

Tirex CORP
Form 10KSB
October 14, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-KSB

(Mark One)

Q Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended June 30, 2008

" 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, CT

(Address of Principal Executive Offices)

06614

(Zip Code)

(203) 522-3247

(Issuer's Telephone Number, Including Area Code)

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

Title of Each Class

Name of Each Exchange
on Which Registered

NONE

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.

Yes

Q 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.

Q

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

\$zero (as of June 30, 2008)
(Aggregate market value of the voting stock held by non-affiliates of the Issuer)

607,920,803 (as of October 2, 2008)
(Number of shares outstanding of each of the Issuer's classes of common stock)

Transitional Small Business Disclosure Format (check one)

Yes

.. No Q

DOCUMENTS INCORPORATED BY REFERENCE
into Part I

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

Quarterly Reports of the Company on Form 10-QSB for the quarters ended September 30, 2007, December 31, 2007, and March 31, 2008

Current Reports on Forms 8-K of the Company

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 Tirex 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 semi- 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 the TCS Prototype and raising the financing required to do so, but for the last four years, our efforts have turned to marketing the first commercial facility. The Company is in the developmental stage until it commercializes its TCS Technology.

The TCS-System

Our TCS-System comprises a complete, turn-key, environmentally safe, semi-cryogenic tire recycling system designed to: (i) disintegrate scrap tires with its patented fracturing mill integrated with its proprietary rubber freezing process which uses 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 freezes the rubber with the use of liquid nitrogen), and (ii) produce commercially exploitable, high quality, clean rubber crumb and marketable, intact steel and fiber strands.

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 Prototype, previously located in Montreal, was a large tank through which the tire chips 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 from 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 die cutting. 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 that brings a continuous stream of tire pieces to a freezing chamber. Super cooled 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.

Separation of the Steel from the rubber and fiber

On the front end steel beads can be removed and, with raspers, steel can be removed, before entering the freezing chamber and upon completion of the freezing process the pieces enter the Fracturing Mill which separates the steel from the rubber and fiber and the output is conveyed to a magnetic separation system where the intact steel wires are magnetically removed, leaving the rubber crumb and the fiber. The steel can then be baled for sale.

Fiber Removal

The fiber and rubber crumb is then passed through vibrating 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 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 Prototype, 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. 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.

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, 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 TCS systems fabricated, installed and commissioned as a turn key TCS Facility.

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 to 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 were repaid. Of the remaining approximately CA\$148,000 could be forgiven if the Company did 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 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 nonexclusive 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. With the de facto dissolution (by the government) of the Canadian operations five years ago, this liability is uncertain. In the event that the Canadian government would decide to attempt to enforce this liability against the directors of Tirex Canada R&D Inc., the Corporation would indemnify the directors in accordance with the provisions of their employment agreements.

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. All patent maintenance fees have been paid. 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 Prototype. 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

As of October 2008, we have four persons employed either directly or as consultants 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. Our manufacturing partner, Simpro, is prepared to offer tire throughput guarantees as a function of scrap tire weight. Simpro is also prepared to offer limited performance guarantees, backed by insurance policies.

Sales of TCS systems have been hampered by the devaluation of the US dollar versus the Euro. Our manufacturing partner, Simpro, quotes system installations in Euros. When the manufacturing agreement was signed with Simpro, the US dollar and the Euro were fairly close to being at par with each other. As of October 2008, one Euro is worth approximately US\$1.38. This represents a large price increase for entrepreneurs.

	<u>1 US dollar is worth in Euros</u>	<u>1 Euro is worth in US dollars</u>
January 2003	0.9413 Euros	US\$1.0624
January 2004	0.7908 Euros	US\$1.2645
January 2005	0.7634 Euros	US\$1.3099
January 2006	0.8247 Euros	US\$1.2126
January 2007	0.7699 Euros	US\$1.2989
January 2008	0.6796 Euros	US\$1.4715
October 10, 2008	0.7424 Euros	US\$1.3469

Source of exchange rates is Pacific Exchange Rate Service <http://www.fx.sauder.ubc.ca>.

The manufacturing agreement with Simpro is essentially a Right of First Refusal agreement. In the event that Simpro would decide to not accept a fabrication and installation contract, for whatever reason, and if Tirex would believe that such a contract should be undertaken, Tirex has the right to engage any other suppliers and sub-contractors to undertake the contract.

