Tirex CORP
Form 10KSB/A
October 30, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB/A

(Mark One)

[X] Annual report under Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended June 30, 2005

[ ] 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	**22-3282985**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
4055 Ste-Catherine St. West, Suite 151	
Montreal (Westmount), Quebec	**H3Z 3J8**
(Address of Principal Executive Offices)	(Zip Code)

(514) 935-2525
(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 [X]   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. [X]

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

$zero (as of June 30, 2005)
(Aggregate market value of the voting stock held by non-affiliates of the Issuer)

249,895,892 (as of September 30, 2005)
(Number of shares outstanding of each of the Issuer's classes of common stock)

Transitional Small Business Disclosure Format (check one) Yes [ ] No [X]

DOCUMENTS INCORPORATED BY REFERENCE
into Part I

Annual Report of the Company on Form 10-KSB/A for the year ended June 30, 2005

Quarterly Reports of the Company on Form 10-QSB for the quarters ended September 30, 2004, December 31, 2004, and March 31, 2005

Current Reports on Forms 8-K of the Company (none)

EXPLANATORY NOTE

The primary purpose of this amended Report 10-KSB is to replace the unaudited financial statements included with the original filings with audited financial statements, these statements having been retroactively audited by Moore & Associates, whose services were engaged in 2008. To the extent of some minor variations in the financial statements, as a result of the audit, the Liquidity and Capital Resources sub-section of the Management Discussion and Analysis has been modified to reflect the numbers of the audited financial statements. There have been no other material changes.

ITEM 1. DESCRIPTION OF BUSINESS

The Company

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

The TCS-System

Our TCS-System comprises a complete, turn-key, environmentally safe, semi-cryogenic tire recycling system designed to: (i) disintegrate scrap tires, using less energy than is required by existing ambient methods (which shred and/or chop tires at "ambient" or normal room temperatures) or other currently available cryogenic methods (which reduce the temperature of the materials through the use of liquid nitrogen), and (ii) produce commercially exploitable, high quality, clean rubber crumb and unshredded steel and fiber. Disregarding configuration variations related to tire feedstock preparation and possible auxiliary grinding after processing through the System to obtain higher proportions of fine mesh rubber, these variations not forming part of our technology in any event, the TCS System is offered in two basic versions, these being the TCS-1 and the TCS-2. These two versions have an annual throughput capacity of approximately one million tires and two million tires respectively, these numbers based on average automobile tires having a scrap weight of approximately nineteen pounds.

The freezing chamber of the TCS-1 Production Model previously located in Montreal was a large tank through which the tire parts were circulated having temperatures of approximately 170 degrees below zero, Fahrenheit. The second version of the TCS has been designed to run approximately 20 degrees colder to ensure that no pieces of rubber can warm up to the "glass point" before being entirely processed by our patented fracturing mill. Frozen tire parts are passed through another chamber that separates the component parts of all tires, including rubber, wire and twine. This chamber contains crushing mechanisms and other proprietary parts and processes that transform the rubber into very small particles (mesh). 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 functions and mechanisms of the TCS-System have been designed for the exclusive purpose of disintegrating automobile tires, although relatively minor modifications could be introduced to accept other kinds of tires as well. The components of a typical tire, which the TCS System is designed to cleanly separate, basically consist of the following elements:

1. Two types of rubber. The sidewalls of automobile tires are constructed of material containing a higher percentage of natural, as opposed to synthetic, rubber which is used in the treads. One of the several possible configurations of the front-end tire preparation section of the TCS-System has been designed to allow the entrepreneur to take advantage of these differences to produce separate rubber powders from sidewalls and treads, should the market for his output show such separation to be advantageous;

2. Steel beads, which consist of steel wires tightly wound together to a diameter of approximately 3/8 of an inch. These beads are imbedded around the edges of the tire which contact the wheel rims; Steel belting, which incorporates a thin layer of steel wires laid out in a "herring bone" pattern and which underlies the surface of the tread area; and

3. Fiber threads which are incorporated into the rubber used throughout the tire.

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 a dimension which permits their introduction into the patented fracturing mill. Feedstock preparation can be accomplished in a number of ways including chipping, shredding and removal of sidewalls followed by diecutting. None of these techniques form part of the TCS System technology and the technique ultimately chosen by the tire recycling entrepreneur will revolve around issues of capital and operating costs as well as possible issues of transportation costs respecting whole tires.

Freezing the Tire Pieces

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

Size Reduction and Materials Separation in the Fracturing Mill

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

Elimination of the Steel from the Fracturing Mill Output

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

Fiber Removal

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

Rubber Crumb Finishing

Rubber crumb finishing operations are dictated by the output requirements of the entrepreneur and his or her customers. The 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, and in such proportions of mesh sizes as the entrepreneur decides, according to his market requirements. Market considerations might incite the recycling entrepreneur to request even finer mesh sizes of rubber crumb than a TCS System is designed to produce. This requires auxiliary grinding, which takes place after the steel and fiber have been removed, and would affect the configuration of the post Fracturing Mill operations. Auxiliary processing equipment 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. The rubber crumb is then passed through a series of screens to sort the rubber crumb by mesh size, which is thence packaged for customer requirements.

Research and Development Activities

The Company's technical expertise and that of its consultants have been an important factor in the development of the TCS technology, and thus the market potential and positioning of the Company. Since its inception, the Company has devoted substantial resources to the design and development of the TCS technology as well as to raising the financing necessary for such activities. The unavailability of financial resources forced the Company to suspend significant research and development activities prior to the beginning of the 2004 fiscal year. This suspension of activities continued throughout Fiscal 2005. During Fiscal 2003 , the Company expended approximately $450,000 on research and development activities applied to the design and development of the TCS-2 model, the successor to the original TCS-1 First Production Model, as well as to product development involving rubber crumb. In collaboration with our Licensee, Simpro S.p.A. of Turin, Italy, we continue to refine and enhance our tire disintegration technology to comply with emerging regulatory or industry standards or the requirements of any potential customer.

