TYRATECH™

PUTTING NATURE TO WORK

ANNUAL REPORT 2011

POWERED BY TYRATECH

Nature's Technology™

We are a natural life sciences company that develops best in class insect and parasite control solutions for human and animal health. Headquartered near Research Triangle Park, NC, we are quoted on the AIM market of the London Stock Exchange (Ticker: TYR).

Our proprietary technology platform, TyraTech Nature's Technology®, targets specific neurological receptors that are only active in insects and parasites. Our patented scientific platform identifies synergistic combinations of natural compounds that are more effective than traditional chemicals, but safe for humans and animals. Leveraging this technology, we create a new generation of pest and parasite control solutions that are highly effective, safe and natural.

We have strong strategic partnerships with market leaders, including Kraft Foods and the Terminix International Company, L.P. We partner with Terminix to develop, manufacture and market innovative and differentiated ready-to-use pest control products featuring TyraTech Nature's Technology®. With Kraft, we develop functional food products for human health that benefit people with endemic parasitic disease.

We have additional development initiatives in the areas of personal care and animal health. For personal care, we are developing natural solutions to control head lice and to repel mosquitoes, ticks and other pests. In the animal health market, we are developing innovative internal and external parasite control solutions for household pets, horses and cattle.

POWERED BY TYRATECH
Nature's Technology™

2011 Highlights

- Delivered four new products to Terminix, the largest professional pest control company in North America
- Relocated corporate headquarters from Melbourne, FL to Morrisville, NC and brought technology platform in-house from Vanderbilt University
- Received registration approvals for our aerosol insecticides in Germany and France and are pending approval in the UK
- Initiated development of repellency technology to address a wide range of consumer needs in personal care and animal health
- Initiated development of a natural solution for head lice

Total Revenue

- Increased by 56% to U.S. $7.2 million (2010: U.S. $4.6 million)

Gross Profit

- Increased by 252% to U.S. $4.7 million (2010: U.S. $1.3 million)

Operating Expenses

- Reduced by 2% to U.S. $7.2 million (2010: U.S. $7.4 million)

Net Loss

- Before and after tax reduced to U.S. $2.7 million (2010: U.S. $6.1 million)

*TyraTech, Inc.
Corporate Headquarters
Morrisville, NC*

TECHNOLOGY & DEVELOPMENT

POWERED BY TYRATECH
Nature's Technology™

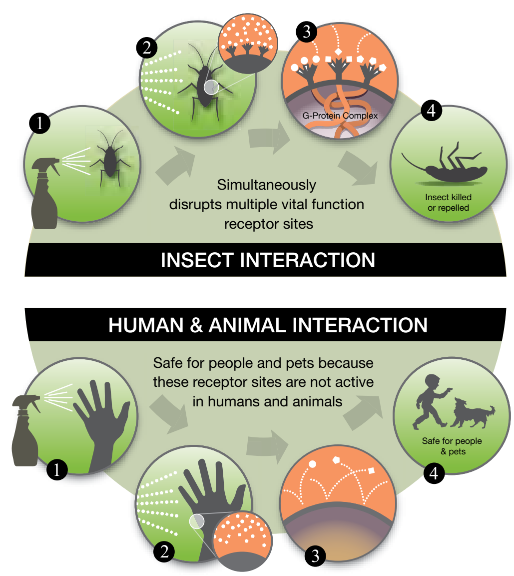
Our mission is to expand our product pipeline and widen our global market opportunity by advancing product development programs in each of our three key areas of focus – Insect Control, Human Health and Animal Health – in a sustained effort to increase autonomy and decrease dependence on our partners.

In 2011, we relocated our product development team and technology platform to our new corporate headquarters in Morrisville, NC. Coupled with the addition of talented new product development team members, this consolidation resulted in a clear direction to develop innovative natural solutions that combat growing resistance challenges worldwide.

Resistance

We continue to be encouraged by our technology's performance against insects and parasites that are resistant to traditional synthetic chemicals, such as pyrethroids. Resistance is a growing and global concern that has been well-documented in a wide range of insect and parasite species, including head lice, mosquitoes, bed bugs, and cockroaches.

Jason P. Schmidt, M.S., Group Leader, Product Development & Innovation



Repellency

We are developing repellency technology to deliver a range of natural repellents, including a personal repellent to control mosquitoes and ticks that can carry infectious diseases such as West Nile virus and Lyme disease. Our development in this area also enables us to address a wide range of global animal health opportunities, including a flea and tick repellent for dogs and an equine fly repellent.

Innovation

Manufacturing
TyraChem, our joint venture with Chemplast International, is focused on developing innovative materials that deploy TyraTech Nature's Technology® in a variety of plastic films.

Bryan LeBlanc, B.S., Research Assistant and Jeff Owens, M.S., Scientist II

Jason P. Schmidt, M.S., Group Leader, Product Development & Innovation

Formulation
We continue to develop innovative natural product formulations to meet consumer demands. Our new aerosol platform delivers a non-staining formula that dries clear.

Product Delivery
In October of 2011, we delivered an innovative battery powered sprayer for the Terminix Natural Pest Control Drain Fly Killer product. The unique composition of the sprayer separates this product from others in its category. Our delivery system ensures a strong, consistent and long-lasting dispense of product from the sprayer.

PERSONAL CARE

Head Lice Treatment

Each year, 6-12 million head lice infestations occur among U.S. children aged 3-11. As early as 1999, research showed that lice in the U.S. were becoming resistant to permethrin[1],an active ingredient that is part of the pyrethroid chemical family and is commonly found in head lice treatments. A study published in 2003 confirmed a genetic mutation that caused complete resistance to permethrin.[2]

Lice Cleanique, LLC, Healthcare Clinic & Research Centers, FL

We are making great progress in the development of a natural head lice solution that kills pyrethroid-resistant strains of head lice and their nits with the highest levels of personal safety. Our natural formulations are showing superior efficacy as compared to leading synthetic products currently in the marketplace.

TyraTech, Inc. laboratory testing
Personal insect repellent
Untreated arm (top) versus treated arm (bottom)

Personal Repellent

The Centers for Disease Control (CDC) receives more than 20,000 reports of Lyme disease (transmitted by deer ticks) and 100 reports of encephalitis (transmitted by mosquitoes) annually. Both of these diseases can cause serious health problems or even death in the case of encephalitis. Where these diseases are endemic, the CDC recommends use of insect repellents when out-of-doors.

We are leveraging our repellency technology to develop a range of personal repellent solutions to control mosquitoes, ticks and other pests that can carry infectious diseases such as West Nile virus and Lyme disease. Our testing against yellow fever mosquitoes indicates performance superior to 7%-15% DEET formulations currently available in the marketplace.

Functional Foods

kraft foods

TyraTech and Kraft are developing an innovative functional food solution to combat global intestinal parasitic infestation. Studies have shown that the TyraTech-Kraft technology kills worms *in vitro* and decreases the number of worms and their eggs *in vivo*.