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 under padding, increasing resiliency and enhancement in track and athletic surfaces, 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 Marketing Activities

Originally we concentrated our efforts on completing the design, development, and construction of our TCS Prototype 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 TCS Prototype 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. The 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. Simpro 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. In fact, we believe that restrictions on landfilling and on combustion-based technologies will benefit our technology. 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 CA\$794,690 representing expenses and an additional Canadian\$5,411,158 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 seven years.

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 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 seven 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, 2008, the Corporation applied to the State of Delaware to increase its common share authorization from two hundred and fifty million shares to one billion shares. Simultaneously, the Corporation established a class of Preferred Shares, issuable in series on terms to be determined from time to time by the Board of Directors with a maximum preferred class authorization of one hundred million shares. See Report 8-K dated February 14, 2008. A Series A Preferred Shares in a total of three million (3,000,000) shares was designated and subsequently issued to directors and officers. See Reports 8-K, dated May 16, 2008 and June 23, 2008. These shares do not have a dividend attached, do have preference on residual assets in case of bankruptcy, are convertible into common shares at the rate of five common shares for each preferred share and have super-voting rights of 100 votes per share. These modifications to the Corporation's share structure were ratified by shareholder vote during the fourth quarter of fiscal 2008.

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". In September 2008, over two months following the period covered by this report, we applied to FINRA for upgrading our listing to the Pink Sheets. Our intention is to thence apply for re-listing onto the Bulletin Board. This requires audited financial statements such that our 10-KSB Reports for the fiscal years ended June 30, 2004 through 2007 inclusive will be in strict conformity with the SEC standards. For this reason, in May 2008, we engaged the services of Moore & Associates (Las Vegas, Nevada) to undertake the audit of our accounts for those years. Following 2007, Moore continued with the audit of our accounts for fiscal 2008. With the completion of the audit and the filing of amended 10-KSB reports, we applied for listing on to the Pink Sheets in October, 2008. As of the date of this report, we had not yet received approval for listing on the Bulletin Board. During the period covered by this report, i.e. up to June 30, 2008, when we were quoted on the Gray Sheets, bid and ask prices were not posted.

Shareholders

As of June 30, 2008, the number of holders of record of the Company's common stock, \$.001 par value, was approximately 590, 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 an 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 commissioning 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, 2008, 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 commercial 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\$7.92 million at prevailing exchange rates), depending on the extent of automation requested by the customer. When one adds infrastructure costs, pre-production 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. 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.

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. Tirex and Simpro continue to pursue sales efforts in the Middle East, Malaysia, the USA and Canada. Simpro is also pursuing an opportunity in Brazil where the production of crumb rubber would be linked to products for the railroad industry. 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 the third and fourth quarters of fiscal 2008, management undertook a restructuring of the corporation. This was engaged because management believed (and still does) that the structure of the Corporation was creating an impediment to marketing efforts. We engaged the services of the Otto Law Group (Seattle WA) to assist us in the restructuring of our position. Their services are being remunerated in shares of the corporation. We also engaged the services of Legacy Trading and their affiliate company, Southern Capital Consulting, based in Oklahoma, to assist us in getting our shares listed first back onto the Pink Sheets and with the goal of being re-listed onto the Bulletin Board. These services are also being remunerated by means of a share issuance. In order to be eligible for re-listing on the Bulletin Board, the Corporation is required to file audited financial statements. The statements of the Corporation had not been audited since the fiscal year ended June 30, 2004. We engaged the services of Moore & Associates (Las Vegas) to undertake the audit of our accounts for the years 2004 through 2007 with a continuation for the fiscal year 2008. In August 2008 (two months following the reporting date of this filing) our application for listing on the Pink Sheets was filed. In the course of this restructuring, debts to officers, directors and consultants were converted in whole or in part to equity through the issuance of shares. Part of this was accomplished through the auspices of Sequoia International which accepted assignment of \$100,000 of executive accrued salaries in exchange for 100 million shares, a transaction approved by a Florida court. This transaction also provided for the creation of funding for Tirex in its restructuring efforts. Third party liabilities were examined and deleted as permitted by US and Canadian law (the term in Canada is "prescription", in the USA "Statute of Limitations"). Management is of the opinion that the measures undertaken in the last half of fiscal 2008 and continuing into fiscal 2009 will be beneficial to the development of the Corporation.

