

Bemis, LLC
Form POS AM
September 09, 2013
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As filed with the Securities and Exchange Commission on September 9, 2013.

Registration No. 333-174406

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

POST-EFFECTIVE AMENDMENT NO. 2

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

WILLBROS GROUP, INC.*

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

30-0513080
(I.R.S. Employer
Identification Number)

4400 Post Oak Parkway

Suite 1000

Houston, Texas 77027

(713) 403-8000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert R. Harl

President and Chief Executive Officer

Willbros Group, Inc.

4400 Post Oak Parkway, Suite 1000

Houston, Texas 77027

(713) 403-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH COPIES TO:

Robert J. Melgaard, Esq.

Mark D. Berman, Esq.

Conner & Winters, LLP

4000 One Williams Center

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Tulsa, Oklahoma 74172

(918) 586-5711

(918) 586-8548 (Facsimile)

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	To Be Registered (1)	Proposed	Proposed	Amount Of Registration Fee (2)
		Amount Maximum	Aggregate Maximum	
		Offering Price Per Share (1)(2)	Offering Price (1)(2)	
Senior Debt Securities				
Subordinated Debt Securities				
Preferred Stock				
Depository Shares (3)				
Common stock (\$0.05 par value)				
Warrants				
Purchase Contracts				

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Units (4)			
Total	\$300,000,000	(1)(2)	\$34,830(5)

- (1) Not specified as to each class of securities to be registered pursuant to General Instruction II.D of Form S-3. Securities registered hereunder may be sold separately, together or in units with other securities registered hereby. Subject to Rule 462(b) under the Securities Act, in no event will the aggregate initial offering price of the securities issued under this Registration Statement exceed \$300,000,000 or if any securities are issued in any foreign currencies, composite currencies or currency units, the U.S. dollar equivalent of \$300,000,000. Such amount represents the principal amount of any debt securities (or issue price, in the case of debt securities issued at an original issue discount), and the issue price of any common stock, preferred stock, depositary shares, warrants or purchase contracts. This Registration Statement includes such presently indeterminate number of securities registered hereunder as may be issuable from time to time upon conversion of, or in exchange for, or upon exercise of, convertible or exchangeable securities as may be offered pursuant to the prospectus filed with this Registration Statement. Separate consideration may or may not be received for any securities registered hereunder that are issued upon conversion of, or in exchange for, or upon exercise of, as the case may be, convertible or exchangeable securities.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the rules and regulations under the Securities Act.
- (3) Each depositary share will be issued under a deposit agreement, will represent an interest in a fractional share or multiple shares of preferred stock and will be evidenced by a depositary receipt.
- (4) Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.
- (5) Previously paid with the original filing of the Registration Statement on Form S-3 (File No. 333-174406).

* The subsidiaries listed in the Table of Subsidiary Guarantor Registrants below are also included in this Registration Statement as additional registrants.

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF SUBSIDIARY GUARANTOR REGISTRANTS

Name	State of Incorporation or Organization	Primary Standard Industrial Classification Code	I.R.S. Employer Identification Number	Address of Principal Executive Offices
Bemis, LLC	Vermont	1623	77-0659850	727 Route 112 Jacksonville, VT 05342
Chapman Construction Co., L.P.	Texas	1623	75-0930946	10011 W. University Drive McKinney, TX 75070
Chapman Construction Management Co., Inc.	Texas	1623	75-2874802	10011 W. University Drive McKinney, TX 75070
Chapman Holding Co., Inc.	Nevada	6719	75-2614906	10011 W. University Drive McKinney, TX 75070
Construction & Turnaround Services, L.L.C.	Oklahoma	1629	73-1471996	4304 E. 36th Street North Tulsa, OK 74115
Halpin Line Construction LLC	New York	1623	11-3687983	170 Moore Road Weymouth, MA 02189
Hawkeye, LLC	New York	1623	11-3485874	100 Marcus Boulevard,

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				Suite 1 Hauppauge, NY 11788
Lineal Industries, Inc.	Pennsylvania	1623	25-1219876	350 Presto-Sygan Rd. Bridgeville, PA 15017
Willbros Downstream, LLC	Oklahoma	1629	73-1450925	1900 N. 161 st East Ave. Tulsa, OK 74116
Willbros Downstream of Oklahoma, Inc.	Oklahoma	1629	73-1471235	1900 N. 161 st East Ave. Tulsa, OK 74116
Premier Utility Services, LLC	New York	7389	11-3619268	100 Marcus Boulevard, Suite 1 Hauppauge, NY 11788
Premier West Coast Services, Inc.	Oklahoma	1629	73-1570778	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Skibeck Pipeline Company, Inc.	New York	1623	16-1167382	100 Marcus Boulevard, Suite 1 Hauppauge, NY 11788
Skibeck PLC, Inc.	New York	1623	16-1390748	100 Marcus Boulevard, Suite 1 Hauppauge, NY 11788
Trafford Corporation	Pennsylvania	1623	25-1568874	350 Presto-Sygan Rd. Bridgeville, PA 15017
UTILX Corporation	Delaware	6719	91-1171716	22820 Russell Road Kent, WA 98032
UtilX Overseas Holdings, Inc.	Delaware	6719	26-2929040	22820 Russell Road Kent, WA 98032
Willbros Construction California (U.S.), Inc.	Delaware	1623	26-3138595	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Construction (U.S.), LLC	Delaware	1623	76-0368402	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
	Delaware	1623	73-1074526	4400 Post Oak Parkway

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Willbros Energy Services Company				Suite 1000 Houston, TX 77027
Willbros Engineers, LLC	Louisiana	8711	72-0697665	8641 United Plaza Blvd., Suite 204 Baton Rouge, LA 70809
Willbros Engineers (U.S.), LLC	Delaware	8711	73-0800703	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Engineering California (U.S.), Inc.	Delaware	8711	27-2411459	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Government Services (U.S.), LLC	Delaware	1623	73-1552915	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Midstream Services (U.S.), LLC	Delaware	1623	20-4412829	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Project Services (U.S.), LLC	Delaware	8711	20-1539022	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Refinery and Maintenance Services (U.S.), LLC	Delaware	8711	(Not applied for; entity has no employees.)	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros T&D Services, LLC	Delaware	1623	90-0657290	115 West 7th St. Suite 1410 Fort Worth, TX 76102
Willbros United States Holdings, Inc.	Delaware	6719	73-1312408	4400 Post Oak Parkway Suite 1000 Houston, TX 77027
Willbros Utility T&D Group Common Paymaster, LLC	Delaware	6719	26-3766195	100 Marcus Boulevard, Suite 1 Hauppauge, NY 11788
Willbros Utility T&D Holdings, LLC	Delaware	6719	27-2348685	100 Marcus Boulevard, Suite 1 Hauppauge, NY 11788

The telephone number for each subsidiary guarantor registrant is (713) 403-8000.