References:
1. *Pollack R. Differential permethrin susceptibility of head lice. Arch Pediatr Adolesc Med. 1999;153(9):979-1001.*
2. *Yoon KS, et al. Permethrin-resistant human head lice, Pediculus capitis, and their treatment. Arch Dermatol. 2003;139(8):994-1000.*

INSECT CONTROL

Terminix

In 2011, we delivered four new products to Terminix, the largest professional pest control company in North America:

- Terminix Natural Pest Control Flying Insect Killer 14 oz. aerosol spray
- Terminix Natural Pest Control Crawling Insect Killer 14 oz. aerosol spray
- Terminix Natural Pest Control Stinging Insect Killer 14 oz. aerosol spray
- Terminix Natural Pest Control Drain Fly Killer 1 gallon battery powered sprayer

TERMINIX®

Insecticides for Global Use

We developed several new formulations for use in Europe and other areas of the world, including aerosols, trigger sprays and dust/power formulations. Our aerosols received registration approvals in Germany and France and are pending in the UK.

Christopher Knox, B.S., Scientist II

Jeff Owens, M.S., Scientist II

Insect-Repellent Plastics

We experienced a breakthrough in the development of insect-repellent plastics by successfully incorporating our oils into the plastic film manufacturing process. This achievement will allow for many opportunities to create products for consumer, commercial and agricultural use.

ANIMAL HEALTH

Flea & Tick Control

According to the 2011-2012 APPA National Pet Owners Survey, there are 46.3 million dog-owning households in the U.S. alone. We are leveraging our technology platform to formulate natural solutions that kill and repel fleas and ticks with high levels of efficacy and safety.

Equine Fly Repellent

We are developing a natural fly repellent for horses and cattle. In December of 2011, we conducted our first field study in Puerto Rico to advance this development.

Sheila Mitchell, Ph.D., Senior Scientist

"2011 has been a real breakthrough year in terms of developing products which we are confident will provide important rewards to both our partners and our shareholders. We are proud of the progress and the innovation and commitment of our team. Our challenge going forward is clearly to be very focused on successful commercialization of the products and opportunities that have been created."

– Alan Reade, Executive Chairman –

Brooke W. Bissinger, Ph.D.
Group Leader, Molecular Research & Product Development

Chairman's Statement and Operational Review

Alan Reade, Executive Chairman

Welcome to TyraTech's 2011 Annual Report. I am pleased to report the many product development advances which were made during 2011 and have continued into 2012, as well as TyraTech's improved financial performance during 2011. This past year validated our ability to deliver high value products to the market, as evidenced by our product sales, which increased by over 100% from 2010 levels.

Product Development Advances

We have made significant advances in our product development pipeline throughout 2011 and the first half of 2012, with the strategic goal of diversifying our product offering and customer base. This included advancing product development programmes in each of our three key areas of focus - Insect Control, Human Health and Animal Health. We believe our products have the ability to change the way people view the use of pesticides in their home. In the personal care sector we identified that existing solutions are suboptimal as they no longer adequately address the needs of the consumer. We believe our head lice product, VaMousse!™ is one such product that can meet the new demands of consumers in terms of both effectiveness and peace of mind.

Insect Control

In order to further expand our insect control offering, we have two development programmes utilizing our Nature's Technology™ platform. The first is a floor and surface repellent technology for consumer, industrial, and institutional markets. The Company has made significant progress in this area and believes that it has the ability to deliver repellent floor and surface products which will have the ability to repel insects for up to 24 hours.

The second is through TyraChem, our joint venture with Chemplast International. This venture is focused on developing innovative insect control and repellency platforms that integrate TyraTech's Nature's Technology® into Chemplast's plastics technologies. We have met a significant milestone in this venture by successfully incorporating TyraTech's insect control technology into plastic films. We and Chemplast are encouraged with this and other recent successes in the development of this technology. Initial study data on the plastic films the joint venture manufactured is showing strong repellency against flies and other insects. These innovative plastics provide a range of potential applications in the agriculture, commercial, institutional and consumer markets.

Based upon market research we have performed, we believe that our range of products can address a market with an opportunity in excess of US$1 billion.

Human Health & Well-Being

We are focused on three areas in this category:

- **Head & Body Lice control:** In the first half of 2012 we initiated a clinical trial of our head lice product, VaMousse!™. The clinical trial is a randomized, parallel study to evaluate two TyraTech formulations to a leading product currently on the market. We are very encouraged by the positive results to date which indicate that our safe formulations are giving results superior to products currently on the market and are effectively controlling synthetic-resistant lice and nits. We expect to complete our clinical trial in the second half of 2012 and will provide a further update to you at that time. We believe our product will address a global market well in excess of $600 million, a market that has lacked innovation for some time.

- **Personal Insect Repellents:** We are developing a range of personal insect repellents featuring TyraTech Nature's Technology® to meet the global demand for safe and highly effective alternatives to synthetic products. Test results to date have been encouraging and we are confident that our formulation will meet the programme's objectives which are to develop an efficient, safe and cost effective natural insect repellent. We view this as a highly attractive and accessible market opportunity which we believe to be worth in excess of $1 billion globally.

- **Human Functional Food** to control the level of harmful intestinal parasites: we have a strategic partnership with Kraft Foods for the development of functional foods. Test results of the technology continue to be promising as the companies continue to work closely together to identify ways in which to accelerate the monetisation of this project.

Animal Health

We have identified several product opportunities in the Animal Health market. Initially, efforts are focused on the flea and tick market for companion animals and the biting fly market for horses and cattle, which we have estimated to have a market size in excess of $400 million. We believe that the significant advances we have made in our personal and surface repellent projects will accelerate development of high value products for the Animal Health market.

To date, TyraTech has invested in excess of $50 million to build its technology platform and develop products for high value markets. The Directors believe the Company is in a strong position to progress the commercialization of several products to serve markets that are demanding innovation and increased safety.

Chairman's Statement and Operational Review
(CONTINUED)

2011 Financial Results

Our financial results for 2011 marked a significant milestone for TyraTech. We increased our product revenue by over 100% from 2010 levels and increased our gross margin on product sales by US$1.7 million. Further, we earned US$1.4 million in milestone revenue through the delivery of important new products to our primary commercial insect control partner in the US. This, combined with maintaining our lower operating expenses, reduced our net loss to US$2.7 million, an improvement of US$3.4 million over 2010 results.

We will continue to focus on controlling our cost structure whilst advancing our product development programs in order to ensure we have high value products to deliver to new markets or partners.

Outlook

While we expect 2012 revenues to decrease from 2011 levels due to lower demand from our primary insect control customer, we continue to remain positive about our medium and long-term prospects due to the potential of the Company's technology, as evidenced by the advances we have made in our product development pipeline and the increasing interest in our products from high calibre global partners, including a major global consumer products company and a major US retailer, both of which we are presently in discussions with. The US$3.8 million of new capital which we raised in February 2012 provides us with the necessary resources to continue to advance our products whilst we continue negotiations with our existing and new partners. And although uncertainty remains over the timing and amounts of revenues and cash flows which would be generated from these opportunities, we remain confident that we can deliver a successful result with our current financial resources.

In addition, we are further evaluating each of the markets in which we have developed products or have a development pipeline, in order to focus our resources on those opportunities with the greatest potential returns to shareholders. Accordingly, the Company may seek to obtain value for some areas of application of its technology in order to reinvest in others.

