ten cents over a three year period. This Settlement Agreement was announced in April of 2002, and details of the terms of the Agreement are filed as an Exhibit to this Report. The Company, in the absence of having completed its first sales of TCS Systems according to our expectations, was unable to generate the cash flow necessary to pay down the Convertible Note in accordance with the terms of the Settlement Agreement. Thus, the Company once again finds

itself in a position of default. Numerous recourses are available to the holders of the Convertible Notes, but to date, these recourses have not been exercised. Such recourses can be exercised at any time and the fact that they have not been exercised so far does not preclude their being exercised now or in the future. The Company has kept the Convertible Note holders apprised of its efforts to sell TCS Systems and thus restart the repayments on the Convertible Notes.

As a result of this period preceding the commencement of commercial operations, we have had to cover our overhead costs from sources other than from commercial revenues. We expect that some portion of our future overhead costs, which may be significant, will continue to be covered from sources other than commercial revenues. Since March of 2003, our monthly out-of-pocket cash costs have been reduced to inconsequential amounts, and thus our requirement to find financial resources to fund operations is minimal.

Our greatest expense, from an accounting standpoint, is for salaries. These salaries have not been paid for over five years, but rather set up as payables. Our cash flow deficit condition will continue until such time as the Company will start generating revenues from the sale of TCS Systems. Until we can succeed in securing an unconditional sales contract for the sale of one or more systems employing our technology, the company will not be engaging any significant financial commitments and will not be engaging in any significant research and development activities nor increasing employment.

Over the last two years, the expenses of our company have been funded by a series of loans made by a significant number of individuals investing modest amounts totaling approximately US\$60,000 each through Tirex President, John L. Threshie Jr. Insofar as Tirex does not have shares to issue at this time, these investors, fully cognizant of our situation and so documented in writing, have accepted that their investment is being made via Mr. Threshie and represents a convertible debt, the conversion of which can occur once Tirex will have shares available for issuance. To June 30, 2006, approximately 13 million shares are involved, this number being before any adjustments to our share authorization structure which would cause a proportionate adjustment to the number of shares actually issuable. We will require a modification to our share authorization. This convertible debt is priced at fixed prices rather than as a discount to market. Insofar as the funds were lent to Mr. Threshie rather than to Tirex directly, with Mr. Threshie then paying personally the expenses of Tirex, which expenses have been duly recorded in our accounts offset by a liability to Mr. Threshie, the liability on our books is still listed as being toward Mr. Threshie. Thus no direct liability toward these investors is on our books. However, once shares will become available for issuance, the amounts due to Mr. Threshie will be transferred by him to these investors and the shares issued accordingly. Significant amounts were paid on behalf of Tirex by a close associate, with whom ultimate financial compensation will be negotiated, either on a cash basis or a share issuance basis or some combination thereof, to be determined.

From August 2005, the office rent of Tirex was assumed by Mr. Threshie until his return to Connecticut in September 2006. This amount was CA\$1,500 per month. This amount has been accrued as a liability to Mr. Threshie on our books since last August.

While we continue to market TCS Systems and have in place a License Agreement, as of June 30, 2007, no unconditional sales orders for TCS Systems had been received and manufacturing of TCS Systems has not been initiated. We anticipate that we will begin selling or licensing out the sale of TCS Systems and thus initiating the manufacturing of these systems on a commercial basis inevitably as long as there is a demand for new recycling technology. Until we successfully develop and commence TCS System manufacturing and sales operations on a full-scale commercial level, however, we will not generate significant revenues from operations. Accordingly, we would be obligated to attempt to seek non-commercial sources of revenues to support operations until TCS Systems sales and manufacturing operations would become a reality. In the event of such a circumstance, there can further be no assurance that such noncommercial revenue funding would be available at all or on terms acceptable to management. Except for activities related to the recycled crumb rubber industry, as noted above and in previous filings, we have never engaged in any other significant business activities.

During the first quarter of Fiscal 2007, Tirex undertook the negotiation of the employment agreements with respect to Tirex CEO and President, John L. Threshie Jr., Tirex Vice President Engineering and Research and Development, Louis V. Muro and Tirex Secretary-Treasurer and Chief Financial Officer, Michael Ash, although the final versions have not yet been ratified. Under the terms of these agreements, Mr. Threshie's salary would be augmented to US\$150,000 retroactive to July 1, 2002 while Mr. Muro's salary would be reduced retroactively to July 1, 2002 to US\$75,000. The salary of Mr. Ash would remain unchanged at US\$100,000. Also under the terms of the agreements,

Mr. Threshie would receive an option to acquire 3,000,000 shares of the corporation at the beginning of each year of his three-year agreement, the effective inception date being July 1 2004. Similarly, Mr. Muro would receive options to purchase 1,000,000 shares per year. Mr. Muro's employment would also be effective July 1, 2004. Other than for the number of shares involved, Mr. Muro's options proposed agreement would be identical to that of Mr. Threshie. As for Mr. Ash, his three-year employment agreement would be effective January 1, 2004 and would provide for him to acquire 2,000,000 shares of Tirex in each of the three years of his contract. In all cases, the exercise window is three years. These options could be exercised on a cashless basis and are described in more detail elsewhere in this report. Tirex does not currently have an adequate share authorization to satisfy any exercises under these options, and, in fact, is in arrears with respect to options exercised by Mr. Ash under the previous version of his employment agreement. The exercised options will result in share issuances once Tirex will have an adequate number of shares available for issuance. Any such issuances will be subject to any corporate actions regarding stock splits, reverse splits or stock dividends on a proportional basis.

Liquidity and Capital Resources

As of June 30, 2007, the Company had total assets of \$25,001 as compared to \$25,001 at June 30, 2006 reflecting no change, and also no change versus total assets at June 30, 2005. There were no changes in the value of individual assets, representing Property and Equipment and Patents, from June 30, 2006 to June 30, 2007.

As of June 30, 2007, the Company had total liabilities of \$4,712,098 as compared to \$4,212,075 at June 30, 2006, reflecting an increase in liabilities of \$500,023. Total liabilities at June 30, 2006 had reflected a previous increase of \$299,168 over \$3,912,907 in total liabilities at June 30, 2005. The increase in total liabilities from June 30, 2006 to June 30, 2007 is primarily attributable to: (i) an increase in Accounts Payable and Accrued Liabilities in the amount of \$87,523 from \$1,400,688 as of June 30, 2006 to \$1,488,211 as of June 30, 2007; (ii) an increase in Convertible Loans in the amount of \$412,500 from \$2,008,942 as of June 30, 2006 to \$2,421,442 as of June 30, 2007.

Reflecting the foregoing, the financial statements indicate that as at June 30, 2007, the Company had a working capital deficit (current assets minus current liabilities) of \$1,488,211 and that as at June 30, 2006, the Company had a working capital deficit of \$1,400,688, a working capital deficit increase of \$87,523. There were no changes in current assets, as noted above, while there were additions to current liabilities due to third parties represented by Accounts Payable and Accrued Liabilities.

The financial statements which are included in this report reflect total operations and other expenses of \$455,849 for the year ended June 30, 2007, which reflects an increase of \$235,277 over the year ended June 30, 2006 when total operations and other expenses were \$220,572. The Company has ceased Research and Development activities thereby resulting in a significant decrease in personnel expenses and other Research and Development expenses compared with prior periods.

The success of the tire recycling manufacturing business and the ability to continue as a going concern will be dependent upon the ability of the Company to obtain adequate financing to commence profitable, commercial manufacturing and sales activities and the TCS Systems ability to meet anticipated performance specifications on a continuous, long term commercial basis.

The Company believes that the amounts accrued to date in respect of the shares issued to compensate the executive officers and consultants reflect the fair value of the services rendered, and that the recipients of such shares received such shares at an appropriate and reasonable discount from the then current public market price. The Company believes that the discount is warranted due to the fact that there are often restrictions on the transfer of said shares arising out of the absence of registration, and the uncertainty respecting our ability to continue as a going concern.

From inception (July 15, 1987) through June 30, 2007, the Company has incurred a cumulative net loss of \$29,906,019. Approximately \$1,057,356 of such cumulative net loss was incurred prior to the inception of the Company's present business plan, in connection with the Company's discontinued proposed health care business and was due primarily to the expending of costs associated with the unsuccessful attempt to establish such health care business. The Company never commenced the proposed health care operations and therefore, generated no revenues therefrom.

ITEM 7. FINANCIAL STATEMENTS

Our financial statements required to be included in this Report pursuant to Item 310(a) of Regulation S-B, are set forth below.