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 on Edgar. 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 found 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. Since October 2005, and continuing into fiscal 2009, approximately US\$200,000 was lent to Tirex president, John L. Threshie Jr., to pay the various expenses of the Corporation such as filing fees, annual return fees (State of Delaware) stock transfer agent fees etc. These loans were made in return for agreements to convert these amounts into common stock of the Corporation. Following the period covered by this report, Tirex issued approximately 48,740,000 shares under the terms of these agreements. 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 our-of-pocket cash costs were reduced to minimal amounts.

Our greatest expense, from an accounting standpoint, is for salaries. These salaries have not been paid for over seven years, but rather set up as payables. A portion of these payables has been converted to equity through the issuance of common stock. 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.

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 completed 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. These versions were ratified by all respective parties. Under the terms of these agreements, Mr. Threshie's salary was augmented to US\$150,000 retroactive to July 1, 2002 while Mr. Muro's salary was reduced retroactively to July 1, 2002 to US\$75,000. The salary of Mr. Ash remained unchanged at US\$100,000. Also under the terms of the agreements, Mr. Threshie received 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 2007. Similarly, Mr. Muro received options to purchase 1,000,000 shares per year. Mr. Muro's employment was also effective July 1, 2007. Other than for the number of shares involved, Mr. Muro's options proposed agreement are identical to that of Mr. Threshie. As for Mr. Ash, his three-year employment agreement was be effective January 1, 2007 and provided 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

Liquidity and Capital Resources

As of June 30, 2008, the Company had total assets of \$25,001 as compared to \$25,001 at June 30, 2007 reflecting a change of Nil. There were no changes in the value of individual assets, representing Property and Equipment and Patents from June 30, 2007 to June 30, 2008.

As of June 30, 2008, the Company had total liabilities of \$5,126,083 as compared to \$4,712,098 at June 30, 2007, reflecting an increase in liabilities of \$413,985. Total liabilities at June 30, 2007 had reflected a previous increase of \$500,023 over \$4,212,075 in total liabilities at June 30, 2006. The increase in total liabilities from June 30, 2007 to June 30, 2008 is primarily attributable to: (i) an increase in Long-Term Deposits and Convertible Notes in the amount of \$88,500 from \$217,500 as of June 30, 2007 to \$306,000 as of June 30, 2008, and (ii) an increase in Convertible Loans in the amount of \$334,774 from \$2,421,442 as of June 30, 2007 to \$2,756,216 as of June 30, 2008.

Reflecting the foregoing, the financial statements indicate that as at June 30, 2008, the Company had a working capital deficit (current assets minus current liabilities) of \$1,478,922 and that as at June 30, 2007, the Company had a working capital deficit of \$1,488,211, a working capital deficit decrease of \$9,289. There were no changes in current assets, as noted above, while there were reductions 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 \$498,322 for the year ended June 30, 2008, which reflects an increase of \$42,473 over the year ended June 30, 2007 when total operations and other expenses were \$455,849. 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 \$30,404,341. 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

Following the end of Fiscal 2004, our former independent certifying accountant informed us that he was abandoning all SEC-oriented work. Thus, we had 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 engaged new certifying accountants. The new certifying accountant audited our records back through fiscal 2004. Amended 10-KSB Reports for the fiscal years ended June 30, 2004 through 2007 will be filed imminently.

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.	54	Chairman of the Board of Directors, President, and Chief Executive Officer	November 1999 - present
		Director	June 1995 - February 1999
Louis V. Muro	76	Vice President	June 1995 - November 1999
			Secretary December 1996 - February 1999
Henry Meier	52	Vice President of Engineering and Director	January 1996 - present
		President	March 1994 - January 1995
Michael D.A. Ash	59	Director	December 1992 - Present
		Secretary, Treasurer, and Chief Financial and Accounting Officer	Feb. 11, 1999 to 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 30 years of experience in the areas of management, marketing and sales including 11 years developing and marketing a new technology in the recycling industry with Tirex.. 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

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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)**

<i>Name and Principal Position</i>	<i>Year</i>	<i>Salary \$</i>	<i>Bonus \$</i>	<i>Other \$</i>
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 employment agreements of all of the above persons were re-negotiated during the second quarter of Fiscal 2007. The primary focus of the negotiations was on salary and options in all three cases. In the case of Mr. Threshie, his salary was be increased from US\$125,000 to US\$150,000 retroactive to July 1, 2002. In the case of Mr. Muro, his salary was reduced from US\$150,000 to US\$75,000 also effective July 1, 2002. Mr. Ash's salary remained unchanged at US\$100,000. Under the terms of these three employment agreements, all three persons received options with three-year exercise windows to acquire Tirex 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.