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EXPLANATORY NOTE

This Post-Effective Amendment No. 2 to the Registration Statement on Form S-3 (Registration No. 333-174406) is being filed to: (i) deregister all Guarantees of Debt Securities covered by the Registration Statement, (ii) remove as co-registrants under the Registration Statement the subsidiaries of Willbros Group, Inc. that had registered the issuance of the Guarantees of Debt Securities, and (iii) remove the description of the guarantees of debt securities from the related base prospectus which forms a part of this Registration Statement.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 9, 2013

WILLBROS GROUP, INC.

\$300,000,000

Senior Debt Securities

Subordinated Debt Securities

Common Stock

Preferred Stock

Depositary Shares

Warrants

Purchase Contracts

Units

We may from time to time offer to sell up to \$300,000,000 in aggregate initial offering price of senior debt securities, subordinated debt securities, common stock, preferred stock, depositary shares, warrants, purchase contracts or units.

Our common stock is listed on the New York Stock Exchange under the symbol **WG**.

We may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. The prospectus supplement for each offering of securities will describe in detail the plan of distribution.

There are significant risks associated with an investment in our securities. You should read carefully the risks we describe in the accompanying prospectus supplement as well as the risk factors discussed in our periodic reports that we file with the Securities and Exchange Commission, for a better understanding of the risks and uncertainties that investors in our securities should consider.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

The date of this prospectus is , 2013.

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You should rely only on the information contained in or specifically incorporated by reference into this prospectus and any prospectus supplement. We have not authorized anyone to provide you with information that is different. This prospectus and any prospectus supplement may only be used where it is legal to sell these securities. The information in this prospectus or any prospectus supplement or incorporated by reference into this prospectus or any prospectus supplement may only be accurate on the date of those documents.

Unless the context otherwise requires or as otherwise indicated, references in this prospectus to Willbros, the Company, we, us, our, or similar terms refer to Willbros Group, Inc., a Delaware corporation, its consolidated subsidiaries and their predecessors.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC), utilizing a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings. For further information about our business and the securities, you should refer to the registration statement and its exhibits. The exhibits to the registration statement and the documents incorporated by reference in the registration statement contain the full text of the contracts and other important documents summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities that we may offer, you should review the full text of these documents. The registration statement can be obtained from the SEC as indicated under the heading **Where You Can Find More Information**.

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This prospectus provides you with only a general description of the securities we may offer. Each time we offer to sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update, or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading **Where You Can Find More Information**.

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WILLBROS GROUP, INC.

Our Business

We are a full service engineering and construction company specializing in energy infrastructure serving the oil and gas, refinery, petrochemical and power industries. Our services include engineering, procurement and construction (individually or as an integrated engineering, procurement and construction (EPC) offering), project management, maintenance and lifecycle extension services. We believe our long experience and expertise in the planning and execution of projects differentiates us from our competitors and provides us with competitive advantages in the markets we serve. Our engineering and project management capabilities position us for early involvement in projects and support our EPC service offering. Our maintenance capabilities provide us the opportunity to participate in the full life cycle of projects, many of which have design lives of more than 25 years.

Our Executive Offices

We are incorporated in Delaware and our executive offices are located at 4400 Post Oak Parkway, Suite 1000, Houston, Texas 77027, and our telephone number is (713) 403-8000. Information contained on our website <http://www.willbros.com>, is not, and you must not consider such information to be, a part of this prospectus.

CAUTIONARY NOTICE REGARDING

FORWARD-LOOKING STATEMENTS

This prospectus, any accompanying prospectus supplement and the documents that we incorporate by reference contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933. All statements, other than statements of historical facts, included or incorporated by reference in this prospectus and any accompanying prospectus supplement that address activities, events or developments which we expect or anticipate will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), oil, gas, gas liquids and power prices, demand for our services, the amount and nature of future investments by governments, expansion and other development trends of the oil and gas, refinery, petrochemical and power industries, business strategy, expansion and growth of our business and operations, the outcome of legal proceedings and other such matters are forward-looking statements. These forward-looking statements are based on assumptions and analyses we made in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties. As a result, actual results could differ materially from our expectations. Factors that could cause actual results to differ from those contemplated by our forward-looking statements include, but are not limited to, the following:

curtailment of capital expenditures and the unavailability of project funding in the oil and gas, refinery, petrochemical and power industries;

project cost overruns, unforeseen schedule delays and the application of liquidated damages;

failure to obtain the timely award of one or more projects;

inability to obtain adequate financing on reasonable terms;

increased capacity and decreased demand for our services in the more competitive industry segments that we serve;

reduced creditworthiness of our customer base and higher risk of non-payment of receivables;

inability to lower our cost structure to remain competitive in the market or to achieve anticipated operating margins;

inability of the energy service sector to reduce costs when necessary to a level where our customers' project economics support a reasonable level of development work;

inability to predict the timing of an increase in energy sector capital spending, which results in staffing below the level required to service such an increase;

reduction of services to existing and prospective clients when they bring historically out-sourced services back in-house to preserve intellectual capital and minimize layoffs;

the consequences we may encounter if we violate the Foreign Corrupt Practices Act (the "FCPA") or other anti-corruption laws in view of the 2008 final settlements with the Department of Justice and the SEC in which we admitted prior FCPA violations, including the imposition of civil or criminal fines, penalties, enhanced monitoring arrangements, or other sanctions that might be imposed;