Our current rate of recovery of saleable rubber per tire is approximately 94% of the total approximate amount of rubber (14.5 lbs.) in a 19 lb. (average weight) used auto tire. To the best of our knowledge, the recycling industry currently recovers only 70-80% of the rubber.

Manufacturing

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

We have licensed the manufacturing respecting our technology to our Manufacturing Partner, Simpro S.p.A. of Turin, Italy. Simpro is a designer and manufacturer of high-technology production systems, historically primarily for the automobile industry, and is active internationally. Simpro has its ISO 9001, ISO 14001 and EMAS certifications.

Operations

Until near the end of Fiscal 2002, we had one Production Model TCS-1 Plant which was composed of various proprietary and non-proprietary parts and technology. During Calendar 2001 we converted the Production Model into a full-scale commercial recycling center, with only two pieces of equipment required to be added such that we would be able to produce the quantities of fine mesh rubber crumb demanded by our identified customers. The lack of financial resources forced Management to suspend crumb rubber operations at the time of the calendar 2001 Christmas season. The continued lack of financial resources in early calendar 2002 forced Management to prolong the shutdown indefinitely. Near the end of Fiscal 2002, the Air Plant was returned to the lessor, and, subsequently, the remaining components of the system were dismantled. In order to satisfy the consulting fees and out-of-pocket costs associated with the dismantling, relocation and storage of the First Production Model, most of these components were assigned to the consultant for sale. The Fracturing Mill was sent to the Simpro facility in Italy, where it remains, to facilitate its redesign into a more compact unit.

On May 29, 1997, we entered into an Equipment Lease and Purchase Agreement (the "OTRP L&P Agreement") with Oceans Tire Recycling & Processing Co., Inc. ("OTRP"), a New Jersey corporation. Pursuant to the OTRP L&P Agreement, OTRP was to purchase the first production model TCS-1 Plant with an anticipated delivery date of September 15, 1997. However, while construction of the first full-scale Production Model of the TCS-1 Plant began in February of 1997, its completion was delayed because of the limited funds available for such purpose. As a result, OTRP waived the delivery date and agreed to reschedule delivery. In December 1997, OTRP and the Company agreed that, to the extent necessary for OTRP to obtain sale and lease-back financing for the front-end module ("Front-End") and for certain parts of the Air Plant portion of the Plant, the OTRP Agreement would be deemed to be modified, as required for such purpose. In connection therewith OTRP arranged with an equipment financing company for sale and lease-back financing, pursuant to which: (i) the said financing company purchased the Front-End and certain designated portions of the TCS-1 Plant's Air Plant directly from us; and (ii) leased such equipment back to OTRP pursuant to its arrangements with OTRP and/or the OTRP principals. We sold, pursuant to a lease purchase arrangement, the Front-End for a total purchase price of $300,000, with irrevocable acceptance and final payment being obtained in December of 1997. The designated portions of the Air Plant were sold/leased to a financing company for a total purchase price of $580,000, with irrevocable acceptance and final payment being obtained in April of 1998.

In July 2000, we entered onto a new agreement with OTRP/its principals (the "New Agreement") modifying and clarifying provisions of the prior agreement between the parties regarding certain rights to the Production Model. Pursuant to the terms of the New Agreement, we issued 4,553,102 shares of its Common Stock to OTRP's principal officer and stockholder in exchange for forgiveness of approximately $938,000 in advances to us or paid on its behalf through June 30, 2000. The New Agreement confirmed OTRP's assignment to us of all its rights to the Production Model and related technology, including all intellectual property rights and any and all rights accruing to OTRP upon termination of the financing lease/purchase arrangements. In addition, OTRP and its principal agreed to make all lease payments to the financing companies in the event we failed to do so and to convert all advances into our Common Stock at 50% of the market value on the date of conversion. During fiscal year ended June 30, 2001 OTRP advanced $256,857 toward our lease payments, and continued to make lease payments in Fiscal 2002 at the rate of $29,280 per month, until the expiration of the lease in mid-April 2002. Insofar as the equipment was not being used after the expiry of the lease, no further lease payments were made. As indicated previously, the lessor requested the return of the equipment, which was accomplished when the lessor provided us with an appropriate destination. In April of 2002, 2,250,000 shares were issued in partial payment against the lease payments made.

Subsidiaries

In May of 1995, in order to take advantage of financial incentives in connection with the research and development work on the first production model of the TCS-1 Plant, we formed a Canadian corporation, 3143619 Canada Inc. On June 3, 1998, this entity's name was changed to Tirex Canada R&D Inc. (hereinafter referred to as "Tirex R&D"). To qualify for Canadian Government grants and tax benefits, the record owners of 51% of the issued and outstanding capital stock of Tirex R&D were John L. Threshie, Jr. our President and Chairman of our Board of Directors and Louis V. Muro, our Vice President of Engineering and a member of our Board of Directors, both of whom are Canadian residents. John L. Threshie, Jr. also served as the Chairman of the Board of Directors and the Chief Executive Officer of Tirex R&D while Louis V. Muro also served as a vice president and a director of Tirex R&D. Tirex was the record holder of the balance of 49% of the issued and outstanding capital stock of Tirex R&D. Messrs. Threshie and Muro held their Tirex R&D shares under the terms of a shareholders agreement, which we can require them to transfer all such shares to us for no compensation. The Government of Canada dissolved this corporation on April 15, 2005 because annual filings were not maintained. Our Canadian legal counsel has advised us to reactivate this company. Failure to do so would expose our shareholders to the devolved liabilities of Tirex Canada R&D Inc. We intend to reactivate this company as soon as possible.

On April 22, 1998, we formed a second Canadian corporation, 3477584 Canada Inc., the name of which was changed to Tirex Advanced Products Quebec Inc. on June 3, 1998 (hereinafter referred to as "TAP"). The Government of Canada dissolved this corporation on June 10, 2004 because annual filings were not maintained. There were no activities or liabilities related to this company. We have no intention of reviving this company.