ITEM 8. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

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Following the end of Fiscal 2004, our independent certifying accountant informed us that he was abandoning all SEC-oriented work. Thus, we have no choice but to attempt to change our certifying accountant effective with the annual financial statements for the year ended June 30, 2004. The resignation of our former certifying accountant was not related in any way to any disputes respecting the Company's accounting or its financial disclosures to shareholders or other interested parties. We have been attempting to engage new certifying accountants but our financial condition has not permitted us to find one as of yet. Once our financial condition will have improved, we will engage independent certifying accountants and will file amended reports with their certifications.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

Directors, Executive Officers and Significant Employees

The following sets forth, as of June 30, 2005 the names and ages of all directors, executive officers, and other significant employees of the Company; and all positions and offices in the Company held by each, and the terms of said offices. Each director will hold office until the next annual meeting of shareholders and until his or her successor has been elected and qualified:

<u>Name</u>	<u>Age</u>		<u>Offices Held</u>	<u>Term of Office</u>
John L. Threshie, Jr.	53	Chairman of the Board of Directors, President, and	November 1999 - present	
		Chief Executive Officer		
		Director	June 1995 - February 1999	
		Vice President	June 1995- November 1999	
			Secretary	
			December 1996	
			February 1999	
Louis V. Muro	75	Vice President of Engineering and Director	January 1996 - present	
		President	March 1994 - January 1995	
		Director	December 1992 - Present	
Henry Meier	51	Director	Feb. 11, 1999 to present	
Michael D.A. Ash	58	Secretary, Treasurer, and Chief Financial and Accounting Officer	February 1999- present	

The Board of Directors has no standing committees.

Family Relationships

No family relationships exist between any director or executive officer of Company or any person contemplated to become such.

Business Experience

The following summarizes the occupation and business experience during the past five years for each director, executive officer and significant employee of the Company. A significant employee is a person who is not an executive officer of the Company but who is expected to make a significant contribution to the business of the Company.

JOHN L. THRESHIE, JR. Mr. Threshie has served as President and Chief Executive Officer of the Company since November of 1999. Prior to that time he served as a Vice President of the Company since June 1995. He was appointed Assistant Secretary of the Company on February 11, 1999. From December 1996 until February 11, 1999, Mr. Threshie held the position of Secretary, and from June 1995 until February 11, 1999, as a Director, of the Company. He also served as a Director for The Tirex Corporation Canada Inc. and Tirex Canada R&D Inc. from June 1998 and June 1995, respectively, until February 11, 1999. He has more than fourteen years of experience in the areas of management, marketing and sales primarily in the field of advertising. Mr. Threshie holds a Bachelor's Degree in Political Science from the University of North Carolina. He was employed as an insurance and financial broker by Primerica Financial Services from 1991 through 1994. From 1988 to 1990, Mr. Threshie was an advertising account supervisor for Ammirati & Puris Inc., an advertising firm in New York. From 1983 to 1988 Mr. Threshie was employed as a senior account executive at the advertising firm of Saatchi and Saatchi, Inc. From 1979 to 1983 Mr. Threshie was employed by Milliken & Co. as a sales representative.

LOUIS V. MURO. Mr. Muro acted as an engineering consultant to the Company from January 18, 1995 until January 1, 1996 when he was appointed as a Director and as Vice President in charge of engineering. Mr. Muro served as a Director of the Company from December 29, 1992 until January 18, 1995. He also served as the Company's Secretary from December 29, 1992 until March 1994 when he was appointed President of the Company, a position he held until January 18, 1995. He has also served as the Vice President in charge of engineering and as a director of The Tirex Corporation Canada Inc. and Tirex Canada R&D Inc. since June 1998 and May 1995 respectively. Mr. Muro received a B.S. degree in Chemical Engineering from Newark College of Engineering in 1954, since which time he has continually been employed as a chemical engineer. From 1974 to 1993 Mr. Muro has been the sole proprietor of Ace Refiners Corp. of New Jersey, a precious metals refinery. From 1971 to 1974, he worked as an independent consultant and from 1964 until 1971, he was director of research and development for Vulcan Materials Corporation in Pittsburgh, Pa., a public company engaged in the business of recovering useable tin and clean steel from scrap tin plate. From 1960 to 1964, Mr. Muro was the sole proprietor of Space Metals Refining Co. in Woodbridge, NJ, a company involved in the purification of scrap germanium to transistor grade metal. From 1959 to 1960 he was employed by Chemical Construction Co., of New Brunswick, NJ, where he developed a process for the waste-free production of urea from ammonia, carbon dioxide and water. From 1954 to 1959, Mr. Muro worked in the research and development department at U.S. Metals Refining Co. in Carteret, NJ where he was involved with the refinement of precious metals.

MICHAEL D.A. ASH. Mr. Ash joined the Company on January 11, 1999. On February 11, 1999, Mr. Ash was appointed Secretary, Treasurer, and Chief Financial and Accounting Officer of the Company. Mr. Ash graduated with a Bachelor's Degree in Business Administration, Magna Cum Laude, from Bishop's University in Quebec in 1970, and with an MBA, With Distinction, from Harvard Business School in 1975. Mr. Ash received his Chartered Accountant certification, (Canadian equivalent to a CPA) in 1972 while employed by Coopers & Lybrand (now PriceWaterhouseCoopers). Mr. Ash voluntarily abandoned his C.A. designation following the ENRON and WorldCom incidents, being no longer willing to certify financial statements nor to incur the very expensive professional insurance costs associated with professional private practice as a sole practitioner. As such, the annual professional fees were no longer justifiable. Since graduation from Harvard, Mr. Ash spent a large portion of his career with the Government of Canada, until early 1999 when he joined Tirex, first with the Office of the Comptroller General in Ottawa and, for the subsequent eighteen years, with a federal regional economic and industrial development agency in Montreal where he gained exposure to a very large number of companies and industrial

sectors, ranging from developmental companies to major multi-national corporations. For ten years during this time period, Mr. Ash was also a part-time lecturer in accountancy at Concordia University in Montreal for students registered in the program leading to the Chartered Accountancy designation.

Compliance With Section 16(a) of the Exchange Act.

None of the securities have been registered pursuant to Section 12 of the Exchange Act of 1934, as amended (the "Exchange Act"). Therefore, Section 16(a) of the Exchange Act is not applicable.

ITEM 10. EXECUTIVE COMPENSATION

Current Remuneration

The following table sets forth information concerning the annual compensation received or accrued for services provided in all capacities for the fiscal years ended June 30, 2005, 2006 and 2007 by our chief executive and all our executive officers serving as such as at June 30, 2005 or at any time during the year ended June 30, 2007. Future announcements concerning us, our competitors, results of testing, technological innovations or new commercial products may have a significant impact on the market price of our common stock. We believe that, as of the dates when such shares were issued, the actual market value of such shares was, and as of the date hereof remains, highly contingent upon, and subject to, extremely high risks.

SUMMARY COMPENSATION TABLE:

ANNUAL COMPENSATION (See note below)				
Name and Principal Position	Year	Salary \$	Bonus \$	Other \$
John L. Threshie Jr. President	2007	\$150,000 (1)	Nil	nil
	2006	\$150,000		
	2005	\$150,000		
Louis V. Muro Vice President - Engineering	2007	\$75,000 (1)	Nil	nil
	2006	\$75,000		
	2005	\$75,000		
Michael D.A. Ash Secretary-Treasurer & CFO	2007	\$100,000 (1)	Nil	nil
	2006	\$100,000		
	2005	\$100,000		

The salaries noted above are those provided for in proposed employment agreements based on negotiations, which agreements, as of the date of this report, have not been ratified.

The employment agreements of all of the above persons were re-negotiated and drafts thereof were received during the second quarter of Fiscal 2007. These drafts have not yet been ratified. The primary focus of the negotiations was on salary and options in all three cases. In the case of Mr. Threshie, his salary would be increased from US\$125,000 to US\$150,000 retroactive to July 1, 2002. In the case of Mr. Muro, his salary would be reduced from US\$150,000 to US\$75,000 also effective July 1, 2002. Mr. Ash's salary would remain unchanged at US\$100,000. Under the terms of these three employment agreements, all three persons would receive options with three-year exercise windows to acquire Tirez shares, with the possibility of a cashless exercise. These annual options for Mr. Threshie, Mr. Ash and Mr. Muro imply 3,000,00 shares, 2,000,000 and 1,000,000 shares respectively. All exercises are subject to share structure modifications such as stock splits and reverse splits on a proportional basis. Tirez does not currently have an adequate share authorization to satisfy these potential exercises or even the previous exercises by Mr. Ash under his previous employment agreement. Under the previous employment agreement with Mr. Ash, who gave notice of exercise on a cashless basis, 1,500,000 shares are owed to Mr. Ash. It should be emphasized that these employment agreements have not been ratified. The compensation noted above reflects preliminary agreements as to compensation.