Alan Reade
Executive Chairman
June 28, 2012

Financial Review

Peter Jerome, Chief Financial Officer and Group Secretary

Revenues

TyraTech continues to develop its product revenues and works to diversify our revenue sources as it matures as a business. Overall revenues increased for the year to US$7.2 million (2010: US$4.6 million). Product revenues increased to US$4.4 million (2010: US$2.1 million). Increased product sales related to the Terminix SafeShield™ product and a new line of aerosol products, which are sold in the US institutional and commercial markets. Collaborative revenue increased to US$2.7 million (2010: US$2.5 million) primarily from the impact of the new product payments under the Terminix Product Supply Agreement.

Cost of Sales and Gross Margin

Cost of sales for the year was US$2.5 million (2010: US$3.3 million). This included cost of product sold of US$1.8 million (2010: US$1.1 million) reflecting the leverage of our partnered sales programmes, and project costs for collaborative revenue projects of US$0.7 million (2010: US$2.2 million). Gross margin from product sales was 59% in 2011 (2010: 46%). The increase in gross margin was primarily driven by higher margins on our household insecticide product.

Operating Expenses

Overall, operating expenses for the year were reduced by 2.4% to US$7.2 million (2010: US$7.4 million). The expenses for the year include non-cash stock compensation to employees and non-employees of US$0.7 million (2010: US$0.9 million), and depreciation and amortization of US$0.2 million (2010: US$0.2million). The decrease in overall operating expenses was driven primarily by the decrease in non-cash stock compensation expense. Since 2009, the company has reduced its cash operating expenses by 39%.

Liquidity and Cash Flow

Cash flow used in operations for 2011 was US$2.3 million compared to US$2.7 million for 2010, a $0.4 million improvement. This improvement was primarily the result of our increased gross margin on product sales offset by lower upfront license payments receipts. Also contributing to the improvement was our decrease in accounts receivable and inventory, partially offset by the decrease in our accounts payable and accrued expenses.

Cash flow from financing activities in 2011 were nil, compared to US$4.8 million in 2010 when the Company raised US$4.8 million in equity financing.

Cash and cash equivalents were US$0.9 million at the end of 2011 (2010: US$3.3 million). We invest our cash resources in deposits with banks with the highest credit ratings, putting security before absolute levels of return.

Subsequent to December 31, 2011 we raised an additional US$3.8 million in capital, net of expenses, through the issuance of 52,101,460 common shares to fund our operations while we continue negotiations with our existing and new partners. While we expect 2012 revenues from our primary customer to be below 2011 levels, discussions with potential new partners are progressing well, and although there remains uncertainty as to the timing and amounts of any resulting funds, we believe that existing and potential cash resources should be sufficient for the Company's short-term requirements.

Currency Effects

The Group has no significant overseas currency exposures and does not use financial derivatives to manage currency risk.

Peter Jerome
Chief Financial Officer and Group Secretary
June 28, 2012

TYRATECH
PUTTING NATURE TO WORK

2011 Financial Information

Director's Report

The Directors present their report and the audited financial statements of TyraTech Inc. for the year ended December 31, 2011.

RESULTS AND DIVIDENDS

The net loss for the year, after taxation, amounted to US$2.7 million against a net loss of US$6.1 million in 2010. No dividends have been declared or paid.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the developing and commercializing of proprietary insecticide and parasiticide products which incorporate unique blends of natural, plant oil derived active ingredients.

BUSINESS REVIEW

A review of the Group's operations during the year, and the outlook for the future are given in the Executive Chairman's Review on pages 8 and 10.

Where the Directors' report (including the Executive Chairman's Statement and Financial Review) contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of the approval of this report. Consequently, such statements should be treated with caution due to their inherent uncertainties, including both economic and business risk factors, underlying such forward-looking statements or information.

RESEARCH AND DEVELOPMENT

The directors believe that research and product development play a vital role in the Group's long-term success. Research and development expenditure is expensed when incurred and for the year was US$2.8 million (2010 – US$3.1 million).

INTELLECTUAL PROPERTY

The Group owns intellectual property and has taken steps to protect this through patent applications, where, as of the date of this report, 11 patents were issued (2010 – 11) and 79 patents are pending (2010 – 61). The Group's key intellectual property is built around the screening methods for identifying active ingredients for synergistic receptor activation and the active ingredient combinations. The Directors believe that the intellectual property is of significant value to the business.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, or the terms of a continuing trading relationship, ensuring that suppliers are made aware of the terms of payment, and to abide by these terms whenever possible. The creditor days at the year end were 32 days (2010 – 51 days) for the Group.

EQUAL OPPORTUNITY EMPLOYER

The Group is committed to a policy that provides all employees and potential employees with equality of opportunity for selection and development regardless of age, gender, nationality, race, creed, disability or sexual orientation. At 31 December 2011 the Group had 23 employees (2010: 16 employees).

POLICY ON EMPLOYEE INVOLVEMENT

Briefing and consultative procedures exist throughout the Group to keep employees informed of general business issues and other matters of concern.

SAFETY, HEALTH AND ENVIRONMENT

The Group is committed to maintaining high standards of safety, health and environmental protection by conducting itself in a responsible manner to protect people and the environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the Group's strategy are subject to a number of risks and uncertainties. The Directors have set out below principal risks facing the business:

History of losses

The Group has experienced operating losses in each year since its inception and, as at 31 December 2011, had accumulated losses of US$72.0 million. The Group will incur further losses and there can be no assurance that the Group will ever achieve significant revenues or profitability.

Working capital and significance of the Fundraisings

As at 31 December 2011, the Company had cash and short-term deposits of US$0.9 million. In February 2012, the Company completed an equity fund-raise totaling US$4.1million, gross of cash expenses related to the fund-raise (US$3.8 million, net of cash expenses). The Directors believe that, based on current forecasts, the Company will have sufficient cash to fund its operations into 2013. The achievability of these forecasts is dependent on a number of key assumptions, in particular, increased market penetration through the Company's strategic relationship with its largest customer in 2013 and the resulting sales increase and successful leverage of the Company's products and technology into consumer markets, combined with its ability to enter into new partnerships in new markets. If the Company does not perform in line with these key assumptions underlying the forecasts, the Company's cash resources may be absorbed earlier than forecasted.

Customer Concentration

The Company sells its products to one customer. The Company is seeking to expand its customer base through additional partnerships, however, diversification of its customer base could take a lengthy period of time.

The Company's future operating results will be highly dependent on how well it manages the expansion of its operations

The Company may experience periods of rapid growth in the number of products it supplies. This, in turn, would likely necessitate an increase in the number of the Company's employees, its operating and financial systems, sub-contract manufacturers and the geographic scope of its operations. This growth and expansion may place a significant strain on the Company's financial, management and other resources. To manage its expanded operations effectively, TyraTech will be required to continue to improve its existing operational, financial and management processes and to implement new systems. TyraTech will be reliant upon distribution sales, particularly as it expands its operation and is therefore dependent on such distribution to achieve growth and expansion of its operations.