On June 1, 1998, we formed a third Canadian corporation, The Tirex Corporation Canada Inc., referred to herein as "TCCI". TCCI was also a wholly owned subsidiary of ours. TCCI had been established to operate as our manufacturing arm, but is presently dormant. We do not have any current plans to reactivate TCCI. The Government of Canada dissolved this corporation on April 15, 2005 because annual filings were not maintained. As of June 30, 2005, this company had accrued liabilities of CA$3,581. We are currently evaluating the costs versus the benefits of reactivating this company.

We also have another dormant, wholly owned subsidiary, formed under the laws of the State of Delaware, Tirex Acquisition Corp. ("TAC"), for which we have no present plans.

Canadian Grants

The governments of Canada and of Quebec, have officially acknowledged the pivotal role played by business investment in research and development in ensuring sustained economic growth and long-term prosperity. In order to encourage such activities, the Government of Canada, on a national basis, and the Government of Quebec, on a provincial basis, support private research and development initiatives through the provision of scientific research tax incentives to businesses and individuals. As a result of the combined efforts of both levels of government, the Quebec location has offered the most generous tax incentives for research and development programs in North America of which we are aware.

In May of 1995, in order to take advantage of such financial incentives in connection with the research and development work on the first production model of the TCS-1 Plant, we formed Tirex R&D. (See "Subsidiaries").

The Tirex R&D License

Tirex R&D holds an exclusive, ten year license from the Company, which expired on July 2, 2005. This license, which was modified in June of 2002, permitted Tirex R&D to design, develop, and manufacture the TCS-Systems on a worldwide basis (the "Primary License"). To the extent necessary to ensure that

Tirex R&D's operations were focused on pure research and development activities, Tirex R&D was able sublicense the Primary License to TCCI or such other corporate entity as would be deemed appropriate and beneficial. With the expiry of the license and the dissolution of Tirex Canada R&D Inc., the unrestricted ownership of the intellectual property related to the TCS Technology has 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 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. To qualify for such tax credits, research and development activities must comprise investigation or systematic technological or scientific research conducted through pure or applied research, undertaken to advance science and develop new processes, materials, products or devices or to enhance existing processes, materials, products, or devices. As previously reported, we have benefited substantially for such research and development tax credits but 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 re-activate 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 have received the funds approved. Approximately 80% of the loans previously received have been repaid. Of the remaining approximately CA$150,000 (approximately US$123,000 using a $0.82 exchange rate) US$66,500 will be forgiven if the Company does not realize any sales in Spain and Portugal prior to June 30, 2004 and a further approximately US$14,800 will also be forgiven if there are no sales in Spain and / or Portugal prior to June 30, 2007.

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 September of 2005, an officer and a director of the company were able to find the cash necessary to pay for payment of US patent maintenance fees, thus continuing the protection of our technology. In November 1998, we filed our patent, for review, with the Canadian Patent Office. Canadian patent number 2193334 was granted on August 17, 2004. Canadian patents have a duration of seventeen (17) years. Prior to the issuance of our US patent, we relied solely on trade secrets, proprietary know-how and technological innovation to develop our technology and the designs and specifications for the TCS-1 demonstration unit. The Company s patents are free of liens. We do not presently hold any patents for our products or systems outside of the United States and Canada. We have lacked the financial resources to apply for a process patent on an international basis, but the Company intends to file for additional patent protection, in accordance with our Agreement with Simpro S.p.A. of Turin, Italy, once sufficient financial resources will become available.

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

Competition

At present, there are various methods available to recycle tires, either to produce rubber crumb or to extract their energy value. We know of no devices, apparatus or equipment, utilizing technology which is identical or comparable to the TCS-System technology, which are presently being sold or used anywhere in the world, nor are we aware of any competing patents relating to our disintegration technology. However, the TCS-System technology may reasonably be expected to have to compete with related or similar processes, machines, or devices for tire disintegration, cryogenic or otherwise. There are presently many companies currently recycling tires which have established business relationships. Moreover, prospective competitors which may enter the field in the future may be considerably larger than us in total assets and resources.

This could enable them to bring their own technologies to more advanced stages of development with more speed and efficiency than we will be able to apply to the TCS-System. Additionally, manufacturers of presently available equipment and systems are in a position to operate research and development departments dedicated to continuously improving conventional systems and to developing new and improved systems. There can be no assurance that the TCS-System will successfully compete with existing systems or with any improved or new systems which may be developed in the future.

Employees

As of October 2005, we have four persons employed either directly or under consulting contracts including its three executive officers.. Three of the foregoing persons devote their full time to our business and affairs, as required. At times, we also utilize the services of part-time consultants to assist us with market research and development and other matters. We intend to hire additional personnel, as needed, and as financial resources permit.

Potential Markets

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

Rubber is a valuable raw material and we believe that recycling this valuable resource from scrap tires is an ideal way to recover that value. Recycled scrap tire rubber is already used in a great variety of products, promoting longevity by adding it to asphalt pavement, adding bulk and providing drainage as a soil additive, providing durability as a carpet underpadding, increasing resiliency in running track surfaces and gymnasium floors, absorbing shock and lessening the potential for injuries as a ground cover for playgrounds and other recreational areas, and as a significant component added to plastic resins for making extruded or injection molded products. We are aware of significant recent developments in making finished products from crumb rubber compounded with plastic resins, particularly polypropylene. We believe that the potential for crumb rubber to substitute for either virgin or recycled plastic resins is very significant, given the relative market price for crumb rubber versus the commodity prices for such plastic resins. We believe that TCS operators could realize very attractive profits at prices even less than US$0.20 per pound. As of August 8, 2005, virgin general purpose injection grade polypropylene was selling for approximately US$0.65 per pound for high-volume users (20 million pounds per year or more). Recycled polypropylene was selling for between US$0.27 (for clean regrind or flake)and US$0.39 (for pellets) per pound, depending on its form.