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the consequences we may encounter if we are unable to make payments required of us pursuant to our settlement agreement of the West African Gas Pipeline Company Limited lawsuit;

the dishonesty of employees and/or other representatives or their refusal to abide by applicable laws and our established policies and rules;

adverse weather conditions not anticipated in bids and estimates;

the occurrence during the course of our operations of accidents and injuries to our personnel, as well as to third parties, that negatively affect our safety record, which is a factor used by many clients to pre-qualify and otherwise award work to contractors in our industry;

cancellation of projects, in whole or in part, for any reason;

failing to realize cost recoveries on claims or change orders from projects completed or in progress within a reasonable period after completion of the relevant project;

political or social circumstances impeding the progress of our work and increasing the cost of performance;

inability to obtain and maintain legal registration status in one or more foreign countries in which we are seeking to do business;

inability to hire and retain sufficient skilled labor to execute our current work, our work in backlog and future work we have not yet been awarded;

inability to execute cost-reimbursable projects within the target cost, thus eroding contract margin and, potentially, contract income on any such project;

inability to obtain sufficient surety bonds or letters of credit;

loss of the services of key management personnel;

the demand for energy moderating or diminishing;

downturns in general economic, market or business conditions in our target markets;

changes in and interpretation of U.S. and foreign tax laws that impact our worldwide provision for income taxes and effective income tax rate;

changes in applicable laws or regulations, or changed interpretations thereof, including climate change regulation;

changes in the scope of our expected insurance coverage;

inability to manage insurable risk at an affordable cost;

enforceable claims for which we are not fully insured;

incurrence of insurable claims in excess of our insurance coverage;

the occurrence of the risk factors listed elsewhere or incorporated by reference in this prospectus or any accompanying prospectus supplement; and

other factors, most of which are beyond our control.

Consequently, all of the forward-looking statements made or incorporated by reference in this prospectus and any accompanying prospectus supplement are qualified by these cautionary statements and there can be no assurance that the actual results or developments we anticipate will be realized or, even if substantially realized, that they will have the consequences for, or effects on, our business or operations that we anticipate today. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

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The following table sets forth our ratio of earnings to fixed charges. For this purpose, earnings include income (loss) from continuing operations before income taxes and fixed charges. Fixed charges include interest (whether expensed or capitalized), amortization of debt expense, discount and premium (whether expensed or capitalized), and an estimate of the interest within rental expense. No shares of our preferred stock were outstanding during the periods indicated in the following table. Accordingly, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for each such period in the table below.

	Six Months					
	Ended June 30, 2013	2012	2011	Years Ended December 31,		
				2010	2009	2008
Ratio of earnings to fixed charges	(1)	(1)	(1)	(1)	2.12	2.27

- (1) Earnings for the six months ended June 30, 2013 and for the years ended December 31, 2012, 2011 and 2010 were insufficient to cover fixed charges by \$6.9 million, \$18.6 million, \$243.9 million and \$53.6 million, respectively.

USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of any securities described in this prospectus for working capital and general corporate purposes, which may include:

repayment or refinancing of outstanding debt;

capital expenditures;

acquisitions;

investments; and

other business opportunities.

DESCRIPTION OF SENIOR DEBT SECURITIES**General**

The following description applies to the senior debt securities offered by this prospectus. Unless otherwise indicated in the applicable prospectus supplement, the senior debt securities will be direct, unsecured obligations of Willbros

and will rank on a parity with all of our outstanding unsecured senior indebtedness. The senior debt securities may be issued in one or more series. The senior debt securities will be issued under an indenture between us and the trustee specified in the applicable prospectus supplement.

The statements under this caption are brief summaries of the provisions contained in the indenture, do not claim to be complete and are qualified in their entirety by reference to the indenture, a copy of which is filed as an exhibit to the registration statement of which this prospectus forms a part. Whenever defined terms are used but not defined in this prospectus, those terms have the meanings given to them in the indenture.

The following describes the general terms and provisions of the senior debt securities to which any prospectus supplement may relate. The particular terms of any senior debt security and the extent, if any, to which these general provisions may apply to the senior debt securities will be described in the prospectus supplement relating to the senior debt securities.

The indenture does not limit the aggregate principal amount of senior debt securities which may be issued under it. Rather, the indenture provides that senior debt securities of any series may be issued under it up to the aggregate principal amount which we may authorize from time to time. Senior debt securities may be denominated in any currency or currency unit we designate. The indenture does not limit or otherwise restrict the amount of other debt which we may incur or the other securities which we may issue.

Senior debt securities of a series may be issuable in registered form without coupons, which we refer to as registered securities, or in the form of one or more global securities in registered form, which we refer to as global securities.

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You must review the prospectus supplement for a description of the following terms, where applicable, of each series of senior debt securities for which this prospectus is being delivered:

the title of the senior debt securities;

the limit, if any, on the aggregate principal amount or aggregate initial public offering price of the senior debt securities;

the priority of payment of the senior debt securities;

the price or prices, which may be expressed as a percentage of the aggregate principal amount, at which the senior debt securities will be issued;

the date or dates on which the principal of the senior debt securities will be payable;

the interest rate or rates, which may be fixed or variable, for the senior debt securities, if any, or the method of determining the same;

the date or dates from which interest, if any, on the senior debt securities will accrue, the date or dates on which interest, if any, will be payable, the date or dates on which payment of interest, if any, will commence and the regular record dates for the interest payment dates;

the extent to which any of the senior debt securities will be issuable in temporary or permanent global form, or the manner in which any interest payable on a temporary or permanent global senior debt security will be paid;

each office or agency where the senior debt securities may be presented for registration of transfer or exchange;

the place or places where the principal of and any premium and interest on the senior debt securities will be payable;

the date or dates, if any, after which the senior debt securities may be redeemed or purchased in whole or in part, (1) at our option or (2) mandatorily pursuant to any sinking, purchase or similar fund or (3) at the option of the holder, and the redemption or repayment price or prices;

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the terms, if any, upon which the senior debt securities may be convertible into or exchanged for any other kind of our securities or indebtedness and the terms and conditions upon which the conversion or exchange would be made, including the initial conversion or exchange price or rate, the conversion period and any other additional provisions;

the authorized denomination or denominations for the senior debt securities;

the currency, currencies or units based on or related to currencies for which the senior debt securities may be purchased and the currency, currencies or currency units in which the principal of and any premium and interest on the senior debt securities may be payable;

any index used to determine the amount of payments of principal of and any premium and interest on the senior debt securities;

the payment of any additional amounts with respect to the senior debt securities;

whether any of the senior debt securities will be issued with original issue discount;

information with respect to book-entry procedures, if any;

any additional covenants or events of default not currently included in the indenture relating to the senior debt securities; and

any other terms of the senior debt securities not inconsistent with the provisions of the indenture.