Market penetration rates

The Company's business model assumes that, over time, its products will be adopted by the market. However, it is possible that penetration rates may be slower than the Company's forecasts assume.

The failure of TyraTech's patents, trade secrets and confidentiality agreements to protect its intellectual property may adversely affect its business

TyraTech is the owner, or co-owner, of intellectual property rights, including patents, trade marks, designs, copyright, trade secrets and confidential information. Whilst it may apply from time to time to register additional patents, trade-marks, designs and copyrights and take reasonable steps to protect its trade secrets and confidential information, TyraTech's ability to compete effectively with other companies depends, amongst other things, on the adequate protection of intellectual property rights owned by or licensed to it. There can also be no assurance that patents will be issued in connection with any of its applications now pending or which may be applied for in the future, or that the lack of any such patents will not have a material adverse effect on TyraTech's ability to develop and market its proposed products or that third parties will not misappropriate TyraTech's trade secrets and confidential information. There can be no assurance as to the ownership, validity or scope of any patents in which TyraTech has an interest or that claims relating to such patents will not be asserted by other parties or that, if challenged, such patents will not be revoked. Even if patent protection is obtained, no assurance can be given that TyraTech will successfully commercialize the product or technology prior to expiry of the patent protection. It is also not certain that extensions of patent protection (patent term extensions, supplementary protection certificates or their equivalent around the world) will be available at the end of the term of patents currently in existence so as to provide patent protection during the initial period in which products are marketed. TyraTech may be unable to adequately protect its proprietary information and know-how. In addition to its patented technology, TyraTech relies upon unpatented proprietary technology, processes and know-how. TyraTech has confidentiality agreements in place with customers, suppliers and employees who have access to its proprietary information and know-how, but such agreements may be breached and TyraTech may not have adequate remedies for such breach. In addition, TyraTech's trade secrets may otherwise become known or be independently developed by competitors. If certain parts of TyraTech's proprietary information and know-how were to become public knowledge, then the value of TyraTech's products could be adversely affected which could have a material adverse effect on TyraTech's business, financial condition and results of operations.

TyraTech's ability to introduce certain of its products to market is dependent on successful completion of regulatory approval process

Insecticide and parasiticide products are subject to a regulatory approval or registration process in the US, in Europe and other parts of the world. Failure to obtain or maintain regulatory approval or registration could result in the inability to market and sell such products. The time necessary to obtain regulatory approval or registration varies among products and between the US, Europe and the rest of the world and is affected by numerous factors many of which are beyond TyraTech's control. There can be no assurance that regulatory clearance for the product or, indeed, for trials at each stage and approval for TyraTech's product candidates still in development will be forthcoming without delay or at all.

Regulatory investigations and litigation may lead to fines or other penalties

There is a risk that TyraTech would face regulatory investigation as a result of any of its products, if there were data errors in the submission documents or if new data came out that impacted the claims or safety profile of the product.

CHARITABLE DONATIONS

The Group has made charitable donations to local charities during the year of US$12,700 (2010 – US$0.4 million) to educational institutions involved in the development of our technology.

DIRECTORS

The directors who served during the year were as follows:
A.J. Reade
B.M. Riley
J. Hills
P. Regan (resigned May 31, 2011)
In addition, K. Schultz was appointed April 1, 2012

BIOGRAPHIES OF THE DIRECTORS FOLLOW:

Alan Reade (Executive Chairman) was appointed on May 25, 2007 as Non-executive Director. He is owner of Global Strategy Expression Limited, a consulting and advisory services business in the life sciences industry. From 2000 until his retirement in 2005, he served as executive chairman of Merial Limited, a leading animal health company and joint venture between Merck & Co. Inc. and Sanofi Aventis. Earlier in his career he was head of global integration at Aventis, where he was in charge of merger integration, and Chief Executive Officer and member of the Global Executive Committee at Rhone Poulenc Inc. He previously has been a director of Sygen International and IFAH, a global animal health association as well as more than 40 Merial subsidiaries. Alan severed as Executive Director of TyraTech during 2011.

Barry Riley (Non-executive Director) was appointed on May 25, 2007. After qualifying as a Chartered Accountant, he joined the Bowater Organization, where he had responsibility for the finance function at several operations. From there he moved to FMC Corporation, the U.S. conglomerate where he had finance and general management responsibilities for a specialty chemical operation, and also oversaw the head office finance function for all UK operations. He joined Proteus International plc in 1995 as Finance Director and was closely involved in the merger with Therapeutic Antibodies Inc. in 1999, which became Protherics Plc where he was Finance Director until 2007. He is chairman of the Audit Committee and a member of the Nomination Committee.

James Hills (Non-executive Director) was appointed on July 9, 2010. Mr. Hills spent the early portion of his career with The Gillette Company and Coca Cola USA where he held senior positions in both sales and brand management. Later, he was a 50% partner and Chief Executive Officer of Weatherly Consumer Products Inc., a company which developed, branded and marketed specialty fertilizers in North America and Europe, under the Jobe's brand name. Following the sale of that business in 1996, he started Gulfstream Home and Garden, a company which marketed lawn and garden insecticides under the Sevin brand name in the U.S. He sold that business in 2005 following nearly ten years of rapid growth. Mr. Hills is chairman of the Remuneration Committee and a member of the Audit Committee.

Kevin T. Schultz, D.V.M., Ph.D. (Non-executive Director) was appointed to the board on April 1, 2012. Dr. Schultz served as TyraTech's Chief Scientific Officer from August 2010 through March 2012. Dr. Schultz began his corporate work as Executive Director, World-Wide Animal Science Research & Development at Merck. He was one of the founding executives to combine the Animal Health Division of Merck with Rhone Merieux and was subsequently appointed Head of Pharmaceutical Research and Development. Following that, Dr. Schultz assumed the role of Chief Scientific Officer and Global Head of all Research and Development for Merial (pharmaceutical and biological). Dr. Schultz received his Doctor of Veterinary Medicine from Purdue University and earned a Ph.D. from the University of Florida Medical School before joining Harvard Medical School and Harvard School of Public Health as a Fellow in Cancer Biology. He was a Professor in the Department of Pathobiological Sciences at the University of Wisconsin-Madison and had his own private veterinary practice. Dr. Schultz has published more than 50 peer-reviewed papers and contributed to more than 20 books and compendiums. He is also a Venture Fellow with the Georgia Research Alliance.

DIRECTORS' INTERESTS

The directors at June 1, 2012 and their beneficial interests in the share capital of the Group, other than with respect to options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report) are as follows:

	1 June, 2012 (or earlier date of resignation) Common Shares of US$0.001 each	1 January, 2011 (or later date of appointment) Common Shares of US$0.001 each
A.J. Reade	7,561,358	4,071,808
B.M. Riley	2,255,556	1,255,556
P. Regan (resigned May 31, 2011)	566,674	566,674
J. Hills	365,500	Nil

Director's Report
(CONTINUED)

DIRECTORS INDEMNITY INSURANCE

The Group has taken out insurance to indemnify, against third party proceedings, the Directors of the Group whilst serving on the Board of the Group and of any subsidiary, associate or joint venture. This cover indemnifies all employees of the Group who serve on the boards of all subsidiaries. These qualifying third party indemnity policies subsisted throughout the year and remain in place at the date of this report.