Marketing Activities

To a large extent, we have, in the past, concentrated our efforts on completing the design, development, and construction of our heretofore TCS-First Production Model 1 and raising adequate financing to support such efforts. Our long-term objective, however, is to market TCS Systems worldwide, through national and international sales representatives, licensees or strategic partners.. Pursuant to an extensive technical audit, our heretofore First Production Model permitted our company to be certified as an Accredited Tire Recycler by Recyc-Quebec, a quasi-governmental agency of the Quebec Government. Users of the TCS technology in Quebec could have access to tipping fees paid by Recycle Quebec, which currently work out to approximately US$0.72 per tire. 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 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 will 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 emissions of any kind from the operation of the Plant. To the best of the Company's knowledge, operation of a TCS-System will not result in the emission of any pollutants, the disposal of combustion residues, the storage of hazardous substances, or the production of any significant amounts of solid waste which would have to be landfilled. Our Manufacturing Licensee, Simpro S.p.A., has undertaken a formal environmental assessment of our technology, the results of which confirm 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. Whole tires, with their size, volume and composition, can pose potentially serious environmental problems. While the Company does not believe that such storage will normally involve quantities of tires so large or storage periods so extensive as to constitute the "stockpiling" of scrap tires, it should be noted that stockpiling, should it occur, could constitute a particularly serious environmental problem. Among the numerous problems relating to scrap tires, is that when stockpiled above ground, tires create serious public health and environmental hazards. These range from scrap tire fires, which generate large and dense clouds of black smoke and cause serious soil pollution problems, and which are extremely difficult to extinguish, to the creation of vast breeding grounds for mosquitoes and vermin.

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. 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 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 disenabling of its TCS System customers to operate profitably and in compliance with such regulations. While these regulations are usually stringent, the huge scrap tire problem must also be dealt with on a daily basis and the need for economic and environmentally friendly recycling operations is critical. The burden of compliance with laws and regulations governing the installation and/or operation of TCS Systems could, nonetheless, discourage potential customers from purchasing a TCS System. This would adversely affect our business, prospects, results, and financial condition. As a result, our business could be directly and indirectly affected by government regulations.

ITEM 2. DESCRIPTION OF PROPERTY

Our corporate headquarters is located at 4055 Ste-Catherine St. , Suite 151, Westmount, Quebec, Canada H3Z 3J8. We have occupied offices at this address since March 2003. The space has been provided free of charge, and includes electricity, heating and local telephone service. This was extended by mutual agreement for a period of four months to the end of December 2003. Late in Fiscal 2004, new, but still advantageous terms were negotiated ms with the landlord. The property is occupied on a month-by-month basis with no written lease. Insignificant amounts of cash are paid to cover items, such as long distance charges, when management is able to obtain cash personally to cover such expenses. Prior to moving to these premises, during Fiscal 2003, the Company occupied premises in an industrial building on St. Patrick Street in Montreal, where our heretofore First Production Model was located. After having accumulated very substantial arrearages in rent and property taxes for which we were financially responsible, our former landlord instructed us to vacate these premises such that he could rent the space out to another company. As part of the settlement agreement with this former landlord, we agreed to pay to this former landlord the sum of US$540,000 out of the proceeds of the first four sales of TCS Systems, at the rate of US$140,000 per system sold.

ITEM 3. LEGAL PROCEEDINGS

We are presently a party in the following legal proceedings:

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

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

Subsequently, on or about April 25, 2001, the Plaintiffs instituted a lawsuit in Superior Court, judicial district of Montreal alleging breach of contract and claims damages of Canadian$794,690 (approximately US$508,600) representing expenses and an additional Canadian$5,411,158 (approximately US$1,874,000) in loss of profits. 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.

Surgent v. The Tirex Corporation

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

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

Lefebvre Freres Limited v. The Tirex Corporation

Lefebvre Freres Limited instituted an action against us on August 13, 2001 in the Superior Court, judicial district of Montreal claiming Canadian $98,513 (approximately US$63,000) is due and owing for the manufacture and delivery of car tire disintegrators. We are preparing a defense and cross claim against Plaintiff as the product delivered was defective and we believe we are entitled to a reimbursement of sums paid. The action is still pending.

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 $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, 2005, no matters were submitted to a vote of the shareholders of the Company.

PART II

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

The Company's common stock, is traded on a limited basis in the over-the-counter market and, since January 2003, has been listed on the Gray Sheets . We are currently awaiting the completion of our first unconditional sales contract before attempting to have our stock re-quoted on the OTC Electronic Bulletin Board, maintained by the National Association of Securities Dealers, Inc. (the "OTC Bulletin Board"). The following table sets forth representative high and low bid prices by calendar quarters as reported in the OTC Bulletin Board during the last two fiscal years. The level of trading in the Company's common stock has been limited and the bid prices reported may not be indicative of the value of the common stock or the existence of an active market. The OTC market quotations reflect inter-dealer prices without retail markup, mark-down, or other fees or commissions, and may not necessarily represent actual transactions.

Period	Bid Prices Common Stock	
Fiscal Year Ending June 30, 2002	High	Low
September 29, 2001	$ 0.08	$ 0.02
December 29, 2001	0.03	0.01
March 30, 2002	0.02	0.01
June 29, 2002	0.03	0.01
Fiscal Year Ending June 30, 2002	High	Low
September 30, 2002	$ 0.01	$ 0.01
December 30, 2002	0.01	0.01
March 31, 2003	See note following	
June 30, 2003	See note following	
Fiscal Year 2004	See note following	
Fiscal Year 2005	See note following	

Since being relegated to the Gray Sheets, bid prices are not posted.

Shareholders

As of October 13, 2005, the number of holders of record of the Company's common stock, $.001 par value, was less than 500, which does not include shares held by persons or companies in street or nominee name.

Dividends

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

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

In March 2000, we announced that our tire recycling technology was ready for replication and commercialization. Since Fiscal 2001, we have demonstrated our technology to numerous groups from Asia, Europe, North and South and America and the Caribbean, as well as to some shareholders and potential strategic alliance partners. While numerous Letters of Intent were signed during the early marketing stage, none materialized into firm purchase contracts. Management attributed these failures to proceed to firm contracts to the lack of a track record for the TCS technology, or alternatively, to the Company s inability to provide performance guarantees. The Company signed its License Agreement with Simpro S.p.A. of Italy in January of 2003, and thus created the potential that performance guarantees could be offered. As of June 30, 2005, no purchase/sale contracts had been written.