(1)

No compensation was paid either in cash or in shares to Messrs. Threshie, Muro and Ash during Fiscal 2007 and 2008. The amounts due have been recorded as liabilities of the Company. During fiscal 2008, Tirex assigned \$50,000 of accrued salaries to each of Messrs. Threshie and Ash to Sequoia International in exchange for a Florida court approved issuance of 100 million shares. The Settlement Agreement was made under Paragraph 10(a)3 of the Securities Act. During the first quarter of fiscal 2009, the fiscal year following the period covered by this report, Tirex issued 44,900,000 million shares to John L. Threshie Jr., 25,000,000 million shares (plus 1,723,514 replacement collateral shares) to Louis V. Muro and 16,525,000 shares to Michael Ash plus 13,750,000 issued to his wife and adult children in partial compensation for accrued and unpaid salaries since 2001. Mr. Sanzaro (former director) and Mr. Muro were also issued replacement shares for the collateral shares they provided to 2001 private placement investor referred to elsewhere in this report and 1,500,000 shares were issued to Michael Ash in respect to stock options exercised but unpaid three years ago.

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 2008, 2009 and 2010	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 2007, 2008 and 2009	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 2008, 2009 and 2010	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

In September 2008, the period following the period covered by this report, Mr. Ash issued his notice of exercise for options for 4,000,000 shares on a cashless basis. Under the formula, Mr. Ash will receive 2,000,000 shares. In October 2008 Mr. Threshie served notice of his exercise of 6 million options on a cashless basis, under which he will receive 3 million shares. Also in October 2008, Mr. Muro served notice of his exercise of 2 million options on a cashless basis, which will give him 1 million shares. As of October 13, 2008, these shares had not yet been issued.

Compensation of Directors

The Directors of the Company were not compensated for their services as such in fiscal 2008.

Employment Agreements

We seek to maintain employment agreements with all of our executive officers (the "Executive Agreements"). We currently have an employment agreement with Mr. Threshie that provides for an annual salary of \$150,000 until June 30, 2010. Mr. Threshie also has options, as noted above, to purchase shares of the Company. Mr. Threshie was 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(cen) for the first series, 40(cen) for the second series and 50(cen) for the third series. We currently employ Mr. Muro on a month-to-month basis, based on a revised annual salary of \$75,000, retroactive to July 1, 2002. Mr. Muro also has 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 is 1,000,000 shares annually. Under the employment agreement with Mr. Ash, he is paid an annual salary of \$100,000 and he has been given stock options to acquire 2,000,000 shares in each of the three calendar years of his agreement, which ends December 31, 2009.

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 nondisclosure 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, for which the severance terms, under certain circumstances, as described below, could be different. 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 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

The following table sets forth information as of October 2, 2008, 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.

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Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Percent Ownership	Percent of Class (1)
Common The Tirex Corporation	John L. Threshie, Jr. P.O. Box 1000 Stratford CT 06614-9991	47,528,721 (2)	7.8%
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	32,853,991 (2)(3)	5.4%
Class A Common Tirex R&D		17(5)	17%
Common The Tirex Corporation	Henry P. Meier P.O. Box 895 Lakehurst NJ 07755	2,500,000 (6)	0.13%
Common The Tirex Corporation	Joe Sanzaro (Brother of deceased director Louis A. Sanzaro) 1904 Waverly treet Oakhurst NJ 07756	47,347,665 (2)	7.8%
Common The Tirex Corporation	Michael Ash 310 Montée Sabourin St. Bruno, Quebec Canada, J3V 4P6	30,805,000 (4)	5.1%
Common The Tirex Corporation	All directors and officers as a group (4 persons)	113,368,771	18.6%
Class A Common Tirex R&D	All directors and officers as a group (2 persons)	51	51.0%
Series A Preferred Shares			
	John L. Threshie Jr. P.O. Box 1000 Stratford CT 06614-9991	1,500,000 (7)	50% of class
	Louis V. Muro 2063 Desjardins Avenue, Apt #2 Montreal, Quebec Canada H1V 2H1	750,000 (7)	25% of class
	Michael Ash 310 Montée Sabourin St. Bruno, Quebec Canada, J3V 4P6	750,000 (7)	25% of class

(1) The percentages listed in the table is calculated on the basis of 607,920,803 common shares of the common stock, \$.001 par value, of the Company outstanding as at October 2, 2008.