CAPITAL STRUCTURE

The capital structure of the Group comprises common shares of US$0.001 par value each.

There are no specific restrictions on the transfer of shares by any shareholder. There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change in control of the Group following a takeover bid.

During the year ended December 31, 2011 the Company issued 18,750 of new common shares for an employee exercise of stock appreciation rights from the 2007 Equity Compensation Plan.

SUBSTANTIAL SHAREHOLDINGS

At June 1, 2012, the Group has been advised of the following shareholdings amounting to 3% or more of the ordinary share capital of the Group.

	Number	Percentage
Sustainable Asset Management	14,404,244	13.5%
Legal & General	13,962,232	13.1%
Close Asset Management	9,569,517	9.0%
Henderson Global Investors	7,940,744	7.4%
A.J. Reade	7,561,358	7.1%
Fiske Nominees	7,293,889	6.8%
Vanderbilt University	5,086,799	4.8%
Standard Life	4,805,581	4.5%
XCap Securities	4,400,000	4.1%
Ora Capital	3,810,178	3.6%

AUDITORS

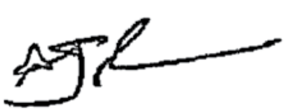
A resolution to reappoint Grant Thornton LLP, a U.S. limited liability partnership, as auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving this report are listed on page 8. Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that:

- To the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the board



Alan Reade
Executive Chairman
June 28, 2012

Corporate Governance

The Board supports the principles of good corporate governance set out in the Financial Reporting Council's UK Corporate Governance Code. The Group is an AIM listed company and is not required to fully comply with the Corporate Governance Code, the Board is committed to a level of compliance appropriate for a smaller public company.

The Board considers that it has maintained an appropriate level of compliance with the provisions set out in The Corporate Governance Code for the year to December 31, 2011 and its revised structure in 2012 maintains a significant independent element with appropriate skills and experience.

BOARD OF DIRECTORS

During the year to December 31, 2011, the Board consisted of a Executive Chairman and three Non-executive Directors. On May 31, 2011 Pat Regan resigned as a Non-executive Director.

On joining the Board, all directors received a full induction and have the opportunity to meet with shareholders at the Annual General Meeting.

Biographies of the Board members appear on pages 16 and 17 of this report. These indicate the high level and range of experience, which enables the Group to be managed effectively.

The Board has established three committees in relation to directors' remuneration and audit matters and nominations to the Board.

The membership of all Board Committees is set out below:

- Remuneration Committee: Mr. Hills (Chairman) and Mr. Riley.
- Audit Committee: Mr. Riley (Chairman) and Mr. Hills.
- Nomination Committee: Mr. Reade (Chairman), Mr. Riley and Mr. Hills.

On May 31, 2011 Mr. Regan resigned as a member of the Audit Committee.

The Board is responsible to the shareholders for the proper management of the Group. The Board has adopted a formal schedule of matters specifically reserved for the Board's decision that covers key areas of the Group's affairs including overall responsibility for the business and commercial strategy of the Group, policy on corporate governance issues, review of trading performance and forecasts, the approval of major transactions and the approval of the interim management and financial statements, annual report and financial statements and operating and capital expenditure budgets.

The Executive Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Executive Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda. The Executive Chairman facilitates the effective contribution of Non-executive Directors and constructive relations between Executive and Non-executive Directors, ensuring Directors receive accurate, timely and clear information. The Executive Chairman gives feedback to the Board on issues raised by major shareholders.

The Board delegated the day to day responsibility for managing the Group to Executive Chairman who is accountable to the Board for the financial and operational performance of the Group.

The Group regarded J. Hills and B.M. Riley as independent Non-executive Directors during the year ended 31 December 2011. Since the appointment of Mr. Reade as Executive Chairman, he ceased to be regarded as independent. The Independent Directors constructively challenge and help develop proposals on strategy, and bring strong independent judgment, knowledge and experience to the Board's deliberations. The Independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making. B. M. Riley is the Senior Independent Director. As Senior Independent Director, he is available to shareholders if they have concerns where contact through the normal channels of Executive Chairman or Chief Financial Officer has failed to resolve matters or for which such contact would be inappropriate.

The Board has 4 regularly scheduled meetings annually with additional meetings to discuss strategy and other pertinent issues organized as necessary during the year.

Prior to each meeting the Board members receive copies of the management accounts and are furnished with information in a form and quality appropriate for it to discharge its duties concerning the state of the business and performance compared to plan. All directors have access to the services of the Group Secretary and may take independent professional advice at the Group's expense in the furtherance of their duties.

The Non-executive Directors meet after each board meeting without the Executive Director being present.

In accordance with bye laws of the Group, one third of the directors must resign and may offer themselves for re election. At the forthcoming Annual General Meeting B. Riley and K. Schultz will offer themselves for election.

BOARD COMMITTEES

The Remuneration Committee is responsible for establishing and monitoring appropriate levels of remuneration and individual remuneration packages for Executive Directors. No director is involved in deciding his own remuneration. The report of the Remuneration Committee is set out on pages 23 to 27.

The Remuneration Committee meets at least two times per year.

The Group has an Audit Committee, whose responsibilities include reviewing the scope of the audit and audit procedures, the format and content of the audited financial statements and interim reports, including the notes and the accounting principles applied. The Audit Committee also reviews internal control, including internal financial control, in conjunction with the Board. The Audit Committee will also review any proposed change in accounting policies and any recommendations from the Group's auditors regarding improvements to internal controls and the adequacy of resources within the Group's finance function. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the external audit with the external auditors. The Audit Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

All directors may attend audit committee meetings. At least twice a year representatives of the Group's auditors have an opportunity to meet the Audit Committee at which time they also have the opportunity to discuss matters without any Executive Director being present.

The Audit Committee monitors fees paid to the auditors for non-audit work and evaluates on a case by case basis whether it should put the requirement for non-audit services out to tender. The Group's auditors, Grant Thornton LLP, have not been instructed to carry out non-audit work during the year. Other firms of advisors were employed during the year for tax compliance services.

A "whistle blowing" policy has been implemented whereby employees may contact the Chairman of the Audit Committee on a confidential basis.

The Nomination Committee is responsible for considering and making recommendations concerning the composition of the Board, including proposed appointees to the Board, whether to fill vacancies that may arise or to change the number of Board members. The appointments during the year did not involve open advertising. The Nomination Committee meets at least two times per year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal control and reviewing its effectiveness. The Group is small and the Directors are closely involved in the management of the business. At the beginning of the financial year we identified the key risks that the Group face during the financial year. The Board has since reviewed these risks as part of the strategic planning exercise, considering the likelihood of the risk occurring and the potential impact on the business. The board will continue to review and update the risk management process on an ongoing basis. No significant weaknesses or failings were identified, however, the internal controls are designed to manage rather than eliminate the risk of failure to achieve business objectives and the Board recognizes that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group operating procedures include a comprehensive system for reporting financial and non-financial information to the Directors.