Marketing Structure

We entered into a conditional agreement with Tirex-Europe in April 2001 respecting market development activities to be undertaken in most of Europe, the Middle East and those North African countries bordering on the Mediterranean Sea. This agreement originated from a previous letter of intent we entered into with European Transformation Resources (ETR), a company to be incorporated under the laws of the Grand Duchy of Luxembourg, for the marketing of TCS Systems in these same regions. Under the terms of the conditional agreement with Tirex-Europe, the Gross Revenue and Cost of Systems Sold numbers resulting from the sales of TCS Systems by Tirex Europe would be recorded on their books rather than on ours. Revenue would thus be attributed to us on the basis of a gross profit sharing proportion applied to such sales concluded by Tirex-Europe. These gross profit sharing proportions are variable as a function of whether or not the sale is being made to a new customer or an existing customer and how many sales are being made to the same customers. The variable scale is not country-specific. Also under the terms of the Tirex-Europe Agreement, Tirex-Europe will pay to us the sum of $500,000, payable over the sale of the first ten TCS Systems but with an overall deadline of twelve months. The contract with Tirex-Europe does not come into effect until Tirex-Europe delivers to us a first firm purchase order for a TCS System. To date, Tirex Europe has not delivered any firm purchase orders and thus the Tirex Europe Agreement remains ineffective. The Agreement has not, however, been cancelled. In the interim, we are completely at liberty to undertake any marketing activities we feel appropriate in those countries and regions where Tirex Europe was to be active.

In January 2000, we signed a License Agreement with Ocean Equipment Manufacturing and Sales Co. ("OEMS") of New Jersey, a company owned by Louis A. Sanzaro who is also a director and a significant shareholder of Tirex, for the marketing and for the manufacturing, installation and service of our tire recycling systems in the U.S. market. Under the terms of the Agreement, we would receive a royalty for each system sold, subject to adjustments respecting actual manufacturing costs. As of June 30, 2003, OEMS had not yet concluded any sales of TCS Systems to independent parties. As reported in a previous 10-KSB, Mr. Sanzaro had accepted to relinquish his exclusivity with respect to the US market. We are now dealing with potential US customers directly or through go-betweens on a case-by-case basis, and, as such, the Company has not had to pay any up-front fees or commissions or assume any marketing expenses incurred by such independent persons.

On January 31, 2001, we entered into an Agreement with James Conway, an Australian national, under which he was named Business Development Manager Asia. Under this Agreement, Mr. Conway was directed to find a Japanese licensee to produce and sell TCS Systems. The Japanese company eventually selected would have exclusive rights to the Japanese market and non-exclusive rights in other Asian markets. This five-year agreement with Mr. Conway provides for the payment of 10% of the License Fee paid by the Japanese company plus a 1% commission on sales made within five years on all sales made by the licensed Japanese manufacturer. On August 10, 2001, we further appointed Mr. Conway as a Sales Representative in Asian markets which would be outside of Japan, the territory which would be attributed to an eventual Japanese licensee. Under the terms of this three-year agreement, Mr. Conway would receive a commission equal to 5% of the selling price, before any sales or value-added taxes, customs and excise taxes and similar levies which might be imposed by a government. This Agreement expired on August 8, 2004.

In January 2003, the Company entered into a License Agreement with Simpro S.p.A. for exclusive manufacturing rights and for non-exclusive marketing rights with respect to TCS Systems. Simpro is currently in discussions with the Italian government respecting financing of the construction of a new demonstration model in Italy, which it plans to use to support their marketing efforts. To date, Simpro has not sold any systems.

Since Fiscal 2002 and to date, the Company received several expressions of interest to market our systems in worldwide markets but the Company is unwilling to give market exclusivity to anybody except on a customer-by-customer basis.

The lack of a significant track record relative to the operation and output of the TCS System has proven to be difficult hurdle to overcome in making TCS System sales. The installed cost of a TCS-1 System to an entrepreneur, 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 Euros4,300,000 (approximately US$5.25 million at prevailing exchange rates). For a TCS-2, the comparable cost to the entrepreneur is in the vicinity of Euros5,500,000 (approximately US$6.7 million at prevailing exchange rates). This represents a substantial investment for an entrepreneur and, without performance guarantees to substitute for the lack of a significant operating history, entrepreneurs or their financial backers have heretofore been unwilling to accept the risk of purchasing a new technology. 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 Performance Guarantees.

Potential System Sales Initiated Prior to Fiscal 2005

Puerto Rico - A letter of intent was signed to set up a TCS-2 facility and joint venture on a crumb rubber product manufacturing facility in Puerto Rico. The Puerto Rican representatives presented their project, which includes our technology, to the Government of Puerto Rico in June 2001 to secure approval to proceed, and again in September of 2001 for purposes of securing public funding for the project.. The Puerto Rican group was able to secure substantial partial funding from the Puerto Rican Development Bank but throughout was unable to obtain the necessary financial backing to meet the cash injection requirements of the bank. Subsequent to June 30, 2003, the Puerto Rican project developer identified an investor with the means and the interest to invest in the Puerto Rican project. In August of 2003, the investor sent to us a Letter of Intent indicating his intent to provide the necessary financing to ensure the realization of the Puerto Rican project. However, this investor never followed through on his written intentions. After several months of attempting to secure the cash commitment from this investor, the Puerto Rican entrepreneur turned his attention to other avenues, and, in August of 2004, signed an agreement with another company, Caribbean Recycling, which company is to provide the cash for the acquisition of the TCS-2. However, to date, there is no evidence of the cash having been provided and we have been informed that the Puerto Rican entrepreneur is yet again seeking another outside investor.