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If any of the senior debt securities are sold for one or more foreign currencies or foreign currency units or if the principal of or any premium or interest on any series of senior debt securities is payable in one or more foreign currencies or foreign currency units, the restrictions, elections, tax consequences, specific terms and other information with respect to that issue of senior debt securities and those currencies or currency units will be described in the applicable prospectus supplement.

A judgment for money damages by courts in the United States, including a money judgment based on an obligation expressed in a foreign currency, will ordinarily be rendered only in U.S. dollars. New York statutory law provides that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment or decree.

Senior debt securities may be issued as original issue discount senior debt securities, which bear no interest or interest at a rate which at the time of issuance is below market rates, to be sold at a substantial discount below their stated principal amount due at the stated maturity of the senior debt securities. There may be no periodic payments of interest on original issue discount securities. In the event of an acceleration of the maturity of any original issue discount security, the amount payable to the holder of the original issue discount security upon acceleration will be determined in accordance with the prospectus supplement, the terms of the security and the indenture, but will be an amount less than the amount payable at the maturity of the principal of the original issue discount security.

If the senior debt securities are issued with original issue discount within the meaning of the Internal Revenue Code of 1986, as amended, then a holder of those senior debt securities will be required under the Internal Revenue Code to include original issue discount in ordinary income for federal income tax purposes as it accrues, in accordance with a constant interest method that takes into account the compounding of interest, in advance of receipt of cash attributable to that income. Generally, the total amount of original issue discount on a senior debt security will be the excess of the stated redemption price at maturity of the security over the price at which the security is sold to the public. To the extent a holder of a senior debt security receives a payment (at the time of acceleration of maturity, for example) that represents payment of original issue discount already included by the holder in ordinary income or reflected in the holder's tax basis in the security, that holder generally will not be required to include the payment in income. The specific terms of any senior debt securities that are issued with original issue discount and the application of the original discount rules under the Internal Revenue Code to those securities will be described in a prospectus supplement for those securities.

Registration and Transfer

Unless otherwise indicated in the applicable prospectus supplement, senior debt securities will be issued only as registered securities. Senior debt securities issued as registered securities will not have interest coupons.

Registered securities (other than a global security) may be presented for transfer, with the form of transfer endorsed thereon duly executed, or exchanged for other senior debt securities of the same series at the office of the security registrar specified in the indenture. Transfer or exchange will be made without service charge, but we may require payment of any taxes or other governmental charges.

Book-Entry Senior Debt Securities

Senior debt securities of a series may be issued in whole or in part in the form of one or more global securities. Each global security will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement. Global securities will be issued in registered form and in either temporary or permanent form. Until exchanged in

whole or in part for the individual securities which it represents, a global security may not be transferred except as a whole by the depository for the global security to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or by the depository or any nominee to a successor depository or any nominee of the successor. The specific terms of the depository arrangement for a series of senior debt securities will be described in the applicable prospectus supplement.

Payment and Paying Agents

Unless otherwise indicated in an applicable prospectus supplement, payment of principal of and any premium and interest on registered securities will be made at the office of such paying agent or paying agents as we may designate from time to time. In addition, at our option, payment of any interest may be made by:

check mailed to the address of the person entitled to the payment at the address in the applicable security register; or

wire transfer to an account maintained by the person entitled to the payment as specified in the applicable security register.

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Unless otherwise indicated in an applicable prospectus supplement, payment of any installment of interest on registered securities will be made to the person in whose name the senior debt security is registered at the close of business on the regular record date for the payment.

Consolidation, Merger or Sale of Assets

The indenture relating to the senior debt securities provides that we may, without the consent of the holders of any of the senior debt securities outstanding under the indenture, consolidate with, merge into or transfer our assets substantially as an entirety to any person, provided that:

any successor assumes our obligations on the senior debt securities and under the indenture; and

after giving effect to the consolidation, merger or transfer, no event of default (as defined in the indenture) will have happened and be continuing.

Any consolidation, merger or transfer of assets substantially as an entirety, which meets the conditions described above, would not create an-
 width: 1; border-top-style: solid; border-top-width: 1"> Redemption rights If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.

Conversion ratio	Lower of (i) - 80% of the average of the three lowest closing bid prices for the thirty trading days prior to the issue date, which equals \$.073, or (ii) - 80% of the average of the three lowest closing bid prices for the sixty trading days prior to the conversion date.
Common stock warrants	The Convertible Notes carried an option to purchase Common stock warrants at the rate of one Warrant for each \$1.25 of purchase price. The exercise price on the first tranche of \$ 750,000 is \$.077 per share.

Certain Directors and Officers of the Company have pledged approximately 12,000,000 of their personal shares of Common Stock of the Company as security for the Convertible Notes until such time as the Company files with the Securities and Exchange Commission a Registration Statement on Form SB-2, to register common stock and warrants issuable upon the conversion of the notes, no later than 150 days after the issue date of the Convertible Notes. This deadline was not met and, as such, the investors served a notice of default to the Company on July 19, 2001. The Registration Statement was withdrawn during Fiscal 2003.