In 1999, Mr. Ash abrogated his then existing Employment Agreement. This was replaced by a Consulting Agreement for a period of sixteen (16) months to the end of Calendar 2000. Under this consulting agreement, Mr. Ash received 2,000,000 shares of the common stock of the Company. A new employment Agreement with an effective date of January 2001 was put into effect and the prior Consulting Agreement was allowed to lapse. Under that Employment Agreement, Mr. Ash earned a salary of \$100,000 and Mr. Ash also had options to purchase stock of the company at the lesser of 20(cent) for the first year option, 40(cent) for the second year option and 50(cent) for the third year option, or 50% of market applicable to each series. The options were exercisable on a cashless basis.. Prorating the stock issuance over the sixteen month term of the prior Consulting Agreement, in Fiscal 2000, Mr. Ash

was entitled to 1,250,000 shares of stock. There was no cash salary in Fiscal 2000 for Mr. Ash. For Fiscal 2001, Mr. Ash received the balance of his stock entitlement, i.e. 750,000 shares, and was entitled to receive \$50,000 in cash. For Fiscal 2002 and 2003, Mr. Ash was entitled to receive \$100,000 annually. Mr. Ash exercised the stock options available to him under the Employment Agreement which terminated December 31, 2003. Mr. Ash's Employment Agreement was recently the subject of renegotiation for a three-year period starting January 1, 2004, but the final version has not been signed.

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(1) No compensation was paid either in cash or in shares to Messrs. Threshie, Muro and Ash during Fiscal 2006 and 2007. The amounts due have been recorded as liabilities of the Company.

Executive Stock Options

As discussed elsewhere in this Report, the following is a summary of those options and warrants outstanding or proposed to be outstanding, with respect to the purchase of the common stock of the Company:

<u>Beneficiary</u>	<u>Issuable</u>	<u>Exercise Window</u>	<u>Price</u>
John L. Threshie Jr.	3,000,000 share options at the beginning of each of Fiscal Years 2003, 2004 and 2005	Three (3) years from date of issue	Series 1: lesser of 20 cents or 50% of market Series 2: lesser of 40 cents or 50% of market Series 3: lesser of 50 cents or 50% of market
Michael Ash	2,000,000 share options at the beginning of each of Calendar Years 2004, 2005 and 2006	Three (3) years from date of issue	Series 1: lesser of 20 cents or 50% of market Series 2: lesser of 40 cents or 50% of market Series 3: lesser of 50 cents or 50% of market
Louis V. Muro	1,000,000 share options at the beginning of each of Fiscal Years 2003, 2004 and 2005	Three (3) years from date of issue	Series 1: lesser of 20 cents or 50% of market Series 2: lesser of 40 cents or 50% of market Series 3: lesser of 50 cents or 50% of market
Convertible Debenture	1,500,000 in three series of 500,000 each	Series 1: At any time during the 3-year period following the date of the Settlement Agreement, to wit, April 26, 2002 Series 2: During the second and third years following April 26, 2002 Series 3: During the third year following April 26, 2002	Series 1 at one (1) cent each Series 2 at five (5) cents each Series 3 at ten (10) cents each

Mr. Ash has exercised the options which had been granted to him with respect to the options granted under the Employment Agreement which terminated December 31, 2003. This was done on a cashless basis, resulting in 1,500,000 shares being issuable to Mr. Ash. These shares will be issued, subject to adjustments for stock splits and stock dividends, if any, occurring prior to the issuance to Mr. Ash, at such time when the Company will have an adequate number of shares available for issue.

Compensation of Directors

The Directors of the Company were not compensated for their services as such in fiscal 2007.

Employment Agreements

We seek to maintain employment agreements with all of our executive officers (the "Executive Agreements"). We currently have a proposed employment agreement with Mr. Threshie that provides for an annual salary of \$150,000 would have had a duration until June 30, 2007. A new agreement will have to be negotiated. Mr. Threshie would also have past service options, as noted above, to purchase shares of the Company. Mr. Threshie would be granted options to purchase 3,000,000 shares at each anniversary date of his Employment Agreement for the three years following the effective date of his employment contract, and, for each series of options, would have a three-year period to exercise that option. The options are exercisable at the lesser of 50% of market and 20(cent) for the first series, 40(cent) for the second series and 50(cent) for the third series. We currently employ Mr. Muro on a month-to-month basis, based on a projected revised annual salary of \$75,000, retroactive to July 1, 2002. Mr. Muro would also have share options which, other than for the number of shares implicated, are identical to the options of Mr. Threshie. In Mr. Muro's case the number of shares would be 1,000,000 shares annually. During fiscal 2000 Mr. Ash voluntarily abrogated his Executive Agreement with us and entered into a new agreement under which his compensation was in the form of shares. Under this new agreement, Mr. Ash continued to act as Secretary-Treasurer and Chief Financial Officer on a consulting basis. Under the terms of the original Executive Agreement, Mr. Ash's annual compensation was US\$125,000. The consulting agreement extended to December 31, 2000 and was renewable by mutual consent of the Company and Mr. Ash. Mr. Ash's compensation for the sixteen-month period ended December 31, 2000 was 2,000,000 common shares, subject to prorated adjustment in the event of a stock split. At the beginning of Calendar 2001, Mr. Ash's consulting agreement was converted back to an Employment Agreement under which Mr. Ash earned an annual salary of \$100,000 and had options, as noted above, to purchase company stock on terms identical to the options granted to Mr. Threshie. As of the date of this Report, Mr. Ash had exercised all of his options under the previous agreement on a cashless basis, thus resulting in 1,500,000 shares being issuable to Mr. Ash. Under the terms of his proposed renewed agreement, Mr. Ash would have the option to acquire 2,000,000 shares of Tirex in each calendar year starting January 1, 2004. If the proposed employment agreement is ratified, Mr. Ash has indicated that he would give notice of exercise with respect to calendars 2004, 2005 and 2006, with the result that the Corporation currently owes Mr. Ash 3,000,000 shares, issued on a cashless basis, in addition to the shares previously issuable under the previous employment agreement, for a total of 4,500,000 shares. The Company currently has less than 105,000 shares available for issue. Thus, the shares issuable to Mr. Ash would remain as such until the Company would have adequate shares to satisfy this transaction. Any shares ultimately issuable to Mr. Ash would be automatically adjusted for stock splits and stock dividends, if any, occurring prior to the issuance of shares to Mr. Ash. To the extent that Mr. Threshie and Mr. Muro exercise their options, the Corporation's liability to issue shares will remain a Note entry.

All of the above agreements provide for the payment of bonuses at the sole discretion of the Board of Directors based upon an evaluation of the executive's performance, with payment of any such bonuses to be reviewed annually. The Executive Agreements also provide for the participation by each of the foregoing persons in any pension plan, profit-sharing plan, life insurance, hospitalization or surgical program, or insurance program hereafter adopted by us, reimbursement of business related expenses, the non-disclosure of information which we deem to be confidential to it, non-competition by the executive with us for the one-year period following termination of employment with us and for various other terms and conditions of employment.

The Executive Agreements with Messrs. Threshie, Muro and Ash also include severance provisions which provide, among other things, for severance compensation in the event that the employment of the executive is terminated by us other than for cause, or by the executive for "good reason", as that term is defined in the Executive Agreements, or pursuant to a change in control of the Company. The various Executive Agreements provide for severance compensation, as follows:

In the case of Messrs. Threshie, Muro and Ash, 200% of the amount of the base salary for a period of twelve months, except that in the event of the new employment agreements being ratified and thence in the case of a termination following a hostile takeover of the Corporation, the termination is 300%. In addition, the amount of severance compensation for termination other than for cause, or by the executive for "good reason", as that term is defined in the Executive Agreements, or pursuant to a change in control of the Company, amounts to the compensation as described above plus two months of base salary for each year of service, either under an employment agreement or under a consulting agreement.