Recycletron Inc. We entered into a letter of intent with Recycletron in July of 1997 wherein Recycletron agreed to purchase a TCS-1 upon our completing the design of the system and demonstrating its performance on a 24-hour basis over a significant period of time. The duration of operations of the original TCS-1 First Production Model, prior to its dismantling, did not suffice to entice Recycletron to enter into a firm purchase contract. Regardless, Recycletron continues to indicate interest in our technology. In the meantime, Management has been attempting to attract other entrepreneurs to invest in a Quebec-based TCS facility. It is likely that such other investment would be in the form of a TCS-2, which would consume approximately 2,000,000 scrap tires per year. Quebec produces approximately 7,000,000 scrap tires per year with the greater Montreal region accounting for half of these, thus leaving ample quantities of scrap tires for Recycletron should they wish to proceed with a purchase. Regardless, there can be no assurances that a firm purchase contract will actually be signed with Recycletron.

Marketing Efforts Initiated or Pursued During Fiscal 2005

During Fiscal 2005, the Company and Simpro have responded to numerous requests for information. Out of these requests, several opportunities have presented themselves which merited the expenditure of considerable effort to close a Purchase and Sales Agreement. In addition to the Puerto Rican project, Tirex and Simpro are actively pursuing opportunities In Mexico, Australia, Morocco, Malaysia, and the Middle East, and Simpro is continuing to work with the potential Botswana customer. All of these opportunities are well advanced. Simpro is also pursuing interesting opportunities in the UK, France and Italy, while Tirex is also pursuing an opportunity in Eastern Canada. However, regardless of Management s optimism as the various opportunities enunciated above, 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 these 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. Even if these sales would have been set up in such a way as to be recordable on the books of Tirex, generally accepted accounting principles in effect in the USA would have prevented the Company from recognizing the revenue as such until the systems would have been accepted by the customers. Given the time line required to manufacture, install and have accepted these systems, it is quite unlikely that these revenues would become recognizable during our fiscal year which will end June 30, 2005. By extension, the same principles would apply to the royalty to be received by Tirex. While the Company will benefit from the periodic cash inflows resulting from progress payments during the next approximately ten months, the royalty will, in fact, not have been earned until the systems are accepted by the customers.

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

Because of the lengthy delay preceding the commencement of commercial operations, we have historically had to cover our overhead costs from sources other than from commercial revenues. We expect that some portion of our future overhead costs, which may be quite significant, will continue to be covered from sources other than commercial revenues. Until December of 2001, our monthly operating costs were about US$100,000 per month. With the cessation of production activities and the scaling back of research and development expenditures starting in January of 2002, our monthly costs were reduced to approximately US$35,000 per month. Since March of 2003, our monthly our-of-pocket cash costs have been reduced to negligeable amounts. Our cash flow deficit condition will continue until such time as the Company will start generating revenues from the sale of TCS Systems.

While we have initiated marketing of TCS Systems and have in place a License Agreement, as of September 30, 2005, no unconditional sales orders for TCS Systems had been received and manufacturing of TCS Systems has not been initiated. We do 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 in the near future. We did not generate any gross sales during either Fiscal 2004 or Fiscal 2005. Unless and until we successfully develop and commence TCS System manufacturing and sales operations on a full-scale commercial level, 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 non-commercial revenue funding would be available at all or on terms acceptable to management. Except for the foregoing, we have never engaged in any significant business activities.

Liquidity and Capital Resources

As of June 30, 2005, the Company had total assets of $25,001 as compared to $25,001 at June 30, 2004 reflecting no change. Total assets as at June 30, 2004 had reflected a previous decrease of $208,297 over $233,298 in total assets as at June 30, 2003. There were no changes in the value of individual assets, representing Property and Equipment and Patents, from June 30, 2004 to June 30, 2005.

As of June 30, 2005, the Company had total liabilities of $3,912,907 as compared to $3,272,693 at June 30, 2004, reflecting an increase in liabilities of $640,214. Total liabilities at June 30, 2004 had reflected a previous decrease of $822,144 over $4,094,837 in total liabilities at June 30, 2003. The increase in total liabilities from June 30, 2004 to June 30, 2005 is primarily attributable to: (i) an increase in Accounts Payable and Accrued Liabilities in the amount of $161,168 from $1,049,489 as of June 30, 2004 to $1,210,657 as of June 30, 2005; (ii) a decrease in Convertible Notes in the amount of $186.967 from $586,356 as of June 30, 2004 to $399,389 as of June 30, 2005; (iii) an increase in Convertible Loans in the amount of $666,013 from $1,233,792 as of June 30, 2004 to $1,899,805 as of June 30, 2005.

Reflecting the foregoing, the financial statements indicate that as at June 30, 2005, the Company had a working capital deficit (current assets minus current liabilities) of $1,210,657 and that as at June 30, 2004, the Company had a working capital deficit of $1,049,489, a working capital deficit increase of $161,168. There were no changes in current assets, as noted above, while there were additions to current liabilities due to third parties represented by Accounts Payable and Accrued Liabilities.

The financial statements which are included in this report reflect total operations and other expenses of $576,766 for the year ended June 30, 2005, which reflects an increase of $874,982 over the year ended June 30, 2004 when total operations and other expenses were ($298,216). A large part of the increase is the result of a gain from extinguishment of debt in the amount of $1,047,921 during the year ended June 30, 2004. Excluding this item, total operations and other expenses decreased by $172,939 from the year ended June 30, 2004 to the year ended June 30, 2005. 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, 2005, the Company has incurred a cumulative net loss of $29,229,598. 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.

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:

Name	Age		Offices Held	Term of Office
John L. Threshie, Jr.	51	Chairman of the Board of Directors, President, and Chief Executive Officer	November 1999 - present	
		Director	June 1995 - February 1999	
		Vice President	June 1995- November 1999 Secretary December 1996 February 1999	
Louis V. Muro	73	Vice President of Engineering and Director	January 1996 - present	
		President	March 1994 - January 1995	
		Director	December 1992 - January 1995	
		Secretary		

December 1992 - March 1994

Louis Sanzaro	56	Director President Vice President of Operations	January 1997 - present February 1999 - November 1999 January 1998 - February 1999
Michael D.A. Ash	56	Secretary, Treasurer, and Chief Financial and Accounting Officer	February 1999- present

The Board of Directors has no standing committees.

