

TIREX CORP  
Form 10QSB  
May 14, 2004

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U.S. SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

FORM 10-QSB

(Mark One)

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended December 31, 2003

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

(Exact Name of Small Business Issuer as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
Incorporation or Organization)

**22-2824362**  
(I.R.S. Employer  
Identification No.)

4055 Ste-Catherine Street West, Suite 151, Montreal (Westmount), Quebec,  
Canada, H3Z 3J8

(Address of Principal executive offices)

(514) 935-2525

(Issuer's telephone number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding for each of the issuer's classes of common equity, as of April 30, 2004  
:249,895,892 shares

Transitional Small Business Disclosure Format (check one):

Yes  No

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The Tirex Corporation  
(A Development Stage Company)

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The financial statements are unaudited. However, pursuant to SEC requirements, the consolidated financial statements have been reviewed by the Company's independent auditor. Readers are cautioned that a review engagement does not constitute an audit. Management of registrant believes that all necessary adjustments, including normal recurring adjustments, have been reflected to present fairly the financial position of registrant at March 31, 2004 and the results of its operations and changes in its cash position for the three month and nine periods ended March 31, 2004 and 2003 and for the period from March 26, 1993.

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THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

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THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2004

(Unaudited)

March 31,  
2004

ASSETS

Current Assets

Cash and cash equivalents	\$	-
Accounts receivable		-
Notes receivable		20,475
Inventory		73,322
Research and Experimental Development tax credits receivable		-
		93,797

Property and equipment,  
salvage value

50,000

Other assets

Investment, at cost		89,500
		89,500

\$ 233,297

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current Liabilities

Accounts payable and accrued liabilities	\$	2,005,898
Current portion of long-term debt		126,625
		2,132,523

Other liabilities

Long-term deposits and notes		217,500
Government loans (net of current)		34,580
Capital lease obligations (net of current)		-
Convertible notes		586,356
Convertible note		185,556
Loans from related parties		1,076,173
		2,100,165

4,232,688

Stockholders' Equity  
(Deficit)

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Common stock, \$.001 par value, authorized 250,000,000 shares, issued and outstanding 249,895,892 shares (June 30, 2003 - 249,895,892 shares)	249,896
Additional paid-in capital	25,222,219
Deficit accumulated during the development stage	(29,051,311)
Unrealized gain (loss) on foreign exchange	(420,195)
	3,999,391
	\$ 233,297

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THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	(Unaudited)		(Unaudited)		Cumulative from March 26, 1993 to March 31, 2004
	Three months ended		Nine months ended		
	March 31		March 31		
	2004	2003	2004	2003	
Revenues	\$ -	\$ -	\$ -	\$ 28,515	\$ 1,354,088
Cost of Sales	-	-	-	12,981	1,031,075
Gross profit	-	-	-	15,534	323,013
Operations					
General and administrative	124,033	185,730	393,679	636,792	12,300,400
Depreciation and amortization	-	-	-	5,914	365,545
Research and development	-	-	-	450,000	15,396,966
Total Expense	124,033	185,730	393,679	1,092,706	28,062,911
Loss before other expenses (income)	(124,033)	(185,730)	(393,679)	(1,077,172)	(27,739,898)
Other expenses (income)					
Interest expense	14,845	22,838	52,468	82,473	852,822
Interest income	-	-	-	-	(45,443)
Income from stock options	-	-	-	-	(10,855)
Loss on disposal of equipment	-	-	-	-	4,549
	14,845	22,838	52,468	82,473	801,073
Net loss	(138,878)	(208,568)	(446,147)	(1,159,645)	(28,540,971)
Other comprehensive loss					
Loss (gain) on foreign exchange	-	-	-	-	106,137
Net loss and comprehensive loss	\$ (138,878)	\$ (208,568)	\$ (446,147)	\$ (1,159,645)	\$ (28,647,108)
Basic and Diluted net loss and comprehensive loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.42)
Weighted average shares of common stock outstanding	249,895,892	231,042,142	249,895,892	231,042,142	67,798,981

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited)		(Unaudited)		Cumulative from March 26, 1993 to March 31, 2004
	Three months ended		Nine months ended		
	March 31		March 31		
	2004	2003	2004	2003	
Cash flows from operating activities:					
Net loss	\$ (138,878)	\$ (208,568)	\$ (446,147)	\$ (1,159,645)	\$ (28,647,108)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	-	-	-	5,914	364,304
(Gain) loss on disposal and abandonment of assets	-	-	-	530,651	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	15,660	(117,870)	(37,661)	(90,532)	(473,536)
Changes in assets and liabilities:					
(Increase) decrease in:					
Account receivable	-	(2,151)	-	2,311	-
Inventory	-	(4,685)	-	(2,149)	(73,323)
Sales tax receivable	36	(2,773)	36	(17,787)	-
Research and experimental development tax credits receivable	-	126,428	-	246,970	-
Other assets	-	(5,317)	-	(2,438)	(10,120)
(Decrease) increase in:					
Accounts payables and accrued liabilities	33,176	168,772	126,001	307,812	2,114,892
Accrued salaries	-	11,598	87,500	27,716	498,152
Due to stockholders	-	-	-	-	5,000
Net cash used in operating activities	(90,006)	(34,566)	(270,271)	(151,177)	(10,388,737)
Cash flow from investing activities:					
Increase in notes receivable	-	(1,387)	-	(636)	(259,358)
Reduction in notes receivable	-	-	-	-	237,652
Investment	-	-	-	-	(89,500)
Equipment	-	-	-	-	(321,567)
Equipment assembly costs	-	-	-	-	(1,999,801)



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Organization cost	-	-	-	-	6,700
Reduction in security deposit	-	-	-	-	(1,542)
Net cash used in investing activities	-	(1,387)	-	(636)	(2,427,416)
Cash flow from financing activities:					
Loans from related parties	90,006	(74,897)	270,271	(31,139)	4,805,406
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	-	-	-	-	409,939
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	-	-	-	(4,170)	(488,439)
Proceeds from issuance of stock options	-	-	-	-	20,000
Proceeds from grants	-	75,350	-	187,122	3,628,277
Proceeds from issuance of common stock	-	4,283	-	-	85,582
Proceeds from additional paid-in capital	-	31,217	-	-	2,145,775
Net cash provided by financing activities	90,006	35,953	270,271	151,813	12,815,896
Net (decrease) increase in cash and cash equivalents	-	-	-	-	(257)
Cash and cash equivalents - beginning of period	-	-	-	-	257
Cash and cash equivalents - end of period	\$ -	\$ -	\$ -	\$ -	\$ -

THE TIREX CORPORATION  
A DEVELOPMENT STAGE COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

<b>(Unaudited)</b>		<b>(Unaudited)</b>		<b>Cumulative from March 26, 1993 to March 31, 2004</b>
<b>Three months ended</b>		<b>Nine months ended</b>		
<b>March 31</b>		<b>March 31</b>		
<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	

Supplemental Disclosure of  
Non-Cash Activities:

During the year ended June 30, 2003, the Company recorded an increase in