Because of the early stage of our development, our lack of operations and insignificant cash flow, since January 18, 1995, we have not had the resources to meet fully our financial obligations under the Executive Agreements. As a result, a major portion of compensation which has been available to our executive officers has consisted of shares of our common stock, which such individuals accepted, in lieu of cash compensation, for a substantial portion of salary and/or consulting fees due to them. For the last four years, no significant numbers of shares were available for issuance to the executives.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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The following table sets forth information as of September 30, 2007, with respect to the persons known to the Company to be the beneficial owners of more than 5% of the common stock, \$.001 par value of the Company and of more than 5% of the Class A Common Stock of the Company's subsidiary, Tirex R&D and of all Officers and Directors of the Company as that term is defined in Item 402(a)(2) of Regulation S-B. Neither the Company nor Tirex R&D have any shares of any other class issued or outstanding.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Percent Ownership</u>	<u>Percent of Class (1)</u>
Common The Tirex Corporation	John L. Threshie, Jr. P.O. Box 1000 Stratford Postal Store 411 Barnum Avenue Cutoff Stratford CT 06614-9991	2,000,000(2)	0.8%
Class A Common Tirex R&D		34 (5)	34%
Common The Tirex Corporation	Louis V. Muro 2063 Desjardins Avenue, Apt #2 Montreal, Quebec Canada H1V 2H1	5,978,957(2)(3)	2.39%
Class A Common Tirex R&D		17(5)	17%
Common The Tirex Corporation	Henry P. Meier P.O. Box 895 Lakehurst NJ 07755	335,000 (6)	0.13%
Common The Tirex Corporation	Estate of Louis A. Sanzaro 1497 Lakewood Road Toms River, NJ 08755	16,281,088(2)	6.52%
Common The Tirex Corporation	Michael Ash 310 Montée Sabourin St. Bruno, Quebec Canada, J3V 4P6	2,980,000 (4)	1.19%
Common The Tirex Corporation	All directors and officers as a group (4 persons)	11,293,957	4.52%
Class A	All directors and	51	51.0%

Common	officers as a group
Tirex	(2 persons)
R&D	

(1) The percentages listed in the table is calculated on the basis of 249,895,892 shares of the common stock, \$.001 par value, of the Company outstanding as at September 30, 2007. The significant drop in the collective ownership of shares by officers and directors versus June 30, 2005 is attributable to the death of former Tirex director, Louis A. Sanzaro, who has not yet been replaced.

(2) Our executive officers, directors (including deceased director, Louis A. Sanzaro) and principal shareholders pledged an aggregate of 11,986,315 (approximately 6% of our then outstanding shares) of their personal shareholdings in the Company as a security interest for our issuance of \$750,000 of 8% convertible notes, pursuant to a Subscription Agreement and Security Agreement dated February 26, 2001. Specifically, John L. Threshie, Jr. pledged 1,891,204 shares, Louis Muro pledged 1,723,514 shares and Louis Sanzaro pledged 8,371,597 shares of our common stock. The Company was unable to respect its financial obligations under the terms of a Settlement Agreement and negotiations with respect to a new settlement have not been started. Under the terms of the first settlement agreement, the investors acquired a right to dispose of the collateral shares in their possession. According to a confirmation received from the investors with respect to the convertible note, as of June 30, 2005, they were in possession of 4,000,000 conversion shares, issued in 2003, but the collateral shares have been sold. Thus, the shares pledged by Messrs. Threshie, Muro and Sanzaro (now Mr. Sanzaro's estate) now represent a liability of the Corporation. These shares will be replaced once the Corporation will have enough shares available for issuance, subject to adjustments for stock splits, reverse splits and stock dividends, if any, which occur prior to any such issuance. These 4 million conversion shares represent approximately 1.6% of our current outstanding stock.

(3) Includes: (i) 5,244,957 shares held of record by Mr. Muro as of October 1, 2004; and (ii) 734,000 shares held of record by Mr. Muro's wife, Nina Aviles Muro. There have been no subsequent changes.

(4) Includes: (i) 2,750,000 shares held of record by Mr. Ash since of September 30, 2004; and (ii) 230,000 shares held of record in the name of Loryta Investments Limited an entity beneficially owned by the family of Mr. Ash. Does not include the 1,500,000 shares issuable to Mr. Ash as a result of his having exercised stock options, and for which an inadequate number of issuable shares exists to satisfy this option. There have been no changes subsequent to September 30, 2004.

(5) Messrs. Threshie and Muro hold all shares of TIREX R&D Class A Common Stock pursuant to the terms of a Shareholders agreement among them and the Company (the "TIREX R&D Shareholders Agreement"), pursuant to which they will be obligated to transfer all such shares to the Company, for no consideration, on May 2, 2001, unless the term of such Agreement would be unilaterally extended by the Company. The Company does not intend to take any actions of any kind with respect to such shares which would be in violation of any Canadian government regulations governing tax and other financial incentives which may be available. TIREX Canada R&D Inc. was dissolved by the Quebec government for lack of filing of annual returns. The company can be re-established through the filing of appropriate documentation and the payment of required government fees. It is for this reason that we continue to list Mr. Threshie and Mr. Muro as shareholders, but until such time as such action would be undertaken, such share distribution has no effect.

(6) Includes 50,000 shares owned in the name of Mr. Meier's two children.

Changes in Control

On February 26, 2001 we issued \$750,000 worth of convertible notes at an annual rate of eight percent (8%) to certain investors. Interest payable on these notes is payable quarterly commencing June 30, 2001. In addition, all principal and unpaid interest due on the outstanding notes is immediately due and payable on February 26, 2003, or earlier in the event of a default. One of the conditions of this transaction was that we would file with the Securities and Exchange Commission a Registration Statement on Form SB-2 to register various securities issuable upon the conversion of notes by a certain date and that the Registration Statement would be effective by August 15, 2001. We failed to meet these deadlines and the investors served a notice of default on us on July 19, 2001. Negotiations were undertaken throughout the remainder of Calendar 2001 and into 2002 until a Settlement Agreement was reached on April 26, 2002. Under the terms of the Agreement, a copy of which was previously filed, the Company was obligated to pay down the amount owed to the Investor Group, including interest and penalties, over a period of approximately two years. During the time when an amount continues to be owed to the Investor Group, the Investor Group had the right to sell up to 600,000 collateral or Rule 144 shares per month and apply the proceeds to interest due, fees and

finally to reduction of the principle amount outstanding. As of June 30, 2005, all of the collateral shares had been sold. The Investor Group was also given three series of warrants for 500,000 shares each, exercisable at prices of \$0.01, \$0.05 and \$0.10 respectively and exercisable within pre-defined time windows over a three year period starting with the date of signature of the Settlement Agreement. . As of June 30, 2005, the Investor Group had 4,000,000 conversion shares, issued in 2003, in their possession. Despite repeated requests, the investors have not confirmed the amount still due to them or the shares still in their possession

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following is a description of transactions during the last two fiscal years or any presently proposed transactions to which the Company was or is to be a party, in which the amount involved in such transaction (or series of transactions) was \$60,000 or more and which any of the following persons had or is to have a direct or indirect material interest: (i) any director or executive officer of the Company; (ii) any person who owns or has the right to acquire 5% or more of the issued and outstanding common stock of the Company; and (iii) any member of the immediate family of any such persons.

Pursuant to a Subscription Agreement dated February 26, 2001 we issued \$750,000 of 8% convertible notes, due February 26, 2003 to three investors. Under the Subscription Agreement, we had the option, subject to conditions, to require the investors to purchase additional convertible put notes up to \$4,250,000. Interest only payments were due quarterly commencing June 30, 2001, and the principal was due in one lump sum on February 26, 2003, or upon certain events of default. The number of shares of common stock issuable upon conversion of the convertible notes is 15,000,000, based on a conversion price of \$0.05 per share. One of the conditions of this transaction was that we would file with the Securities and Exchange Commission a Registration Statement on Form SB-2 to register various securities issuable upon the conversion of the notes by a date certain and that the Registration Statement would be effective by August 15, 2001. We failed to meet these deadlines and the investors served a notice of default on us on July 19, 2001. The conversion price for the convertible notes is the lesser of (i) 80% of the average of the three lowest closing bid prices of the common stock for the twenty-two (22) trading days prior to the closing date, or (ii) 80% of the average of the five lowest closing bid prices of the common stock for the sixty (60) trading days prior to the conversion date, as defined in the convertible note. The maximum number of shares of common stock that any subscriber or group of affiliated subscribers may own after conversion at any given time is 4.99% .

During the years ended June 30, 2005, 2006 and 2007, the Company's executive officers and certain consultants to the Company have waived cash payment of all of their salaries, fees and/or unreimbursed expenses made by them on behalf of, and for the account of, the Company, and, in 2003, have accepted shares of the Company's common stock in partial payment in lieu thereof, with the remaining amounts payable still being listed as liabilities of the Company. No cash payments nor payments in common stock were made to such persons during Fiscal 2005, 2006 and 2007. Eventually, these unpaid salaries and expenses will have to be paid by the Company, either in cash, shares or some combination thereof, as a function of available resources, to be determined at a later date. The liabilities for these amounts are recorded in the current liabilities of the Company.