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On April 24, 2002 the Company entered into a Settlement Agreement with the Note holders. In the event of a default under the Settlement Agreement, the term of the Convertible Notes would become effective once again. The conclusion of the Settlement Agreement has negated the default. The main terms of the Settlement Agreement are as follows:

Amount due including interest calculated to September 30, 2003 and penalties to date, and deducting proceeds from the sale of collateral shares and the conversion value of 4,000,000 shares issued to the investors	\$586,356
Interest rate on the debt	8%
Repayment terms	\$1,000 on May 15, 2002 \$1,000 on June 15, 2002 \$38,843.33 each month for up to twenty-four months starting August 1, 2002
Warrants for purchase of common shares	500,000 three-year warrants exercisable immediately at a price of \$0.01 per share. 500,000 two-year warrants exercisable one year from the date of the Settlement Agreement at a price of \$0.05 per share. 500,000 one-year warrants exercisable two years from the date of the Settlement Agreement at a price of \$0.10 per share.
Right to sell collateral shares and Rule 144 shares	The Investors have the right to sell up to 600,000 collateral shares and / or Rule 144 shares per month, with proceeds to be first applied against interest and fees and thereafter against principal.
Right of repayment	The Company has the right to pay amounts in excess of the prescribed monthly amount, without penalty.
Collateral shares	As of the date of signing of the Settlement Agreement, the Investors had 10,790,885 Collateral Shares in their possession. As of September 30, 2003, the investors had 3,190,977 collateral shares in their possession plus 4,000,000 shares issued to them for debt conversion.

The Company is currently in default with respect to the Settlement Agreement. The investors have continued to sell collateral shares and were issued 4,000,000 conversion shares during the fourth quarter of Fiscal 2003. No collateral shares were sold during the first quarter of Fiscal 2004, the period ended September 30, 2003, and no additional conversion shares were issued. The Company does not currently have a significant number of unissued authorized shares available to be able to respond in a material fashion to any additional conversion requests. As of September 30, 2003, the investors had 3,190,977 collateral shares and 4,000,000 conversion shares in their possession.

Note 9

CONVERTIBLE NOTE

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

Balance as of September 30, 2003	\$186,556
Interest rate	8%
Issue date	July 19, 2000
Maturity date	January 19, 2002
Redemption rights	If not converted, the holder may require the Company to redeem at any time after maturity for the principal amount plus interest.
Conversion ratio	Not convertible prior to July 19 th , 2001, at 20% discount to market between July 19 th , 2001 and January 19 th , 2002 or at 25% to market if held to maturity, to a maximum of not more than 2,500,000 shares.

Note 10

RELATED PARTY TRANSACTIONS

Convertible loans include amounts primarily due to Directors, Officers and employees.

Historically, such amounts due have been repaid through the issuance of stock. At September 30, 2003 and June 30, 2003, the balances owing to Directors and Officers was \$1,013,212 and \$919,462, respectively. These amounts are without interest or terms of repayment.

Various Notes Receivable from Officers, separately reported on the audited balance sheet as of June 30, 2000, plus accrued interest thereon, were offset against amounts due to these Officers as of June 30, 2001.

Long-term deposits and notes included an amount of \$118,500 at September 30, 2003, which is payable to Ocean Tire Recycling & Processing Co., Inc., a company owned by a Director of the Company. Subsequent to June 30, 2000, the Company modified an agreement with Ocean Tire Recycling & Processing Co., Inc. to clarify various terms of the parties' prior agreements and to obtain a commitment by Ocean Tire Recycling & Processing Co., Inc. to pay, when necessary, lease payments on the prototype TCS System. As part of the agreement, the Company will repay Ocean Tire Recycling & Processing Co., Inc. in cash or through the issuance of stock. The lease payments, under the accounting provisions for an operating lease, have been recorded as a Research and Development expense and the debt obligation included in loans from related parties.

During the year ended June 30, 2001, 6,500,000 common shares were issued under the agreement as a partial Settlement. During the year period ended June 30, 2002, an additional 4,553,102 common shares were issued under the agreement to a designated person assigned by Ocean Tire Recycling & Processing Co., Inc.

Note 11

EXCHANGE OF DEBT FOR COMMON STOCK

During the year ended June 30, 2003, the Company recorded an increase in common stock and paid-in capital of \$456,583 representing issuances of stock in lieu of cash payments for debts owed. During the three month period

ended September 30, 2003, the Company did not record any increase in common stock and additional paid-in capital.

Note 12

COMMON STOCK

During the year ended June 30, 2003, the Company issued common stock in exchange for services performed totaling \$136,375. The amount for the year ended June 30, 2003 did not include any payments to Officers of the Company in exchange for salary and expenses. During the three month period ended September 30, 2003, the Company issued common stock in exchange for services performed totaling zero. The amount for the three month period ended September 30, 2003 did not include any payments to Officers of the Company in exchange for salary and expenses. The dollar amounts assigned to such transactions have been recorded at the fair value of the services received.

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

As at September 30, 2003, the Company had 249,895,892 Common shares issued and outstanding.

Note 13

STOCK PLAN

The Company established a Stock Plan in June of 2000 whereby key personnel of the Company, consultants and other persons who have made substantial contributions to the Company may be issued shares as compensation and incentives through Awards, Options or Grants under the terms set forth in the Stock Plan. The Stock Plan originally called for the issuance of a maximum of 7,000,000 shares of stock as Awards, the issuance of a maximum of 7,000,000 shares of stock to underlie Options and the issuance of a maximum of 7,000,000 shares of stock that may be issued as Grants. Awards and Options can only be given to individuals who have been either in the employ of the Company, an Officer, Director or consultant for the preceding six months Awards are not fully vested until the end of three years with one-twelfth 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 exercisable for two years after which time they expire. If the Optionee is terminated for cause or resigns, all unexercised options are forfeited. A Grant can only be given to persons who have made a substantial contribution to the Company and the shares are not forfeitable. On January 31, 2001, the Company amended the Stock Plan providing for an additional 3,000,000 shares being allocated as Grants and an additional 2,000,000 shares allocated to be given as Options. On May 30, 2001, the Stock Plan was further amended reallocating the 7,000,000 shares to be given as Awards to allow 5,000,000 of the shares to be used for Options and 2,000,000 of the shares to be used as Grants. There were no stock issuances under the Stock Plan for the year ended June 30, 2000.