The planning system produces a rolling three year operating plan annually. The first year of the three year plan is a proposed operating budget, phased monthly. These are approved by the Board and forecast updates are carried out quarterly. The financial projections include income statement, balance sheet and cash flows.

The Board reviews the actual financial results versus budget and forecast together with other management reports containing non-financial information.

Schedules of financial authority limits detailing management authority limits for commitments in respect of sales orders, capital and operating expenditure are circulated to relevant employees and updated at least annually.

The Board considers that there have been no weaknesses in internal financial controls that have resulted in any material losses, contingencies or uncertainties requiring disclosure in the financial statements.

The Executive Chairman ensures that directors take independent professional advice as required at the Group's expense in appropriate circumstances and all members of the Board have access to the advice of the Group Secretary.

Corporate Governance
(CONTINUED)

GOING CONCERN

The Company has produced monthly forecasts to the end of 2013 and based upon cash expected to be received through existing contracts, new contracts to be closed and the ability to control costs as a result of the Company's cost minimization program, with existing cash on hand and US$3.8 million in cash received from a share placing in 2012, the Directors believe that the Company will have sufficient cash to meet its working capital needs through the next twelve months. For this reason the Company continues to adopt the going concern basis. However, if the Company does not perform in line with its expectations in expanding its market penetration, entering into new markets or completing new agreements, the Company's cash resources may be absorbed more rapidly than forecast.

INTERNAL AUDIT

The Group does not have an internal audit function. However, the Audit Committee reviews annually the need for such a function and has done so during the year. The current conclusion of the Board is that it is not necessary given the modest scale and lack of complexity of the Group's activities.

SHAREHOLDER COMMUNICATION

It is the Group's policy to involve its shareholders in the affairs of the Group and to give them the opportunity at the Annual General Meeting to ask questions about the Group's activities. This process enables the views of shareholders to be communicated to the Board. In addition, any direct enquiries are dealt with by the Group Secretary and communicated as appropriate to the Board. Other than in exceptional circumstances, all directors, including those newly appointed, attend the Annual General Meeting of the Group, and make themselves available for introductions and answering shareholders' questions. Established procedures ensure the timely release of price sensitive information and the publication of financial results and regulatory financial statements. The Group also maintains a websites, www.tyratech.com, which incorporate corporate, financial, product information and news.

Directors’ Remuneration Report

This report sets out the Group’s policy on the remuneration of Executive and Non-executive Directors and details Executive Directors remuneration packages and service contracts.

REMUNERATION COMMITTEE

The Remuneration Committee has the responsibility for determining the Group’s overall policy on executive remuneration and for deciding the specific remuneration, benefits and terms of employment for Executive Directors. Fees paid to Non-executive Directors and to the Chairman are determined by the Board as a whole and no director is responsible for approving his own remuneration. The Remuneration Committee, in its deliberations on the remuneration policy for the Group’s Directors, seeks to give appropriate consideration to the Corporate Governance Code. No external advisors were engaged to provide independent professional advice to the Remuneration Committee.

REMUNERATION POLICY

The policies set by the Remuneration Committee are intended to attract, retain and motivate high calibre executives capable of achieving the Group’s objectives, and to ensure that Executive Directors receive remuneration appropriate to their experience, responsibility, geographic location and performance. The Committee’s policies aim to align business strategy and corporate objectives with executive remuneration and seek to ensure the appropriate mix between fixed and performance based elements, and between long and short-term goals and rewards.

Executive Directors’ remuneration packages are comprised of a basic salary and an annual performance related bonus plan and stock appreciation rights. The Group also provides health care, disability and life insurance and 401(k) matching contribution benefits consistent with all employees of the Group. Total compensation levels for executives are designed to be at least the median level reflecting the levels of performance, experience and responsibility held by each of the Executive Directors.

BASIC SALARY

The basic salary of Executive Directors is determined by the Remuneration Committee taking into account individual performance and aims to ensure that remuneration remains competitive with similar companies in terms of size and complexity.

ANNUAL PERFORMANCE RELATED BONUS

Each Executive Director is eligible for a discretionary annual bonus based upon the achievement of specific performance targets for the year, determined by the Remuneration Committee. In determining the performance targets and related bonus levels, the Remuneration Committee seeks to align the interests of executives with those of shareholders. Performance related remuneration forms a significant amount of Executive Directors’ total remuneration. On target bonus amounts for 2011 were set at 100% of basic salary for Mr. Reade. Mr. Reade was not paid a bonus for 2011.

STOCK APPRECIATION RIGHTS

All Executive Directors and employees are eligible for grants of stock appreciation rights. Stock appreciation rights are granted at the closing mid market price of the Group’s ordinary shares on the day prior to grant and vest over 4 equal annual increments. Currently the exercise of stock appreciation rights granted is not dependent upon performance criteria.

PENSION AND OTHER BENEFITS

Executive Directors’ basic salaries are set at levels which are deemed to include adequate provision for pension contributions. Each Executive Director is free to determine the amount of pension contribution payable from salary, given the age of the relevant director and other personal circumstances.

Executive Directors are entitled to make contributions from salary into the Group's 401(k) (see Directors' Pension Arrangements below). The Group funds the provision of private medical insurance cover for Executive Directors and their immediate family and Executive Directors participate in the Group's life insurance scheme, which has a lump sum payment in the event of death in service.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Dr. Armstrong entered into a service agreement with the Group, the principal terms of which are that if the Group terminates his employment, other than for good cause, the Group shall pay to him the amount outstanding up to the date of the termination. In addition, if Dr. Armstrong's employment is terminated by the Group without good cause or if he resigns with good reason, the Group shall pay an amount equal to the eighteen months' base salary and bonus, as well as accelerating the vesting of shares which become free of re purchase obligations in the current and subsequent year after the date of termination. On January 4, 2010 Dr. Armstrong resigned and received a termination payment of US$547,500 payable through to March 2011.

Mr. Reade entered into a employment agreement with the Company on May 16, 2010, the principle terms of which are that if the Company terminates his employment, other than for good cause, or if he resigns with good reason, he will be eligible, but not entitled to a sum equal to his annual base salary and bonus, as well as accelerating the vesting of shares which would become free of re-purchase obligations for the complete year after the date of termination. Mr. Reade may terminate the employment agreement on six months written notice.