ITEM 13. EXHIBITS

FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

Financial Statements

The financial statements filed as a part of this report are as follows:

Consolidated Balance Sheet - June 30, 2007

Consolidated Statements of Operations for the years ended June 30, 2006 and 2007, and cumulative for the period from inception (July 15, 1987) to June 30, 2007

Consolidated Statements of Owners' Equity (Deficit) as at July 15, 1987 and June 30, 2001 - 2007

Consolidated Statements of Cash Flows for the years ended June 30, 2006 and 2007 and cumulative for the period from inception (July 15, 1987) to June 30, 2006

Reports filed on Form 8-K

None

Financial Statement Schedules

Financial statements schedules have been omitted for the reason that they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

Exhibits

The exhibits filed as a part of this Report or incorporated herein by reference are as follows:

Exhibits Incorporated
Herein By Reference,
Exhibit No. As Filed
With Document
Indicated

- | | |
|--|------|
| 3. (a) Certificate of Incorporation filed August 19, 1987 | 3(a) |
| (b) Certificate of Amendment filed June 20, 1989 | 3(b) |
| (c) Certificate of Amendment filed March 10, 1993 | 3 |
| (d) Certificate of Amendment filed December 5, 1995 | 3(e) |
| (e) By-Laws | 3(b) |
| (f) Certificate of Amendment filed August 11, 1997 | |
| (g) Certificate of Amendment filed February 3, 1998 | 3 |
| (h) Certificate of Incorporation of Tirez Acquisition Corp., filed with the Secretary of State of Delaware on December 15, 1997 | 3(h) |
| (k) Certificate of Amendment to the Certificate of Incorporation, filed with the Secretary of State of Delaware on July 10, 1998 | 3 |

Reports on 8-K

None

SIGNATURES

In accordance with Section 15(d) of the Exchange Act of 1934, the Company has caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TIREX CORPORATION

By /s/ JOHN L. THRESHIE, JR.

Date: September 30, 2007 John L. Threshie, Jr.
Chairman of the Board of Directors and
Chief Executive Officer

In accordance with Section 15(d) of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company in the capacities and on the dates indicated.

<u>SIGNATURES</u>	<u>TITLE</u>	<u>DATE</u>
Principal Executive Officer: /s/ JOHN L. THRESHIE, JR John L. Threshie, Jr	Chairman of the Board of Directors and Chief Executive Officer	September 30, 2007
Principal Financial and Accounting Officer: /s/ MICHAEL D.A. ASH Michael D.A. Ash	Secretary, Treasurer, and Chief Financial and Accounting Officer	September 30, 2007
A Majority of the Board of Directors: /s/ JOHN L. THRESHIE, JR. John L. Threshie, Jr.	Chairman of the Board of Directors	September 30, 2007
/s/ Henry Meier Henry Meier	Director	September 30, 2007
/s/ LOUIS V. MURO Louis V. Muro	Director	September 30, 2007

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH
REPORTS FILED PURSUANT TO SECTION 15(D) OF THE
EXCHANGE ACT BY NON-REPORTING ISSUERS

No annual report or proxy materials have been sent to security-holders during the fiscal year ended June 30, 2007 or the subsequent interim period. As at the date hereof, the Company plans to furnish proxy materials relating to its annual meeting, which is presently contemplated to be held during the current fiscal year. All such materials will be furnished to the Commission at the same time as they are sent to securities holders.

**THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2007

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2007

June 30,
2007

<u>ASSETS</u>	
Current Assets	
Cash and cash equivalents	\$ -
Accounts receivable	-
Notes receivable	-
Inventory	-
Research and Experimental Development tax credits receivable	-
Total Current Assets	-
Property and equipment	25,000
Other assets	
Patents	1
Investment, at cost	-
Total Other Assets	1
Total Assets	\$ 25,001
<u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 1,488,211
Current portion of long-term debt	-
Total Current Liabilities	1,488,211
Other liabilities	
Long-term deposits and notes	217,500
Government loans (net of current)	-
Capital lease obligations (net of current)	-
Convertible notes	399,389
Convertible notes	185,556
Convertible loans	2,421,442
Total Other Liabilities	3,223,887
Total Liabilities	4,712,098
Stockholders' Equity (Deficit)	
Common stock, \$.001 par value, authorized 250,000,000 shares, issued and outstanding	

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249,895,892 shares (June 30, 2006 - 249,895,892 shares)	249,896
Additional paid-in capital	25,222,219
Deficit accumulated during the development stage	(29,560,135)
Unrealized gain (loss) on foreign exchange	(599,077)
Total Stockholders' Equity (Deficit)	(4,687,097)

Total Liabilities and Stockholders' Equity (Deficit)	\$ 25,001
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See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Twelve months ended		Cumulative from March 26, 1993 to June 30, 2007
	June 30		
	2007	2006	
Revenues	\$ -	\$ -	\$ 1,354,088
Cost of Sales	-	-	1,031,075
Gross profit	-	-	323,013
Operations			
General and administrative	409,054	173,778	13,410,320
Depreciation and amortization	-	-	365,545
Research and development	-	-	15,396,966
Total Expense	409,054	173,778	29,172,831
Income (loss) before other expenses	(409,054)	(173,778)	(28,849,818)
Other expenses (income)			
Interest expense	46,795	46,794	992,378
Interest income	-	-	(45,443)
Income from stock options	-	-	(10,855)
Gain from extinguishment of debt	-	-	(1,047,921)
Loss on disposal of equipment	-	-	4,549
Total Other expenses (income)	46,795	46,794	(107,292)
Provision for income taxes	-	-	-
Net income (loss)	(455,849)	(220,572)	(28,742,526)
Other comprehensive loss			
Loss (gain) on foreign exchange	-	-	106,137
Net income (loss) and comprehensive loss	\$ (455,849)	\$ (220,572)	\$ (28,848,663)
Basic and Diluted net loss and comprehensive			
loss per common share	\$ (0.00)	\$ (0.00)	
Weighted average shares of common			
stock outstanding	249,895,892	249,895,892	

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 1992	3,383,050	3,383	194,980	(1,057,356)	\$ -	(858,993)
Stock issued for reorganization	18,650,000	18,650	76,155			94,805
Stock issued for services	100,000	100	(100)			
Stock issued in exchange for Warrants	363,656	364	(364)			
Forgiveness of debt			728,023			728,023
Net loss and comprehensive loss for the year				(165,296)		(165,296)
Balance June 30, 1993	22,496,706	22,497	998,694	(1,222,652)	-	(201,461)
Stock issued for services	100,000	100	(100)			-
Exchange for Debt			149,170			149,170
Payments received for stock previously issued			237,430			237,430
Net loss and comprehensive loss for the year				(179,296)		(179,296)
Balance June 30, 1994	22,498,706	22,499	1,385,292	(1,401,948)	-	5,843
Revision of common stock	(11,900,000)	(11,900)	11,900			-
Stock issued for services	5,592,857	5,592	513,908			519,500
Exchange for Debt	200,000	200	24,300			24,500
Issuance of common stock previously issued	402,857	401	21,915			22,316

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Net loss and comprehensive loss for the year				(575,771)		(575,771)
Balance June 30, 1995	16,794,420	16,792	1,957,315	(1,977,719)	-	(3,612)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 1995	16,794,420	16,792	1,957,315	(1,977,719)	-	(3,612)
Stock issued	3,975,662	5,090	846,612			851,702
Exchange for Debt	391,857	392	29,008			29,400
Issuance of common stock	710,833	710	80,161			80,871
Net loss and comprehensive loss for the year				(1,127,044)		(1,127,044)
Balance June 30, 1996	21,872,772	22,984	2,913,096	(3,104,763)	-	(168,683)
Stock issued for options			912,838			912,838
Stock issued for services	5,067,912	3,955	690,234			694,189
Stock in Exchange for Debt	251,382	252	43,965			44,217
Issuance of common stock	10,257,936	10,259	335,132			345,391
Grants received			408,597			408,597
Net loss and comprehensive loss for the year				(2,376,279)		(2,376,279)
Balance June 30, 1997	37,450,002	37,450	5,303,862	(5,481,042)	-	(139,730)
Stock issued for options			948,500			948,500
Stock issued for services	4,396,466	4,396	922,180			926,576
Issuance of common stock	21,795,000	21,796	1,176,755			1,198,551
Stock options issued and outstanding			1,236,913			1,236,913
Grants received			669,906			669,906

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Unrealized foreign exchange					183,785	183,785
Net loss and comprehensive loss for the year				(4,570,441)		-
Balance June 30, 1998	63,641,468	63,642	10,258,116	(10,051,483)	183,785	454,060