Family Relationships

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

Business Experience

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

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

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

LOUIS SANZARO. Mr. Sanzaro has been a Director of the Company since January 1997 and a Director of The Tirex Corporation Canada Inc. since June 1998. He served as a consultant to the Company from January 1, 1997 until June 1998, when he was appointed Vice President of Operations and Chief Operating Officer. On February 11, 1999, Mr. Sanzaro resigned as Vice President of Operations and was appointed to the position of President of the Company. Effective November 23, 1999, and to avoid a possible future conflict of interest, Mr. Sanzaro resigned as President of the Company. Mr. Sanzaro holds a degree in marketing from Marquette University. In 1997, he was named "Recycler of the Year" for the State of New Jersey and was also awarded the distinction of being named "Recycling Processor of the Decade" by Ocean County, New Jersey. He is the President and a member of the Board of Directors of the nation-wide, Construction Material Recycling Association. Since 1986, Mr. Sanzaro has served as President and CEO of Ocean County Recycling Center, Inc. ("Ocean County Recycling"), in Tom's River, New Jersey. Ocean County Recycling is in the business of processing construction and demolition debris for reuse as a substitute for virgin materials in the construction and road building industries. In addition, since 1989, Mr. Sanzaro has served as Vice President and COO of Ocean Utility Contracting Co., Inc., a New Jersey company engaged in the installation of sewer and water main pipelines and the construction of new roadway infrastructure. From 1973 until 1990, Mr. Sanzaro was the President and CEO of J and L Excavating and Contracting Co., Inc., a company engaged in the construction of residential, commercial, industrial, and government buildings.

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). Since graduation from Harvard, Mr. Ash has spent most of his career with the Government of Canada, first with the Office of the Comptroller General in Ottawa and, for the subsequent eighteen years, with a federal regional economic and industrial development agency in Montreal where he gained exposure to a very large number of companies and industrial sectors, ranging from developmental companies to major multi-national corporations. For ten years during this time period, Mr. Ash was also a part-time lecturer in accountancy at Concordia University in Montreal for students registered in the program leading to the Chartered Accountancy designation.

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

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

ITEM 10. EXECUTIVE COMPENSATION

Current Remuneration

The following table sets forth information concerning the annual compensation received or accrued for services provided in all capacities for the fiscal years ended June 30, 2003, 2004 and 2005 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, 2005. Common stock issued in lieu of cash salary payments was valued at a 30-50% discount from the average market price of such stock during the periods in which such salary was earned. Determination of the market price for such purpose was based upon the average of the bid and ask prices of such stock, as traded in the over-the-counter market and quoted in the OTC Bulletin Board. With respect to the issuance of shares during the fourth quarter of Fiscal 2003, this issuance representing but partial compensation to those directors and officers to whom sums were due, the period involved was prior to the company s stock being demoted to the gray sheets, and thus reference to the Bulletin Board prices still applied. The discount from the market price was determined arbitrarily, by negotiation between the Company and our executive officers and did not bear any relationship to any established valuation criteria such as assets, book value, or prospective earnings. The market prices of our common stock and the liquidity of such market has historically been volatile. 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

Name and Principal Position	Year	Salary $	Bonus $	Other $
John L. Threshie Jr.	2005	$125,000 (1)	Nil	nil
President	2004	$125,000 (2)		
	2003	$125,000 (3)		
Louis V. Muro	2005	$150,000 (1)	Nil	nil
Vice President - Engineering	2004	$150,000 (4)		
	2003	$150,000 (5)		
Michael D.A. Ash	2005	$100,000 (1)	Nil	nil
Secretary-Treasurer & CFO	2004	$100,000 (6)		
	2003	$100,000 (7)		

In 1999, Mr. Ash abrogated his then existing Employment Agreement. This was replaced by a Consulting Agreement for a period of sixteen (16) months to the end of Calendar 2000. Under this consulting agreement, Mr. Ash received 2,000,000 shares of the common stock of the Company. A new employment Agreement with an effective date of January 2001 was put into effect and the prior Consulting Agreement was allowed to lapse. Under that Employment Agreement, Mr. Ash earned a salary of $100,000 and Mr. Ash also had options to purchase stock of the company at the lesser of 20(cent) for the first year option, 40(cent) for the second year option and 50(cent) for the third year option, or 50% of market applicable to each series. The options were exercisable on a cashless basis.. Prorating the stock issuance over the sixteen month term of the prior Consulting Agreement, in Fiscal 2000, Mr. Ash was entitled to 1,250,000 shares of stock. There was no cash salary in Fiscal 2000 for Mr. Ash. For Fiscal 2001, Mr. Ash received the balance of his stock entitlement, i.e. 750,000 shares, and was entitled to receive $50,000 in cash. For Fiscal 2002 and 2003, Mr. Ash was entitled to receive $100,000 annually. Mr. Ash exercised the stock options available to him under the Employment Agreement which terminated December 31, 2003. Mr. Ash s Employment Agreement was renewed for a three-year period starting January 1, 2004. Until this renewed agreement, Mr. Ash will continue to be entitled to receive an annual salary of $100,000, and Mr. Ash will be granted a new set of options identical, other than for dates, to the options granted in the preceding agreement.

(1) No compensation was paid either in cash or in shares to Messrs. Threshie, Muro and Ash during Fiscal 2004 and 2005. The amounts due have been recorded as liabilities of the Company.

(2) During Fiscal 2003, Mr. Threshie received 2,500,000 commons shares of the stock of our Company in partial compensation for salary and expenses, issued at a 35% discount to market.

(3) In lieu of cash payment of salary, reimbursable expenses and other benefits, Mr. Threshie was issued shares of our Common Stock and was permitted to purchase shares during FY 2002 at a discount of 35% currently in effect versus 50% in prior years, of the then current market price. The number of shares issued to Mr. Threshie pursuant thereto during fiscal 2002 aggregated 6,555,709 shares. It is our intention and that of Mr. Threshie to continue to enter into similar transactions during fiscal year 2003 for all or part of his salary and for reimbursement of expenses.