(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 and did so. 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 were sold. The collateral shares pledged by Muro and Sanzaro were replaced subsequent to June 30, 2008. The shares pledged by Mr. Threshie, still represent a liability of the Corporation. These 4 million conversion shares represent approximately 0.6% of our current outstanding stock.

(3) Includes: (i) 32,119,991 shares held of record by Mr. Muro as of October 2, 2008; and (ii) 734,000 shares held of record by Mr. Muro's previous wife, recently deceased, Nina Aviles Muro. There have been no subsequent changes.

(4) Includes: (i) 16,825,000 shares held of record by Mr. Ash as of October 2, 2008; (ii) 5,230,000 shares held of record in the name of Loryta Investments Limited an entity directly owned by Loryta Trust and thus beneficially owned by the family of Mr. Ash. Mr. Ash is not himself a beneficiary of this trust nor does he have decisional powers over its activities. Also includes 5,250,000 shares owned by the wife of Mr. Ash and 1,750,000 shares held by each of his two adult age children.

(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 1,250,000 shares owned in the name of Mr. Meier's two adult-age children.

(7) The Series A Preferred Shares are not dividend-bearing but have preferential rights versus the common stock in terms of participation in residual assets in the event of liquidation. The Series A Preferred Shares have voting rights equal to 100 votes per share and are exercisable in all circumstances. The Series A Preferred Shares are convertible into common shares at the rate of five (5) common shares for each Preferred Share.

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. As of June 30, 2005, the Investor Group had 4,000,000 conversion shares, issued in 2003, 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, was based on a conversion price of \$0.05 per share. The option exercise window has expired. 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, 2001 through 2008, the Company's executive officers and certain consultants to the Company necessarily 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. During fiscal 2009, the period following the fiscal period covered by this report, shares were issued to such directors and officers in partial payment of accrued and unpaid salaries, expenses and fees.

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, 2008

Consolidated Statements of Operations for the years ended June 30, 2007 and 2008, and cumulative for the period from inception (July 15, 1987) to June 30, 2008

Consolidated Statements of Owners' Equity (Deficit) as at July 15, 1987 and June 30, 2001 - 2008

Consolidated Statements of Cash Flows for the years ended June 30, 2007 and 2008 and cumulative for the period from inception (July 15, 1987) to June 30, 2008

Reports filed on Form 8-K

February 14, 2008.	Increase common share authorization and creation of a Preferred Share authorization.
May 16, 2008.	Engagement of Moore & Associates to conduct the audit of our books for the years ended June 30, 2004 through 2007 inclusive and the designation of a Series A Preferred Share class.
June 23, 2008.	Issuance of 3,000,000 Preferred Shares to directors and officers

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 Tirex 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	(l)

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: October 14, 2008

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.

SIGNATURES

DATETITLE Principal Executive Officer: /s/ JOHN L. THRESHIE, JR. Chairman of the BoardOctober 14, 2008 of Directors and
Chief John L. Threshie, Jr Executive Officer Principal Financial and Accounting Officer: /s/ MICHAEL D.A. ASH
Secretary, Treasurer, October 14, 2008 and Chief Financial and Michael D.A. Ash Accounting Officer A Majority of the Board of
Directors: /s/ JOHN L. THRESHIE, JR. Chairman of the Board October 14, 2008 of Directors
John L. Threshie, Jr.

Henry Meier Director /s/ LOUIS V. MURO Director October 14, 2008 Louis V. Muro

**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, 2008

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2008

June 30,
2008

ASSETS

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

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current Liabilities		
Accounts payable and accrued liabilities	\$	1,478,922
Current portion of long-term debt		-
Total Current Liabilities		1,478,922
Other liabilities		
Long-term deposits and convertible notes		306,000
Government loans (net of current)		-
Capital lease obligations (net of current)		-
Convertible notes		399,389
Convertible notes		185,556
Convertible loans		2,756,216
Total Other Liabilities		3,647,161
Total Liabilities		5,126,083
Stockholders' Equity (Deficit)		
Common stock, \$.001 par value, authorized		
1,000,000,000 shares, issued and outstanding		