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 1998	63,641,468	63,642	10,258,116	(10,051,483)	183,785	454,060
Stock issued for options	2,234,567	2,235	38,765			41,000
Stock issued for services	24,200,439	24,200	2,735,544			2,759,744
Shares issued in exchange for debt	3,787,947	3,788	340,164			343,952
Conversion of debentures	2,816,966	2,817	290,102			292,919
Issuance of common stock	677,966	678	49,322			50,000
Stock options issued and outstanding			385,600			385,600
Grants received			1,057,742			1,057,742
Unrealized foreign exchange					(29,142)	(29,142)
Net loss and comprehensive loss for the year				(4,909,879)		(4,909,879)
Balance June 30, 1999	97,359,353	97,360	15,155,355	(14,961,362)	154,643	445,996
Stock issued for options	5,327,486	5,327	381,600			386,927
Stock issued for services	28,873,210	28,873	2,217,758			2,246,631
Shares issued in exchange for debt	7,342,055	7,342	382,556			389,898
Conversion of debentures	12,010,073	12,010	815,796			827,806
Issuance of common stock	221,000	221	16,039			16,260
Grants received			395,683			395,683
Unrealized foreign exchange					5,789	5,789

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Net loss and comprehensive loss for the year				(5,548,829)		(5,548,829)
Balance June 30, 2000	151,133,177	151,133	19,364,787	(20,510,191)	160,432	(833,839)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 2000	151,133,177	151,133	19,364,787	(20,510,191)	160,432	(833,839)
Stock issued for services	7,375,483	7,375	864,840			872,215
Stock issued for options	5,378,507	5,379	506,998			512,377
Shares issued in exchange for debt	11,646,312	11,646	1,547,455			1,559,101
Conversion of debentures	100,000	100	19,900			20,000
Issuance of common stock	732,929	733	39,427			40,160
Unrealized foreign exchange					(340,661)	(340,661)
Grants issued			249,294			249,294
Net loss and comprehensive loss for the year				(3,112,138)		(3,112,138)
Balance June 30, 2001	176,366,408	176,366	22,592,701	(23,622,329)	(180,229)	(1,033,491)
Stock issued for services	18,466,162	18,466	314,859			333,325
Shares issued in exchange for debt	24,075,502	24,076	1,649,442			1,673,518
Issuance of common stock	5,849,487	5,850	61,897			67,747
Unrealized foreign exchange					(19,940)	(19,940)
Net loss and comprehensive loss for the year				(3,421,460)		(3,421,460)
Balance June 30, 2002	224,757,559	224,758	24,618,899	(27,043,789)	(200,169)	(2,400,301)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 2002	224,757,559	224,758	24,618,899	(27,043,789)	(200,169)	(2,400,301)
Stock issued for services	5,455,000	5,455	130,920			136,375
Shares issued in exchange for debt	15,400,000	15,400	441,183			456,583
Issuance of common stock	4,283,333	4,283	31,217			35,500
Unrealized foreign exchange					(182,365)	(182,365)
Net loss and comprehensive loss for the year				(1,561,375)		(1,561,375)
Balance June 30, 2003	249,895,892	249,896	25,222,219	(28,605,164)	(382,534)	(3,515,583)
Unrealized foreign exchange					(30,325)	(30,325)
Net profit (loss) and comprehensive profit (loss) for the year				298,216		298,216
Balance June 30, 2004	249,895,892	249,896	25,222,219	(28,306,948)	(412,859)	(3,247,692)
Unrealized foreign exchange					(63,448)	(63,448)
Net loss and comprehensive loss for the year				(576,766)		(576,766)
Balance June 30, 2005	249,895,892	249,896	25,222,219	(28,883,714)	(476,307)	(3,887,906)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION**A DEVELOPMENT STAGE COMPANY****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**

	Common Stock Shares	Stock Amount	Additional Paid-in Capital	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
Balance June 30, 2005	249,895,892	249,896	25,222,219	(28,883,714)	(476,307)	(3,887,906)
Unrealized foreign exchange					(78,596)	(78,596)
Net loss and comprehensive loss for the year				(220,572)		(220,572)
Balance June 30, 2006	249,895,892	249,896	25,222,219	(29,104,286)	(554,903)	(4,187,074)
Unrealized foreign exchange					(44,174)	(44,174)
Net loss and comprehensive loss for the year				(455,849)		(455,849)
Balance June 30, 2007	249,895,892	249,896	25,222,219	(29,560,135)	(599,077)	(4,687,097)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Twelve months ended		Cumulative from March 26, 1993 to June 30, 2007
	June 30		
	2007	2006	
Operating activities:			
Net loss	\$ (455,849)	\$ (220,572)	\$ (28,848,663)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	-	-	389,304
(Gain) loss on disposal and abandonment of assets	-	-	2,005,498
Stock issued in exchange for interest	-	-	169,142
Stock issued in exchange for services and expenses	-	-	10,574,972
Stock options issued in exchange for services	-	-	3,083,390
Unrealized (loss) gain on foreign exchange	(44,174)	(78,596)	(599,077)
Other non-cash items	358,500	170,000	419,718
Changes in assets and liabilities:			
(Increase) decrease in:			
Account receivable	-	-	-
Inventory	-	-	(73,323)
Sales tax receivable	-	-	(36)
Research and experimental development tax credits receivable	-	-	-
Other assets	-	-	(10,120)
(Decrease) increase in :			
Accounts payables and accrued liabilities	(37,477)	205,968	2,133,177
Accrued salaries	125,000	(137,500)	698,152
Due to stockholders	-	-	5,000
Net cash used in operating activities	(54,000)	(60,700)	(10,052,866)
Investing activities:			
Increase in notes receivable	-	-	(259,358)
Reduction in notes receivable	-	-	237,652
Investment	-	-	(89,500)
Equipment	-	-	(321,567)
Equipment assembly costs	-	-	(1,999,801)
Organization cost	-	-	6,700
Reduction in security deposit	-	-	(1,542)

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Net cash used in investing activities	-	-	(2,427,416)
Financing activities:			
Loans from related parties			4,354,835
Deferred financing costs	-	-	180,557
Proceeds from deposits	-	-	143,500
Payments on notes payable	-	-	(409,939)
Proceeds from convertible notes	-	-	754,999
Proceeds from notes payable	54,000	60,700	524,639
Payments on lease obligations	-	-	(86,380)
Proceeds from issuance of convertible subordinated debentures	-	-	1,035,000
Proceeds from loan payable	-	-	591,619
Payments on loan payable	-	-	(488,439)
Proceeds from issuance of stock options	-	-	20,000
Proceeds from grants	-	-	3,628,277
Proceeds from issuance of common stock	-	-	85,582
Proceeds from additional paid-in capital	-	-	2,145,775
Net cash provided by financing activities	54,000	60,700	12,480,025
Net (decrease) increase in cash and cash equivalents	-	-	(257)
Cash and cash equivalents - beginning of period	-	-	257
Cash and cash equivalents - end of period	\$ -	\$ -	\$ -

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Twelve months ended		Cumulative
June 30		from
		March 26, 1993
		to
2007	2006	June 30, 2007

Supplemental Disclosure of Non-Cash Activities:

During the year ended June 30, 2007, the Company did not issue common stock in recognition of the payment of debt. During the year ended June 30, 2006, the Company did not issue common stock in recognition of the payment of debt.

During the year ended June 30, 2007, the Company did not issue common stock in exchange for services performed and expenses. During the year ended June 30, 2006, the Company did not issue common stock in exchange for services performed and expenses.

Supplemental Disclosure of Cash Flow Information:

Interest paid	\$	-	\$	-	\$	232,748
Income taxes paid	\$	-	\$	-	\$	-

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 SUMMARY OF ACCOUNTING POLICIES

NATURE OF BUSINESS

The Tirex Corporation (the "Company") was incorporated under the laws of the State of Delaware on August 19, 1987 as Tirex America, Inc. The Company was originally organized to provide comprehensive health care services, but due to its inability to raise sufficient capital, was unable to implement its business plan. The Company became inactive in November 1990.

REORGANIZATION

On March 26, 1993, the Company entered into an acquisition agreement (the "Acquisition Agreement") with Louis V. Muro, currently an officer and a director of the Company, and former Officers and Directors of the Company (collectively the "Seller"), for the purchase of certain technology owned and developed by the Seller (the "Technology") to be used to design, develop and construct a prototype machine and thereafter a production quality machine for the cryogenic disintegration of used tires. The Technology was conceptually developed by the Seller prior to their affiliation or association with the Company.

CHANGE OF NAME

On July 11, 1997, the Company changed its name from Tirex America, Inc. to The Tirex Corporation.