During the year ended June 30, 2001, the Company issued 9,300,000 shares as Grants under the Stock Plan at an average stock price of \$.093 for an aggregate consideration of \$867,374. During the year ended June 30, 2002, the Company issued 750,000 shares as Grants under the Stock Plan at an average stock price of \$.016 for an aggregate consideration of \$12,031.

During the year ended June 30, 2001, the Company had the following transactions as Options under the Stock Plan:

	Number of Shares	Avg. exercise price	Aggregate consideration
Granted and unexercised at beginning of year	nil	-	-

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Granted and exercised during Fiscal 2001	9,698,228	\$ 0.131	\$1,273,334
Granted and unexercised at the end of Fiscal 2001	nil	-	-

The exercise price at the time the Options were granted and exercised was approximately equal to the market price at that time.

There were no Options granted or exercised during the year ended June 30, 2002. There were no Options granted or exercised during the year ended June 30, 2003, nor during the first quarter of Fiscal 2004 which ended on September 30, 2003.

Note 14

CONVERTIBLE DEBT

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

Note 15

ACQUISITION BY MERGER OF RPM INCORPORATED

During November 1997, the Company entered into a merger agreement with RPM Incorporated ("RPM"). The Company acquired all of the assets and liabilities of RPM by acquiring all of the outstanding common stock of RPM in exchange for common stock in the Company on a unit for unit basis. RPM ceased to exist following the exchange.

The assets and liabilities acquired by the Company from RPM consisted of the proceeds from the sale of debentures of \$535,000. The financing fees on the issuance of the debentures, totaling \$61,755, were Included as an expense in the statement of operations for the year ended June 30, 1998. A total of 535,000 shares were issued as a result of the merger valued at \$16,050. A total of \$16,050 was received for this stock.

The Company entered into an additional agreement with the former shareholders of RPM for consulting services for a period of 5 years expiring in June 2002. Pursuant to this consulting agreement, 3,000,000 shares of common stock were issued valued at \$240,000. Other than the consulting agreement and the issuance of the debentures, RPM was inactive.

For accounting purposes, the Company recorded the merger as a purchase and not as a pooling of Interests.

Note 16

GOVERNMENT ASSISTANCE

The Company is eligible for and has made claims for tax credits related to scientific research and experimental development expenditures made in Canada. These amounts, under Canadian Federal and Provincial tax law in conjunction with its annual tax return filings, need not be offset against taxes otherwise payable to become refundable to the Company at the end of its fiscal year. As such, during the year ended June 30, 2003, the Company received approximately \$246,970, which has been recorded as an increase in stockholders' equity paid-in capital. During the three month period ended September 30, 2003, the Company did not receive any tax credits. Also, during the three

month period ended September 30, 2003, the Company did not record any additional tax credits bringing the reported receivable balance from these governments from \$246,970 as of June 30, 2002 to zero as of June 30, 2003 and September 30, 2003.

Note 17

COMMITMENTS

The Company leased office and warehouse space at an annual minimum rent of \$80,000 for the first year, \$160,000 for the second year and \$200,000 per year for the third through the fifth years. The lease was cancelled in 2003. The Company was responsible for its proportionate share of any increase in real estate taxed and utilities. Also, under the terms of the lease, the Company was required to obtain adequate public liability and property damage insurance.

The lease contained a second ranking moveable hypothec in the amount of \$300,000 on the universality of the Company's moveable property.

Rental expense for the year ended June 30, 2003 amounted to \$124,442. Rental expense for the three month period ended September 30, 2003 amounted to zero.

At September 30, 2003, the Company was in arrears of rent, including interest and related charges, in the approximate amount of \$560,000.

During Fiscal 2003, the Company entered into a settlement agreement with its former landlord in respect of amounts due. Under the terms of the settlement agreement, the Company will pay to the former landlord a total of US\$560,000 out of the proceeds of the sale of the first four TCS systems, at the rate of US\$140,000 per system. This amount is non-interest bearing.

Note 17

LITIGATION

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

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

An action was instituted by a Plaintiff, the Company's landlord, against the Company in June 2001 for arrears of rent in the amount of approximately \$113,900. As at June 30, 2003, the Company was in arrears of rent and property taxes to its landlord in the amount of approximately \$560,000. As noted in Note 16, during Fiscal 2003, the Company entered into a settlement agreement with its former landlord in respect of amounts due. Under the terms of the settlement agreement, the Company will pay to the former landlord a total of US\$560,000 out of the proceeds of the sale of the first four TCS systems, at the rate of US\$140,000 per system. This amount is non-interest bearing.

Note 18

ACCUMULATED OTHER COMPREHENSIVE INCOME

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

Note 19

PRIOR PERIOD ADJUSTMENT

Pursuant to discussions and negotiations with a consulting company previously employed by the Company, it was agreed that the contractually agreed upon services had not been performed satisfactorily. The consultant returned 4,000,000 shares of the Company

's stock which had been issued during Fiscal 2003 to him. These returned shares were then re-issued to the holders of the convertible notes, resulting in a reduction of that liability. The prior period adjustment amounts to a \$345,884 reduction in the Accumulated Deficit.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of significant factors which have affected the Company's financial position and operations during the three month period ended March 31, 2003. This discussion also includes events which occurred subsequent to the end of the last quarter and contains both historical and forward-looking statements. When used in this discussion, the words "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "intend(s)" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected.

As reported in the Company's Annual Report for the year ended June 30, 2003, recently filed on Form 10-KSB, the Company's TCS Tire Recycling System has been ready for market since March of 2000, although further refinements were made to the technology during the remainder of Fiscal 2001 and throughout Calendar 2002. Throughout that period the availability of funds necessary to permit developmental stage companies, such as ours, to make the transition to the commercial stage has been very restricted. The Company was late in filing its September 10-Q on a timely basis, which resulted in our stock being removed from the Bulletin Board to be shown as OTC-Other, in which category the "Bid" and "Ask" are not shown. The Company has recently taken steps to attempt to rectify this situation and hopes to be re-listed on the OTC Bulletin Board shortly.