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291,995,892 shares (June 30, 2007 - 249,895,892 shares)	291,996
Preferred stock, \$.005 par value, authorized	-
3,000,000 Series A shares, issued and outstanding	-
3,000,000 Series A shares (June 30, 2007 - 0 shares)	15,000
Additional paid-in capital	25,255,619
Deficit accumulated during the development stage	(30,058,456)
Unrealized gain (loss) on foreign exchange	(605,240)
	(5,101,082)
Total Liabilities and Stockholders' Equity (Deficit)	25,001

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Twelve months ended June 30		Cumulative from March 26, 1993 to June 30, 2008
	2008	2007	
Revenues	\$ -	\$ -	\$ 1,354,088
Cost of Sales	-	-	1,031,075
Gross profit	-	-	323,013
Operations			
General and administrative	451,527	409,054	13,861,847
Depreciation and amortization	-	-	365,545
Research and development	-	-	15,396,966
Total Expense	451,527	409,054	29,624,358
Income (loss) before other expenses	(451,527)	(409,054)	(29,301,345)
Other expenses (income)			
Interest expense	46,795	46,795	1,039,173
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	46,795	(60,497)
Provision for income taxes	-	-	-
Net income (loss)	(498,322)	(455,849)	(29,240,848)
Other comprehensive loss			
Loss (gain) on foreign exchange	-	-	106,137
Net income (loss) and comprehensive loss	\$ (498,322)	\$ (455,849)	\$ (29,346,985)
Basic and Diluted net loss and comprehensive loss per common share	\$ (0.00)	\$ (0.00)	
Weighted average shares of common stock outstanding	260,363,378	249,895,892	

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Preferred Stock		Additional	Deficit	Unrealized	Total
	Shares	Amount	Shares	Amount	Paid-in	Accumulated	gain (loss)	Stockholders'
					Capital	During	on foreign	Equity
						Developmental	exchange	(Deficit)
						Stage		
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
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		Preferred Stock		Additional	Deficit Accumulated During Developmental Stage	Unrealized gain (loss) on foreign exchange	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Paid-in Capital			
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
Unrealized foreign exchange							183,785	183,785
Net loss and comprehensive loss for the year						(4,570,441)		(4,570,441)
Balance June 30, 1998	63,641,468	63,642	-	-	10,258,116	(10,051,483)	183,785	454,060

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Preferred Stock		Additional	Deficit Accumulated During	Unrealized	Total
	Shares	Amount	Shares	Amount	Paid-in Capital	Developmental Stage	gain (loss) on foreign exchange	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
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		Preferred Stock		Additional	Deficit	Unrealized	Total
	Shares	Amount	Shares	Amount	Paid-in	Accumulated	gain (loss)	Stockholders'
					Capital	During	on foreign	Equity
						Developmental	exchange	(Deficit)
						Stage		
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		Preferred Stock		Additional	Deficit	Unrealized	Total
	Shares	Amount	Shares	Amount	Paid-in	Accumulated	gain (loss)	Stockholders'
					Capital	During	on foreign	Equity
						Developmental	exchange	(Deficit)
						Stage		
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		Preferred Stock		Additional	Deficit	Unrealized	Total
	Shares	Amount	Shares	Amount	Paid-in	Accumulated	gain (loss)	Stockholders'
					Capital	During	on foreign	Equity
						Developments	exchange	(Deficit)
						Stage		
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)
Common stock issued for services	42,100,000	42,100			33,400			75,500
Preferred stock issued			3,000,000	15,000				15,000
Unrealized foreign exchange							(6,163)	(6,163)
Net loss and comprehensive loss for the year						(498,322)		(498,322)
Balance June 30, 2008	291,995,892	291,996	3,000,000	15,000	25,255,619	(30,058,457)	(605,240)	(5,101,082)

See Notes to Consolidated Financial Statements

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months ended June 30		Cumulative from March 26, 1993 to June 30, 2008
	2008	2007	
Cash flows from operating activities:			
Net loss	\$ (498,322)	\$ (455,849)	\$ (29,346,985)
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	(6,163)	(44,174)	(605,240)
Other non-cash items	495,196	358,500	914,914
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	(115,711)	(37,477)	2,017,466
Accrued salaries	125,000	125,000	823,152
Due to stockholders	-	-	5,000
Net cash used in operating activities	-	(54,000)	(10,052,866)
Cash flow from 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)
Net cash used in investing activities	-	-	(2,427,416)

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Cash flow from 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	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	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 STATEMENT OF CASH FLOWS