DEVELOPMENTAL STAGE

At June 30, 2007, the Company is still in the development stage. The operations consist mainly of raising capital, obtaining financing, developing equipment, obtaining customers and supplies, installing and testing equipment and administrative activities.

BASIS OF CONSOLIDATION

The consolidated financial statements include the consolidated accounts of The Tirex Corporation, Tirex Canada R&D Inc., The Tirex Corporation Canada Inc., Tirex Advanced Products Quebec Inc. and Tirex Acquisition Corp., all of these subsidiaries currently being dormant. Certain of these companies have actually been de-registered by government authorities but could easily be revived if circumstances would warrant such action. Tirex Canada R&D Inc. is held 51% by two shareholders of the Company. The shares owned by these shareholders are held in escrow by the Company's attorney and are restricted from transfer thereby, substantively for recording purposes, allowing for a full consolidation of this Company. The Tirex Corporation Canada Inc., Tirex Advanced Products Quebec Inc. and Tirex Acquisition Corp. are 100% held by the Company. All subsidiary companies are dormant. All inter-company transactions and accounts have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, all highly liquid debt instruments purchased with a maturity of three months or less, were deemed to be cash equivalents.

INVENTORY

The Company values inventory, which consists of finished goods and equipment held for resale, at the lower of cost (first-in, first-out method) or market.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost less accumulated depreciation and provisions for write-downs. Depreciation is computed using the straight-line method over the estimated useful lives of five years. No depreciation is recorded for equipment written down to salvage value.

Repairs and maintenance costs are expensed as incurred while additions and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are reflected in earnings.

INVESTMENT

An investment made by the Company, in which the Company owns less than a 20% interest, is stated at cost value. The cost value approximates the fair market value of the investment.

ESTIMATES

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

ADOPTION OF STATEMENT OF ACCOUNTING STANDARD NO. 123

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation. SFAS 123 encourages, but does not require, companies to record stock-based Compensation and other costs paid by the issuance of stock at fair value. The Company has chosen to account for stock-based compensation, stock issued for non-employee services and stock issued to obtain assets or in exchange for liabilities using the fair value method prescribed in SFAS 123. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

ADOPTION OF STATEMENT OF ACCOUNTING STANDARD NO. 128

In 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings per Share. SFAS 128 changes the standards for computing and presenting earnings per share (EPS) and supersedes Accounting Principles Board Opinion No. 15, Earnings per Share. SFAS 128 replaces the presentation of Primary EPS with a presentation of Basic EPS and replaces the presentation of Fully Diluted EPS with a presentation of Diluted EPS. It also requires dual presentation of Basic and Diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the numerator and denominator of the Basic EPS computation to the numerator and denominator of the Diluted EPS computation. SFAS 128 is effective for financial statements issued for periods ending after December 15, 1997, including interim periods. SFAS 128 also requires restatement of all prior-period EPS data presented.

As it relates to the Company, the principal differences between the provisions of SFAS 128 and previous authoritative pronouncements are the exclusion of common stock equivalents in the determination of Basic Earnings Per Share and the market price at which common stock equivalents are calculated in the Determination of Diluted Earnings Per Share.

A Basic Earnings per Share is computed using the weighted average number of shares of common stock outstanding for the period. Diluted Earnings per Share is computed using the weighted average number of shares of common stock and dilutive common equivalent shares related to stock options and warrants outstanding during the period.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

The adoption of SFAS 128 had no effect on previously reported loss per share amounts for the year ended June 30, 1997. For the years ended June 30, 2006 and June 30, 2005, Primary Loss per Share was the same as Basic Loss per Share and Fully Diluted Loss per Share was the same as Diluted Loss per Share. A net loss was reported in 2006 and 2005, and accordingly, in those years, the denominator for the Basic EPS calculation was equal to the weighted average of outstanding shares with no consideration for outstanding options and warrants to purchase shares of the Company's common stock because to do so would have been anti-dilutive.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments, which principally include cash, note receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair values of the Company's debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At June 30, 2007 and June 30, 2006, respectively, the carrying value of all financial instruments was not materially different from fair value.

INCOME TAXES

The Company has net operating loss carryovers of approximately \$29.7 million as of June 30, 2007, expiring through 2027. However, based upon present Internal Revenue Service regulations governing the utilization of net operating loss carryovers where the corporation has issued substantial additional stock and there has been a change in control as defined by the Internal Revenue Service regulations, a substantial portion of this loss carryover may not be available to the Company.

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 109, Accounting for Income Taxes, effective July 1993. SFAS No. 109 requires the establishment of a deferred tax asset for all deductible temporary differences and operating loss carryforwards. Because of the uncertainties discussed in Note 2, however, any deferred tax asset established for utilization of the Company's tax loss carryforwards would correspondingly require a valuation allowance of the same amount pursuant to SFAS No. 109. Accordingly, no deferred tax asset is reflected in these financial statements.

The Company does not currently have research and experimental development tax credits receivable from the Canadian Federal government and the Quebec Provincial government as at June 30, 2007.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment are translated to U.S. dollars at exchange rates in effect at the balance sheet date for monetary items and historical rates of exchange for non-monetary items with the resulting translation adjustment recorded directly to a separate component of shareholders' equity. Income and expense accounts are translated at average exchange rates during the year. Currency transaction gains or losses are recognized in current operations.

REVENUE RECOGNITION

Revenue from the sale of TCS Systems will be recognized when the installed product is accepted by the Customer. All other revenue from other products will be recognized when shipped to the customer.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note 2 GOING CONCERN

As reported in the accompanying financial statements, the Company incurred a net loss of \$455,849 for the year ended June 30, 2007 and a net loss of \$220,572 for the year ended June 30, 2006.

In March 1993, the Company had begun its developmental stage with a new business plan. As of March 2000, the Company had developed a production quality prototype of its patented system for the disintegration of scrap tires, but nonetheless continued its research and development efforts to improve the machine's performance and to permit greater flexibility in design for specific customer applications. Due to the Company's lack of working capital during the year ended June 30, 2002, all rubber crumb production was suspended and research and development efforts have been hampered. Pending receipt of funding from operations, government assistance, loans or equity financing, crumb rubber production and previous research and development efforts will not be resumed. While the Company has engaged the process of marketing the TCS System to numerous potential clients since the beginning of the fiscal year commencing July 1, 2000, as of June 30, 2007, the Company had not yet consummated an unconditional purchase order for a TCS System.

The Company is dependent on the success of its marketing of its TCS Systems, and/or raising funds through equity sales, bank or investor loans, governmental grants or a combination of these, to continue as a going concern. The Company's uncertainty as to its ability to generate revenue and its ability to raise sufficient capital, raise substantial doubt about the entity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 PROPERTY AND EQUIPMENT

As at June 30, 2007, plant and equipment consisted of the following:

Furniture, fixtures and equipment	\$	149,516
Manufacturing equipment		62,400
Subtotal		211,916
Less: Accumulated depreciation and amortization		186,916
Total	\$	25,000

A valuation write-down charged to operations for the year ended June 30, 2007 was zero. Depreciation and amortization expense charged to operations for the year ended June 30, 2006 was zero.

Note 4 PATENTS

The Company's technology is patent protected in both the United States and Canada. Patent maintenance fees are current in both countries. The valuation on the Balance Sheet reflects recognition of valid patents and does not attempt to establish true commercial value.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note 5 CAPITAL LEASE OBLIGATIONS

The Company leased certain manufacturing equipment under agreements classified as capital leases. The cost and the accumulated amortization for such equipment as of June 30, 2007 and June 30, 2006 was \$62,400 and \$62,400, respectively. The equipment under capital leases has been included in property and equipment on the balance sheet. The Company is in arrears on payment of these leases but default has not been declared. The lease expired on June 30, 2004. The leased equipment is not part of the Company's TCS System prototype.

Note 6 CONVERTIBLE SUBORDINATED DEBENTURES

The Company issued Type B Convertible Subordinated Debentures between December 1997 and February 1998. These debentures bore interest at 10% and were convertible into common shares of the Company at \$0.20 per share. The conversion privilege on the remaining \$55,000 of these debentures expired and the amount is now included on the Balance Sheet in Long term deposits and notes.

Note 7 CONVERTIBLE NOTES

The Convertible Notes appearing on the balance sheet consisted of an investment arrangement with a group of institutional investors involving a multi-stage financing under which the Company had access to, at its option, up to \$5,000,000. A first tranche of \$750,000 was completed but no further draw downs were made. The terms of the convertible note were:

Balance at June 30, 2007	\$399,389
Interest rate	8%, payable quarterly, commencing June 30, 2001
Issue date	February 26, 2001
Maturity date	February 26, 2003
Redemption rights	If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.
Conversion ratio	Lower of (i) 80% of the average of the three lowest closing bid prices for the thirty trading days prior to the issue date, which equals \$.073, or (ii) 80% of the average of the three lowest closing bid prices for the sixty trading days prior to the conversion date.
Common stock warrants	The Convertible Notes carried an option to purchase Common stock warrants at the rate of one Warrant for each \$1.25 of purchase price. The exercise price on the first tranche of \$ 750,000 is \$.077 per share.