(4) During Fiscal 2003, Mr. Muro received 2,000,000 common shares of the stock of our Company in partial compensation for salary and expenses, issued at a 35% discount to market.

(5) In lieu of cash payment of salary, reimbursable expenses and other benefits, Mr. Muro, from time to time, was issued shares of our Common Stock and purchased shares during FY 2002 at a discount of 35% currently in effect, versus 50% in prior years, of the then current market price. The number of shares issued to Mr. Muro pursuant thereto during fiscal 2002 aggregated 2,250,000 shares.

(6) In lieu of cash payment of salary, reimbursable expenses and other benefits, Mr. Ash received 2,100,000 common shares of our Company, as partial compensation, during Fiscal 2003, issued at a 35% discount to market. During Fiscal 2003, Mr. Ash notified the Company of his desire to exercise his first option under his Employment Agreement. The Company has not yet issued the 500,000 shares necessary to satisfy this exercise on a cashless basis, as provided for in the Employment Agreement.

(7) In lieu of cash payment of salary, reimbursable expenses and other benefits, Mr. Ash received 3,468,603 common shares of our Company during Fiscal 2002, issued at a 35% discount to market,

(8) We believe that it is impossible to determine the actual current or potential value of such shares in light of the fact that, as of the dates when such shares were issued to the executive officers, the actual potential market value of such shares were highly contingent upon, and subject to, extremely high risks including but not limited to the following factors: (i) the very early stage of development of our business; (ii) our lack of sufficient funds to implement our business plan and the absence of any commitments from potential investors to provide such funds; (iii) the absence of a reliable, stable, or substantial trading market for such shares; and (iv) the uncertainty respecting our ability to continue as a going concern.

The Tirex Corporation Stock Plan

On June 23, 2000 we adopted the Tirex Corporation Stock Plan (the "Plan") to advance our interests and those of our shareholders by affording to our key personnel, consultants and other persons who have made substantial contributions to us an opportunity to acquire or increase their proprietary interest in the Company by the issuance to such individuals of Awards, Options or Grants under the terms set forth in the Plan. By thus encouraging such individuals to become owners of our common stock we seek to motivate, retain, and attract those highly competent individuals upon whose judgment, initiative, leadership, and continued efforts our success in large part depends.

The Plan originally provided that up to 21,000,000 shares could be issued for this purpose, 7 million shares to be given as awards, 7 million shares to underlie options to purchase common stock, and 7 million shares to be given as grants. Awards and Options can only be given to individuals who have been either in our employ, an officer, director or consultant for the preceding 6 months. Awards are not fully vested until the end of three years with the 1/12th of the aggregate award vesting at the end of each quarter. If the Awardee is terminated for cause or resigns the unvested portion of the award is forfeited. Options can be exercised at any time and upon exercise the underlying stock is fully vested with the purchaser. The Options are not transferable and are exerciseable for two (2) years after which time they expire. If the Optionee is terminated for cause or resigns all unexercised options are forfeited. A Grant of Stock pursuant to the terms of the Plan can only be given to persons who have made a substantial contribution to us and the shares are not forfeitable. Subsequent to the Plan's adoption an additional 5,000,000 shares of common stock were added to it and up to the 26,000,000 shares were made eligible to be given as either Awards, Grants or Options.

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

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

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

Compensation of Directors

The Directors of the Company were not compensated for their services as such in fiscal 2005.

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 $125,000 and is in effect until December 31, 2003. Mr. Threshie also has options , as noted above, to purchase shares of the Company. Mr. Threshie is granted options to purchase 1,000,000 shares at each anniversary date of his Employment Agreement for the next three years, and, for each series of options, has a two-year period to exercise that option. The options are exercisable at the lesser of 50% of market and 20(cent) for the first series, 40(cent) for the second series and 50(cent) for the third series. We currently employ Mr. Muro on a month-to-month basis, based on an annual salary projection of $150,000. During fiscal 2000 Mr. Ash voluntarily abrogated his Executive Agreement with us and entered into a new agreement under which his compensation is in the form of shares. Under this new agreement, Mr. Ash continued to act as Secretary-Treasurer and Chief Financial Officer on a consulting basis. Under the terms of the original Executive Agreement, Mr. Ash's annual compensation was US$125,000. The consulting agreement extended to

December 31, 2000 and was renewable by mutual consent of the Company and Mr. Ash. Mr. Ash's compensation for the sixteen-month period ended December 31, 2000 was 2,000,000 common shares, subject to prorated adjustment in the event of a stock split. At the beginning of Calendar 2001, Mr. Ash's consulting agreement was converted back to an Employment Agreement under which Mr. Ash earns an annual salary of $100,000 and has options, as noted above, to purchase company stock on terms identical to the options granted to Mr. Threshie. As of the date of this Report, Mr. Ash had exercised all of his options on a cashless basis, thus resulting in 1,500,000 shares being issuable to Mr. Ash. The Company currently has less than 105,000 shares available for issue. Thus, the shares issuable to Mr. Ash will remain as such until the Company does have adequate shares to satisfy this transaction. Any shares ultimately issuable to Mr. Ash will be automatically adjusted for stock splits and stock dividends, if any, occurring prior to the issuance of shares to Mr. Ash.

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

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

In the case of Messrs. Threshie and Muro, 200% of the amount of the base salary for a period of twelve months; In the case of Mr. Ash, 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 twice his annual base salary plus four months of base salary for each year of service following February 11, 1999.

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, the 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.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of October 1, 2004, 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.

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. 4055 Ste-Catherine Street West Suite 151 Westmount), Quebec Canada, H3Z 3J8	2,000,000(2)	0.8%
Class A Common Tirex R&D		34 (5)	34%
Common The Tirex Corporation	Louis V. Muro 374 Oliver Avenue Westmount, Quebec	5,978,957(2)(3)	2.39%