	Twelve months ended June 30		Cumulative from March 26, 1993 to June 30, 2008
	2008	2007	
Supplemental Disclosure of Non-Cash Activities:			
During the year ended June 30, 2008, 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 recognition of the payment of debt.			
During the year ended June 30, 2008, the Company issued 42,100,000 common shares in exchange for services performed. During the year ended June 30, 2007, the Company did not issue common stock in exchange for services performed.			
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, 2008

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, 2008, 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 policy is to value inventory, which could consist of finished goods and equipment held for resale, at the lower of cost (first-in, first-out method) or market. At present, the Company has no inventory.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

PROPERTY AND EQUIPMENT

The Company policy is to record Property and equipment 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. The Company has written off its equipment.

The Company policy is that 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.

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 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.

THE TIREX CORPORATION
A DEVELOPMENT STAGE COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008 and June 30, 2007, 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 \$30.2 million as of June 30, 2008, expiring through 2028. 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, 2008.

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.

Note 2 GOING CONCERN

As reported in the accompanying financial statements, the Company incurred a net loss of \$498,322 for the year ended June 30, 2008 and a net loss of \$455,849 for the year ended June 30, 2007.

THE TIREX CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008, 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, 2008, 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, 2008 was zero. Depreciation and amortization expense charged to operations for the year ended June 30, 2007 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
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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, 2008 and June 30, 2007 was \$62,400 and \$62,400, respectively. The Company is in arrears on payment of these leases but default has not been declared. The lease expired on June 30, 2004.

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, 2008	\$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. 8,371,597 collateral shares provided to the investors were the property of former Tirex Director, Louis A. Sanzaro, now deceased. The shares due to Louis A. Sanzaro have been issued subsequent June 30, 2008 to a family member. The collateral shares provided by Louis V. Muro, 1,723,514 shares, were replaced subsequent to June 30, 2008. The collateral shares provided by John L. Threshie Jr., 1,891,204 shares, had not been replaced as of October 2, 2008.

THE TIREX CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

Note 8 CONVERTIBLE NOTES

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

Balance at June 30, 2008	\$ 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 19th, 2001, at 20% discount to market between July 19th, 2001 and January 19th, 2002 or at 25% to market if held to maturity, to a maximum of not more than 2,500,000 shares.

Since Fiscal year 2006, the expenses of the Company have been funded by a series of non-interest bearing convertible loans with no specific terms of repayment made by a significant number of individuals investing modest amounts for a grand total of U.S.\$203,800. These investors, fully cognizant of the Company's situation and so documented in writing, accepted that their investments were being made and represented by a convertible debt, the conversion of which could occur only once the Company would have shares available for issuance. These debts are convertible at fixed prices rather than as a discount to market.

	Fiscal year 2006&2007	Fiscal year 2008 Q-1	Fiscal year 2008 Q-2	Fiscal year 2008 Q-3	Fiscal year 2008 Q-4	Fiscal year 2009 Q-1
Dollars received	\$114,700	\$10,700	\$19,400	\$22,000	\$25,000	\$12,000
Shares	26,040,000	3,840,000	5,460,000	5,400,000	7,000,000	2,400,000

Of the above shares, 28,680,000 were issued, unrestricted, subsequent to June 30, 2008. The remaining 21,460,000 shares will be issued progressively during Fiscal year 2009.

THE TIREX CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

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, 2008 and June 30, 2007, the balances owing to Directors and Officers was \$2,609,429 and \$2,284,429, respectively. These amounts are without interest or terms of repayment.

Long-term deposits and notes included an amount of \$118,500 at June 30, 2008, which is payable to Ocean Tire Recycling & Processing Co., Inc., a company previously owned by a former Director of the Company, Louis A. Sanzaro, deceased approximately 30 months ago. The Company negotiated a Settlement Agreement with the family of Louis A. Sanzaro with respect to lease obligations and other expenses paid by Mr. Sanzaro, under which the Company would issue a total of 50 million shares. 20 million shares were issued during the fourth quarter of Fiscal year 2008 and a further 15 million shares were issued in the first quarter of Fiscal year 2009. There thus remains 15 million shares to be issued.

Note 10 COMMON STOCK

During the year ended June 30, 2008, the Company issued 42,100,000 common shares for services performed and in partial payment of a Settlement Agreement under Securities Act Regulation 10(a)3. During the year ended June 30, 2007, 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. These shares were issued during the first quarter of Fiscal year 2009. The exercise of these stock options entitled the Officer to 1,500,000 common shares of the Company on a cash-less basis.