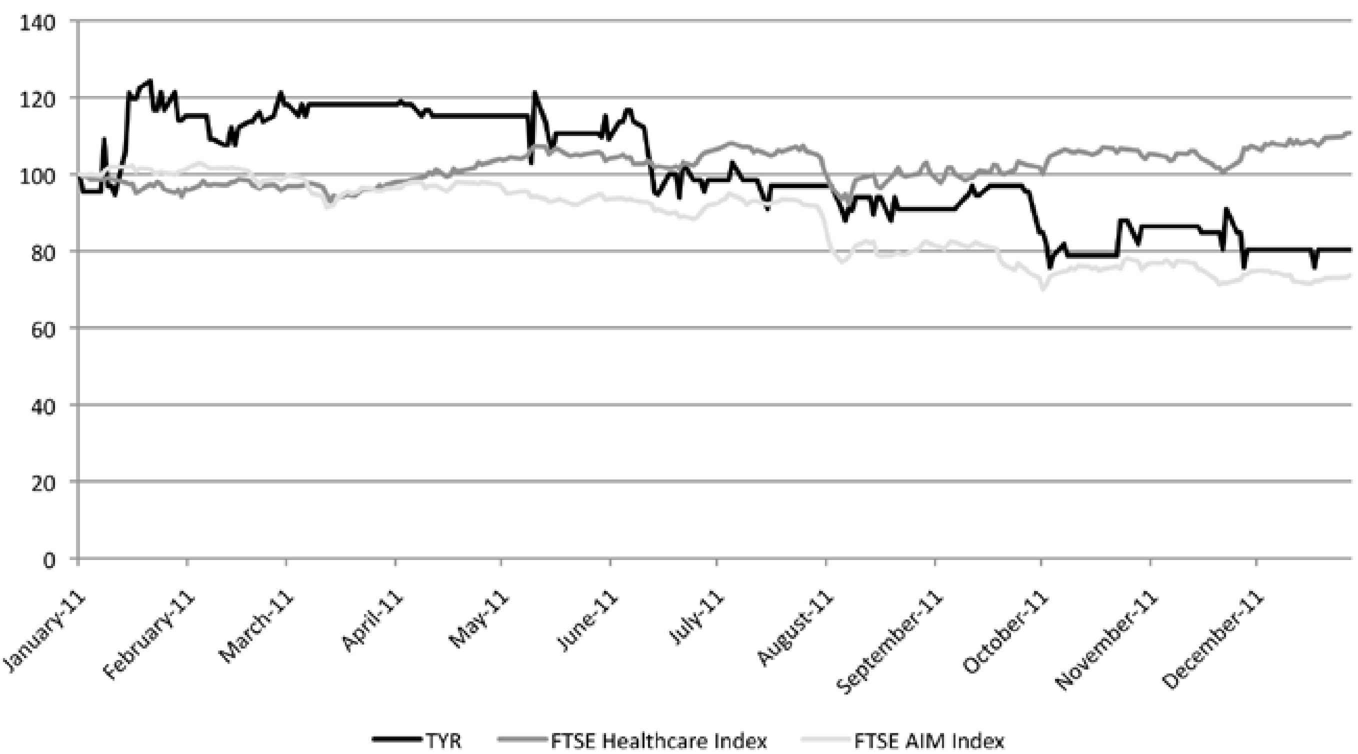
NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Mr. Reade and Mr. Riley entered into agreements with the Group on May 25, 2007, which govern the terms and conditions of their appointment as non-executive Directors of the Group. Each appointment was for an initial term expiring upon conclusion of the next annual general meeting of the Group unless renewed at the end of that period for a further three year period. Mr. Reade was entitled to fees totaling £35,000 for the year payable to Global Strategy Expression Limited of which Mr. Reade is an employee. This fee arrangement with Mr. Reade was terminated when he assumed the Executive Chairman post. Mr. Riley was entitled to fees of £35,000 for the year payable directly. Mr. Regan was appointed as a representative of Laurus/Valens and received no fees during the year. Mr. Hills entered into an agreement with the Group on July 9, 2010 which governs his term and conditions of his appointment as a non-executive Director of the Group. This appointment was for an initial term expiring upon conclusion of the next annual general meeting of the Group unless renewed at the end of that period for a further three year period. Mr. Hills is entitled to fees totaling $55,000 per year.

In addition to fees, the Company reimburses the independent Non-Executive Directors for all reasonable out-of-pocket expenses incurred.

PERFORMANCE GRAPH

The following graph shows the Group's performance, measured by total shareholder return, compared with the performance of the FTSE All Share Healthcare Index and the FTSE AIM Index.



The directors consider the FTSE AIM All Share Index and FTSE All Share Healthcare Index to be an appropriate choice as the index includes the Group.

Directors’ Remuneration Report
(CONTINUED)

AGGREGATE DIRECTORS’ REMUNERATION

Directors’ Emoluments in US$

	Year	Salary and fees[1]	Benefits[1]	Bonus[1]	Total
Executives:					
R.D. Armstrong	**2011**	**76,041**	**4,442**	**-**	**80,483**
	2010	511,236	13,083	-	524,319
K.E. Bigsby	**2011**	**-**	**-**	**-**	**-**
	2010	159,000	-	-	159,000
Chairman[5]					
G.N. Vernon[2]	**2011**	**-**	**-**	**-**	**-**
	2010	16,550	-	-	16,550
Executive Chairman[5]					
A.J. Reade[4]	**2011**	**284,115**	**144,835**	**-**	**428,950**
	2010	230,764	111,895	256,383	599,042
Non-executive					
B.M. Riley	**2011**	**56,967**	**-**	**-**	**56,967**
	2010	57,455	-	-	57,455
K.D. Noonan[3]	**2011**	**-**	**-**	**-**	**-**
	2010	33,651	-	-	33,651
P. Regan	**2011**	**-**	**-**	**-**	**-**
	2010	-	-	-	-
J. Hills	**2011**	**55,000**	**-**	**-**	**55,000**
	2010	26,442	-	-	26,442
Total	**2011**	**$472,123**	**$149,277**	**-**	**$621,400**
	2010	$1,035,098	$124,978	$256,383	$1,416,459

(1) Remuneration amounts are for the 2011 and 2010 period served
(2) Includes beneficial payments to Ziggus Holding Ltd
(3) Includes beneficial payments to T. K. Advisory Ltd
(4) Includes beneficial payments to Global Strategy Expression Ltd
(5) Payments made in pounds Sterling, at exchange rates to the US Dollar ranging from 1.56. to 1.66 in 2011

Benefits represent contributions to medical insurance schemes, life insurance and the 401(k) pension plan and cost of living allowance payments. The share based payment charge for directors’ founder shares and share options were US$198,392 (2010: US$345,117). These amounts have been included within administrative costs. The total directors’ compensation is US$819,792 (2010: US$1,761,576).

DIRECTORS’ PENSION ARRANGEMENTS

The Executive Directors can participate in the Group’s 401(k) plan and the Group will match any contributions into the plan up to 4% of salary not to exceed US$9,800 in 2011 with a tax deferral limit of US$16,500 and additional tax deferral provisions for employees over 50 years old.

DIRECTORS' SHARE OPTIONS

At 1 June 2012, the Directors had options to subscribe for Ordinary Shares under the Company's share option scheme as follows:

	Options held at 1 January 2011	Options granted in the year	Options held at 1 June 2012	Strike Price	Grant Date
Directors:					
A.J.Reade	550,000	Nil	550,000	10.5p	4 Feb 2010
	995,125	Nil	995,125	12.0p	10 Oct 2010
		1,000,000	1,000,000	6.0p	25 Apr 2022
		100,570	100,570	12.0p	6 Mar 2022
J. R. Hills	200,000	Nil	200,000	12.0p	10 Oct 2010
		350,000	350,000	6.0p	25 Apr 2022
B. M. Riley	200,000	Nil	200,000	12.0p	10 0ct 2010
		350,000	350,000	6.0p	25 Apr 2022
K. Schultz	200,000	Nil	200,000	12.0p	20 Oct 2010
		100,000	100,000	6.0p	25 Apr 2022
	2,145,125	1,900,570	4,045,695		

The aggregate fair value of the options include in the above table was US$460,683 (2010: US$483,179).