Certain current and previous Directors and Officers of the Company have pledged approximately 12,000,000 of their personal shares of Common Stock of the Company as security for the Convertible Notes until such time as the Company files with the Securities and Exchange Commission a Registration Statement on Form SB-2, to register common stock and warrants issuable upon the conversion of the notes, no later than 150 days after the issue date of the Convertible Notes. This deadline was not met and, as such, the investors served a notice of default to the Company on July 19, 2001. The Registration Statement was never declared effective by the Securities and Exchange Commission and was eventually withdrawn. Thus, the Convertible Notes cannot be converted to Common Stock nor may the Common Stock warrants be exercised. On April 24, 2002 the Company entered into a Settlement Agreement with the Note holders. The Company was forced to default on this Settlement Agreement. Accordingly, the terms of the Convertible Notes have become effective once again. Approximately two-thirds of the collateral shares provided to the investors were the property of former Tirex Director, Louis A, Sanzaro, now deceased. While we have not confirmed the disposition of the liabilities of our company toward the estate of Mr. Sanzaro, the company intends to act in accordance with the testament of Mr. Sanzaro.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note 8 CONVERTIBLE NOTES

A convertible note, under a private arrangement, consists of the following:

Balance at June 30, 2007	\$ 185,556
Interest rate	8%
Issue date	July 19 th , 2000
Maturity date	January 19 th , 2002
Redemption rights	If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.
Conversion ratio	Not convertible prior to July 19 th , 2001, at 20% discount to market between July 19 th , 2001 and January 19 th , 2002 or at 25% to market if held to maturity, to a maximum of not more than 2,500,000 shares.

During the first quarter of Fiscal 2006, the Company completed a private placement with two investors having a total aggregate value of US\$10,000, one for \$2,500 and the other for \$7,500. Insofar as the Company does not have enough common shares available for issuance, the investors agreed to accept that the investment would be in the form of non-interest-bearing convertible debt with no fixed terms of repayment. When an adequate number of common shares become available, these investors will be able to convert their loans. Any conversion would be proportionally adjusted in the event of stock splits or reverse splits. In consideration of the agreed upon conversion price, prior to any possible adjustments, the company would issue 2,000,000 common shares. Until such time of any conversion, the US\$10,000 is recorded as a liability on the Company's Balance Sheet.

Over the entire twelve months ended June 30, 2006, the expenses of our company have been funded by a series of loans made by a significant number of individuals investing modest amounts totaling US\$60,700. During the year ended June 30, 2007 a further amount of US\$54,000 was secured under substantially the same terms. Insofar as Tirex does not have shares to issue at this time, these investors, fully cognizant of our situation and so documented in writing, have accepted that their investment is a convertible debt, the conversion of which can occur once Tirex will have shares available for issuance. This debt is convertible at fixed prices rather than as a discount to market. To June 30, 2006, 13,140,000 shares were involved and a further 12,900,000 shares would be required as a result of the borrowings during the year ended June 30, 2007, these numbers being before any adjustments to our share authorization structure which would cause a proportionate adjustment to the number of shares actually issuable.

THETIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

In addition to the above liability for shares, Tirex is liable for the replacement of 11,986,315 shares which were delivered as collateral by Tirex Directors, Threshie, Muro and Sanzaro (recently deceased) for the \$750,000 of convertible debt contracted for in 2001, which shares were sold by the debt holders.

Note 9 RELATED PARTY TRANSACTIONS

Convertible loans include amounts primarily due to Directors, Officers and employees. Historically, such amounts due have been repaid through the issuance of stock. At June 30, 2007 and June 30, 2006, the balances owing to Directors and Officers was \$2,284,429 and \$1,959,429, respectively. These amounts are without interest or terms of repayment.

Long-term deposits and notes included an amount of \$118,500 at June 30, 2007, which is payable to Ocean Tire Recycling & Processing Co., Inc., a company previously owned by a former Director of the Company, Louis A. Sanzaro, recently deceased. We expect that the Executor of the estate of Mr. Sanzaro will contact us with respect to the disposition of our liabilities toward the estate of Mr. Sanzaro.

Note 10 COMMON STOCK

During the year ended June 30, 2007 and the year ended June 30, 2006, the Company did not issue any common stock in exchange for services performed.

During the year ended June 30, 2004, an Officer of the Company exercised stock options pursuant to a services agreement. The exercise of these stock options entitled the Officer to 1,500,000 common shares of the Company on a cash-less basis. The Company does not have sufficient authorized and unissued shares available at June 30, 2007 for issuance of this stock and as such, the amount attributable to these shares has been recorded as part of the balances owing to Directors and Officers included in Convertible loans.

On January 31, 2001, the Company's stockholders approved an amendment to the Articles of Incorporation of the Company to increase the number of authorized shares of common stock, par value \$0.001, from 165,000,000 shares to 250,000,000 shares.

As at June 30, 2007, the Company had 249,895,892 Common shares issued and outstanding, versus its authorization of 250,000,000 shares.

Note 11 CONVERTIBLE DEBT

In the event that holders of convertible rights of option exercise such rights of conversion, the Company does not have sufficient number of authorized shares conversion stock to fulfill such obligations and a shareholder meeting would be required to approve the additional authorized number of shares. There is no assurance that the shareholders would approve the increase to the number of authorized shares of stock to meet the conversion obligations under the various conversion agreements or options or agree to a reverse split of the stock.

THETIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2007

Note 12 GOVERNMENT ASSISTANCE

The Company is eligible for and has made claims for tax credits related to scientific research and experimental development expenditures made in Canada in previous years. These amounts, under Canadian Federal and Provincial tax law in conjunction with its annual tax return filings, need not be offset against taxes otherwise payable to become refundable to the Company at the end of its fiscal year. As such, during the year ended June 30, 2003, the Company received approximately \$246,970, which was recorded as an increase in stockholders' equity paid-in capital. During the years ended June 30, 2004 and June 30, 2005 and the three month period ended September 30, 2005, the Company did not make any additional claims for tax credits as it was not eligible to do so and, as such, the Company did not record any additional tax credits receivable. The previous receivable balance in respect of tax credits from these governments went from \$246,970 as of June 30, 2002 to zero as of June 30, 2003 and remained as such as of June 30, 2004, June 30, 2005, June 30, 2006 and June 30, 2007.

Note 13 COMMITMENTS

Rental expense for the year ended June 30, 2007 amounted to zero. Rental expense for the year ended June 30, 2006 amounted to \$6,392.

At June 30, 2007, the Company was in arrears of rent, including interest and related charges, in the approximate amount of \$560,000. A settlement agreement with the former landlord is in place under the terms of which the Company would pay to the former landlord the sum of \$140,000 from the proceeds to the Company of revenues from each of the first four sales of TCS Systems.

Note 14 LITIGATION

An action was instituted by Plaintiffs, an individual and a corporation, in a Canadian court alleging a breach of contract and claims damages of approximately \$508,600 representing expenses and an additional approximate amount of \$1,874,000 in loss of profits. The current action follows two similar actions taken in United States courts, the first of which was withdrawn and the second of which was dismissed based on forum non convenience and other considerations. A detailed answer has been filed by the Company denying all liability, stating further that Plaintiffs failed to comply with their obligations. Counsel for the Company believes that the Company has meritorious defenses to all of the Plaintiff's claims. The action is still pending.

A Plaintiff instituted an action, a corporation, in August 2001 in a Canadian court claiming approximately \$63,000 is due and owing for the manufacture and delivery of tire disintegrators. The Company has prepared its defense and a cross claim against the Plaintiff as the product delivered was defective and the Company believes it is entitled to a reimbursement of sums paid. The action is still pending.

An action was instituted by a Plaintiff, the Company's landlord, against the Company in June 2001 for arrears of rent in the amount of approximately \$113,900. Subsequent additions to arrearages with respect to rent and property taxes raised the amount due to approximately \$560,000. A settlement agreement with the former landlord is in place, under the terms of which the Company would pay to the former landlord the sum of \$140,000 from the proceeds to the Company of revenues from the first four sales of TCS Systems.

Note 15 ACCUMULATED OTHER COMPREHENSIVE INCOME

The deficit accumulated during the development stage included accumulated comprehensive other income totaling \$103,396.