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.

On February 11, 2008, the Company's Board of Directors 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 250,000,000 shares to 1,000,000,000 shares.

As at June 30, 2008, the Company had 291,995,892 Common shares issued and outstanding, versus its authorization of 1,000,000,000 shares.

Note 11 PREFERRED STOCK

On May 12, 2008, the Company's Board of Directors approved an amended Certificate of Designation with respect to the authorization and issuance of up to 3,000,000 Series A Preferred shares, an increase from the 1,000,000 shares of Series A Preferred stock that were authorized to be issued in the Certificate of Designation of Series A Preferred stock passed by the Board of Directors on February 12, 2008. No cash dividends shall be paid with respect to the shares of Series A Preferred stock. The Series A Preferred stock shall give its holders the right to 100 votes per share on any matter properly before the shareholders for a vote. The voting rights of the Series A Preferred stock shall be subject to all splits and each share will be convertible into 5 shares of Common stock upon the earlier of: (i) the holders' election or (ii) January 8, 2009. The holders of all shares of Series A Preferred stock shall not be subject to any non-cash

distributions to holders of shares of Common stock, including without limitation, stock dividends, stock splits and securities issued in a recapitalization. In the event of liquidation or winding up of the Corporation, the holders of the Series A Preferred stock will be entitled to receive, prior and in preference to the holders of the Common stock, an amount up to but not greater than the original purchase price per share of Series A Preferred stock, notwithstanding the par value of the Series

THE TIREX CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2008

A Preferred stock. These three million Series A Preferred Shares were issued to three Directors and Officers in June 2008.

Note 12 GOVERNMENT ASSISTANCE

The Company was eligible for and 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, June 30, 2007 and June 30, 2008.

Note 13 COMMITMENTS

Rental expense for the year ended June 30, 2008 amounted to zero. Rental expense for the year ended June 30, 2007 amounted to zero.

At June 30, 2008, the Company was in arrears of rent, including interest and related charges, in the approximate amount of \$560,000 related to its former occupation of premises in Montreal up to the end of Fiscal year 2003. 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.

THE TIREX CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 15 ACCUMULATED OTHER COMPREHENSIVE INCOME

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

Note 16 SUBSEQUENT EVENTS

Following June 30, 2008, the Fiscal year-end of the Company, the Company proceeded with several share issuances to reduce debt, reduce accrued salaries payable, compensate private placement investors who had lent cash to Tirex via Tirex President, John L. Threshie Jr., to sustain Tirex at a time when shares were not available for issuance and to compensate various consultants and legal professionals.

Description	Shares
Common Shares outstanding as of June 30, 2008	291,995,892
Shares issued pursuant to Securities Act Regulation 10 (a) 3	20,000,000
Shares issued pursuant to negotiated debt settlement with Sanzaro estate	15,000,000
Shares issued to investors having provided loans	28,680,000
Shares issued to executives, consultants and their donees	231,969,800
Shares issued to legal counsel	10,000,000
Shares issued to replace collateral shares sold	10,095,111
Total shares issued from July 1, 2008 to October 2, 2008	315,924,911
Shares outstanding as of October 2, 2008	607,920,803
Commitments to issue additional shares	
Shares issuable pursuant to Securities Act Regulation 10 (a) 3	68,000,000
Shares issuable pursuant to negotiated debt settlement with Sanzaro estate	15,000,000
Shares issuable to replace collateral shares sold	1,891,204
Shares issuable to consultants	42,000,000
Shares issuable pursuant to exercised executive option cashless basis	2,000,000
Shares issuable to persons having provided loans	20,260,000
Shares issuable against assigned convertible notes	6,500,000
Shares issuable to legal counsel	40,000,000
TOTAL SHARES ISSUABLE AFTER OCTOBER 2, 2008	195,651,204
Common shares outstanding as of October 2, 2008 plus committed	803,572,007
Reserve for conversion of Preferred shares	15,000,000
Reserve for exercise of Executive options still outstanding	14,000,000
Potential common shares outstanding	832,572,007

	<u>Restricted</u>	<u>Unrestricted</u>
Shares issued during the 4 th quarter of fiscal 2008		42,100,000
Shares issued from July 1 to October 2, 2008	95,648,514	222,276,397

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Shares issuable after October 2, 2008 - known

3,891,204

183,760,000