On the business development side, entrepreneurial confidence in investing into new ventures, such as tire recycling, has continued to manifest significant strong uncertainty, and particularly on the part of financial backers to such projects. For the past year, the Company has been working with a Puerto Rican entrepreneur interested in purchasing a TCS-2, but having difficulty in finding an investor partner, necessary to complete his project financing package. To date, no appropriate investor partner has been found. Similarly, the Company was working with a Canadian entrepreneur interested in setting up a tire recycling facility in Quebec. However, during the first quarter of Fiscal 2003, this entrepreneur informed us that that the facility he would establish would not involve our technology, but rather a processing facility using hammer mills. Such equipment is easily available on the used equipment market, permitting him to reduce his capital cost outlay. However, they project initially conceived remains viable and we are working with a Montreal-based consulting firm to bring in investors to support a quebec-based facility. To date, no such investors have committed to any project. We remain hopeful that such investors will be found, but we cannot guarantee that this will occur.

Our Manufacturing Partner, Simpro S.p.A. of Turin. Italy, has received the desired support from public sources and from a technical university, Polytecnico, to proceed with the construction of a demonstration unit in Italy. Construction has begun and the demonstration unit will be operational toward the end of this fiscal year. While we will not receive any royalty on the construction of this unit, we will receive a royalty on crumb rubber sales resulting from production operations of this unit. We do not expect to see such royalties commence before the first quarter of Fiscal 2005, however.

Simpro is currently in active negotiations with Brazilian interests for the sale of one or more TCS Systems. We have been informed that this potential Brazilian customer does have the financial capability to undertake this project. Regardless, there cannot be any assurances that an unconditional sales contract will result from these negotiations, and as of the date of this report, no such contract had been concluded.. Simpro has also received a Letter of Intent respecting a TCS-1 to be located in Botswana, a copy of which was provided to us. While Simpro's current business practices would normally have had them undertake due diligence examinations with respect to this potential customer as a precursor to proceeding with negotiations, we have not received any documents from Simpro attesting to the financial capability of the Botswanan entrepreneur.

We continue to respond to information requests with respect to our TCS systems from numerous sources. While the volume of such requests would indicate continued significant interest in our technology, there can be no assurances that any of these requests will proceed to actual negotiations for a system sale, nor that any sales contracts would actually be concluded.

With the suspension of rubber crumb production operations in January of 2002 and the concurrent reduction of R&D activity, we have devoted all of our efforts to being able to conclude a sale of a TCS System and to the raising necessary funds to keep the Company operational until revenue from sales can be realized.

In February of 2001, we concluded a private financing with an investor group managed by a New York-based company. Under the terms of the Agreement, we drew down \$750,000 of the available \$5,000,000 amount. The initial \$750,000 was provided in the form of a Convertible Note. We defaulted by not having an SB-2 Registration Statement declared effective within 150 days of the date of the Note. Following lengthy negotiations, we reached a Settlement Agreement with the investors on April 26, 2002 under which the Company agreed to a reimbursement schedule and provided three series of warrants, 500,000 each, exercisable at different prices to the investors. The lack of financial resources prevented us from being able to honor the reimbursement schedule, and thus we are currently in default with respect the Settlement Agreement. On March 5, 2003, the Investors sent to us by FAX, demand letters of payments due for each of the three investor funds involved in the initial transaction, these letters being dated February 25 and February 26, 2003, being the two-year anniversary date of their investment. The sum total due, including interest, penalties and fees, was listed as \$1,408,648.53. The Company is not in a position to pay this sum. The Investors also requested that shares be issued to them to permit conversion of some of the debt due. To respond to this request, and given the lack of shares available for issuance, the Company cancelled financial consulting agreements, with the consent of the consultants, and thus obtained 4,000,000 shares which were re-issued to the Investors under the conversion request in May of 2003. In addition, the Investors continue to hold 8,344,811 collateral shares as of May 12, 2003. The Company is working with the Investors to establish those conditions, related to the development of the business, such that remaining cash sums can be paid over time.

In connection with the original requirement of our having an SB-2 Registration Statement declared effective within 150 days, as noted in the previous paragraph, the Company has withdrawn its filing.

Because of the lengthy delay preceding the commencement of commercial operations, particularly insofar as regards the sale and manufacturing of TCS Systems is concerned, we have had to, and in the foreseeable near future, will be forced to continue to cover a substantial part of our overhead costs from sources other than revenues from operations. Since relocating to our current premises, our monthly cash requirements have been reduced to negligible amounts. Most of the expenses listed on our Income Statement relate to salary accruals.

Liquidity and Capital Resources

The activities of the Company, since its formation in 1987, and the inception of its current business in 1993 have been financed by sources other than operations. Such financing was principally provided by the sale of securities in private transactions and by additional capital investments by directors, officers and employees. During the nine month period ended March 31, 2003, directors, officers, employees and consultants did not make any direct cash investments into

the Company. During the Fiscal year ended June 30, 2002, direct cash investments made by the directors, officers, shareholders and consultants amounted to \$950,713.

As of September 30, 2003, the Company had total assets of \$233,333 as compared to \$687,676 at September 30, 2002 reflecting a decrease of \$454,343, and no change versus total assets as of the last fiscal year end, June 30, 2003, which amounted to \$233,333. Management attributes the decrease from September 31, 2002 to September 31, 2003 primarily to the following factors: (i) a decrease of \$169,876 in Tax Credits Receivable from the balance as of March 31, 2002 in the amount of \$169,876 to the March September 30, 2003 balance of \$0, and (ii) a decrease of \$29,362 in accounts receivable from the balance as of September 30, 2002 in the amount of \$29,397 to the September 30, 2003 balance of \$36, and (iii) a decrease of \$30,648 in Prepaid Expenses and Deposits from the balance as of September 30, 2002 to the amount of zero as of September 30, 2003 and a decrease of long-term deposits and prepaid expenses in the amount of \$209,000 from the balance as of September 30, 2002 to zero as of September 30, 2003. There was no difference in the total assets as of September 30, 2003 versus the fiscal year-end balance as of June 30, 2003.

As of September 30, 2003, the Company had total liabilities of \$3,916,298 as compared to \$4,124,819 at September 30, 2002, reflecting a decrease of \$208,521, and reflecting an increase of \$178,279 versus total liabilities as of the last fiscal year end, June 30, 2003, which total amounted to \$4,094,800. The decrease in total liabilities from September 30, 2002 to September 30, 2003 is primarily attributable to an increase of \$324,212 in Accounts Payable and Accrued Liabilities and by a decrease in Convertible Notes in the amount of \$345,884, and also offset by a decrease in Loans from Related Parties in the amount of \$173,482. The decrease in total liabilities from June 30, 2003 to September 30, 2003 is primarily attributable to an increase of \$93,851 in Loans from Related Parties and by an increase of \$77,185 in Accounts Payable and Accrued Liabilities.

Reflecting the foregoing, the financial statements indicate that as at September 30, 2003, the Company had a working capital deficit (current assets minus current liabilities) of \$1,857,301 compared to a working capital deficit of \$1,243,475 as at September 30, 2002, reflecting an increase of \$613,826. The working capital deficit of \$1,857,301 as at September 30, 2003 compares to a working capital deficit of \$1,783,669 as at June 30, 2002, reflecting an increase of \$73,633.

The financial statements which are included in this report reflect total operations and other expenses of \$168,752 for the three month period ended September 30, 2003 versus \$725,138 for the comparative three month period ended September 30, 2002, reflecting a decrease of \$556,386. This decrease is attributed to a reduction of \$450,000 in research and development expenses and a decrease of \$99,288 in General and Administrative expenses.

PART II: OTHER INFORMATION

Item 1:

Item 1 - Legal Proceedings

We are presently a party in the following legal proceedings, the status of which has not changed since the Company filed its Quarterly Report on Form 10-QSB for the second quarter of Fiscal 2003.

IM(2) 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. 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.

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 former landlord Tri-Steel Industries Inc. instituted an action against us, and our subsidiaries Tirex Corporation Canada Inc. and Tirex Canada R & D Inc., on or about June 22, 2001 for arrears of rent in the amount of Canadian\$230,050 (approximately US\$147,232 using the then prevailing approximate exchange rate of \$0.64). The premises were vacated by us as of November 2002. The former landlord has accepted that he would be repaid out of future cash flows and that the premises lease would be terminated effective December 31, 2002. As at December 31, 2002, the Company was in arrears of rent and property taxes to its previous landlord in the amount of Cdn\$876,268.79 (approximately US\$5690,000 at the then prevailing exchange rates). The Company came to an agreement with the landlord under which the debt would be fixed in US dollars at \$560,000, thus cancelling exchange rate fluctuation risks, and that this amount would not be interest-bearing providing Tirex would direct the payment directly to the landlord of US\$140,000 out of the Company's share of the proceeds on the first four sales of TCS Systems. Each \$140,000 will be progressively paid out as a function of cash inflows from progress payments made by the customers.

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 2: - Changes in Securities and Use of Proceeds

Share Issuance Continuity Schedule

Shares issued and outstanding as of June 30, 2003	249,895,892
Total Issuances in the First Quarter of FY 2004	nil

Total Outstanding as of September 30, 2003	249,895,892
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Item 3 - Defaults Upon Senior Securities

During 1998, we issued an aggregate of \$535,000 of two (2) year convertible, subordinated debentures bearing interest at the rate of 10%. Interest thereon was due and payable semi-annually commencing six months from the date of issuance. All debentures have either been converted or repaid, except for debentures in the principal amount of US\$55,000, which remain outstanding and on which principal and interest, which has accrued since the issuance of the debentures, are now due. On debentures converted subsequent to December 1999, interest was capitalized and converted to equity. Although the conversion option on the outstanding debentures has lapsed, we intend to extend the conversion dates of these debentures upon the request of the holders.

As indicated above, in February of 2001, we concluded a private financing with an investor group managed by a New York-based company. 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 and we drew down US\$750,000, which was provided in the form of a Convertible Note. Under the terms of the Agreement, we were required to file and have declared effective a Registration Statement on Form SB-2 within 150 days of the Closing Date of the Agreement. As of June 25, 2001, we were in technical default for failing to have an effective Registration Statement on record with the Securities and Exchange Commission. We were advised of the default in mid-July 2001.

Following lengthy negotiations, we reached a Settlement Agreement with the investors on April 26, 2002 under which we agreed to a reimbursement schedule and provided three series of warrants, 500,000 each, exercisable at different prices to the investors. The lack of financial resources prevented us from being able to honor the reimbursement schedule, and thus we are currently in default with respect to the Settlement Agreement.

On March 5, 2003, the Investors sent to us by FAX, demand letters of payments due for each of the three investor funds involved in the initial transaction, these letters being dated February 25 and February 26, 2003, being the two-year anniversary date of their investment. After taking into consideration the proceeds of sales of collateral shares, share conversions and accumulating interest, the sum total due, including interest, penalties and fees, as of September 30, 2003 is \$586,356, and the investors have in their possession 3,190,977 collateral shares plus 4,000,000 shares converted from the debt. The Company is not in a position to pay this sum of cash due. The Company is working with the Investors to establish those conditions, related to the development of the business, such that these sums can be paid over time. The Investors also sent a request to convert the debt. There can be no guarantee that the investors will continue to not take legal recourse against the Company and that the anticipated cash availability to support a re-negotiated Settlement Agreement will actually be available.

Item 4 - Submission of Matters to a Vote of Security Holders

During the three-month period ended September 30, 2003, there were no submissions of matters to a vote of Security Holders.

Item 6 - Exhibits and Reports on Form 8-K

Exhibits

No exhibits are filed with this report

Reports on Form 8-K

During the three month period ended September 30, 2003, there were no Reports on Form 8-K filed by the Company.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE TIREX CORPORATION

Date: November 14, 2003 By /s/ John L. Threshie, jr.
John L. Threshie, Jr. President

Date: November 14, 2003 By /s/ Michael Ash
Michael Ash, Treasurer and
Chief Accounting and Financial Officer

Exhibit 99.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE, ACCOUNTING AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the Quarterly Report of The Tirex Corporation (the "Company") on Form 10-QSB for the period ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John L. Threshie Jr., President of the Company, hereby certify pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN L. THRESHIE JR.

John L. Threshie Jr.

President

November 14, 2003