The market price of the shares at December 31, 2011 was £0.265 (2010 – £0.315) and the range during the year was £0.25 to £0.41.

APPROVAL

The report was approved by the board of directors on June 28, 2012 and signed on its behalf by:

James Hills
Chairman, Remuneration Committee
June 28, 2012

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements. The Directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable U.S. GAAP have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Group. They have a general responsibility for safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

ANNUAL GENERAL MEETING

The AGM will be held at the offices of The Company at 5151 McCrimmon Parkway, Suite 275, Morrisville, NC USA 27560 on July 25, 2012 at 10:00AM EDT time. The Group will convey the results of the proxy votes cast at the AGM.

Peter Jerome
Group Secretary
June 28, 2012

Report of Independent Certified Public Accountants

The Board of Directors
TyraTech, Inc.:

We have audited the accompanying consolidated balance sheets of TyraTech, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' (deficit) equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TyraTech, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1, the Company incurred a net loss of US$2,720,659 during the year ended December 31, 2011, and, as of that date, had a a stockholders' deficit of $2,156,246. These factors, amongst others, as discussed in Note 1 to the financial statements, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters are also discussed in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Grant Thornton LLP
Raleigh, North Carolina
June 28, 2012

Consolidated Balance Sheets
DECEMBER 31, 2011 & 2010

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	**$905,115**	$3,343,581
Accounts receivable, net	**11,816**	791,423
Inventory	**167,897**	341,414
Prepaid expenses	**72,043**	104,528
Current assets from discontinued operations	**-**	597
Total current assets	**1,156,871**	4,581,543
Property and equipment, net of accumulated depreciation	**380,385**	626,397
Long term deposits	**65,000**	-
Total assets	**$1,602,256**	$5,207,940
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	**299,327**	$428,971
Accrued liabilities	**448,752**	884,099
Current liabilities from discontinued operations	**-**	2,028
Deferred revenue	**668,717**	1,951,643
Other current liabilities	**-**	6
Total current liabilities	**1,416,796**	3,266,747
Other long-term liabilities	**2,341,706**	2,102,483
Total liabilities	**3,758,502**	5,369,230
Shareholders' deficit		
Common stock, $0.001 par, authorised 100 million;		
51.8 million shares issued (2010:51.8 million shares issued)	**51,856**	51,837
Additional paid-in capital	**69,785,077**	69,059,576
Retained deficit	**(71,987,811)**	(69,267,152)
Treasury stock of 0 (2010: 13,741)	**-**	(177)
Total shareholders' deficit	**(2,150,878)**	(155,916)
Non-controlling interest	**(5,368)**	(5,374)
Total TyraTech Inc. shareholders' deficit	**(2,156,246)**	(161,290)
Total liabilities and shareholders' deficit	**$1,602,256**	$5,207,940

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

YEARS ENDED DECEMBER 31, 2011 & 2010

	2011	2010
Revenues:		
Product sales	$4,406,531	$2,055,612
Collaborative revenue	2,748,635	2,536,401
Total revenues	7,155,166	4,592,013
Costs and expenses related to product sales and collaboration revenue:		
Product costs	1,810,176	1,112,658
Collaborative costs and expenses	686,091	2,156,502
Total costs and expenses	2,496,267	3,269,160
Gross profit	4,658,899	1,322,853
Costs and expenses:		
General and administrative	3,470,414	3,657,560
Business development	987,217	705,004
Research and technical development	2,779,892	3,050,278
Total cost and expenses	7,237,523	7,412,842
Loss from operations	(2,578,624)	(6,089,989)
Other income (expense):		
Interest income	29	683
Interest/other expense	(13,388)	(17,307)
Loss on disposal of fixed assets	(129,517)	-
Total other income	(142,876)	(16,624)
Loss from operations before income taxes	(2,721,500)	(6,106,613)
Income tax expense	-	-
Net loss	(2,721,500)	(6,106,613)
Discontinued operations (Note 14)		
Income from discontinued operations	-	10,070
Income tax expense	-	-
Income from discontinued operations	-	10,070
Consolidated net loss	$(2,721,500)	$(6,096,543)
Net loss attributable to non-controlling interest	841	6,055
Net loss attributable to the Company	$(2,720,659)	$(6,090,488)
Net loss per common share from continuing operations		
Basic and diluted	$(0.05)	$(0.16)
Net loss per common share from discontinued operations		
Basic and diluted	$(0.00)	$(0.00)
Net loss attributable to TyraTech, Inc.	$(0.05)	$(0.16)
Weighted average number of common shares		
Basic and diluted	51,843,801	37,116,234

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' (Deficit) Equity
YEARS ENDED DECEMBER 31, 2011 & 2010

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Non-Controlling Interest	Treasury Stock	Total (Deficit) Equity
Balances as of December 31, 2009	$22,000	$63,177,312	$(63,176,664)	$(967)	$(4,195)	$17,486
Proceeds from issuance of common stock, net of expenses	29,837	4,793,027	-	-	-	4,822,864
Proceeds from issuance of treasury shares	-	145,982	-	-	4,018	150,000
Contribution from non-controlling interest	-	-	-	1,648	-	1,648
Stock based compensation	-	943,255	-	-	-	943,255
Consolidated net loss	-	-	(6,090,488)	(6,055)	-	(6,096,543)
Balances as of December 31, 2010	$51,837	$69,059,576	$(69,267,152)	$(5,374)	$(177)	$(161,290)
Issuance of common for stock for SARs exercise	19	-	-	-	-	19
Stock based compensation	-	716,848	-	-	-	716,848
Contribution from non-controlling interest	-	-	-	847	-	847
Net loss	-	-	(2,720,659)	(841)	-	(2,721,500)
Purchase of treasury stock	-	8,653	-	-	177	8,830
Balances as of December 31, 2011	**$51,856**	**$69,785,077**	**$(71,987,811)**	**$(5,368)**	**$0**	**$(2,156,246)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

YEARS ENDED DECEMBER 31, 2011 & 2010

	2011	2010
Cash flows from operating activities:		
Net loss	$(2,721,500)	$(6,096,543)
Adjustments to reconcile net loss to net cash used in operating activities:		
Discontinued operations	-	(10,070)
Depreciation and amortization	246,934	238,676
Amortization of stock awards	716,848	943,255
Non-cash performance bonus	-	150,000
Loss on disposal of fixed assets	130,717	7,356
Changes in operating assets and liabilities:		
Accounts receivable	779,607	(263,363)
Inventory	173,517	(117,410)
Prepaid expenses	32,485	109,789
Accounts payable and accrued liabilities	(564,991)	(1,049,238)
Other liabilities	(1,193)	-
Deposits	(65,000)	-
Deferred revenue	(1,044,544)	3,472,914
Net cash (used) provided from discontinued operations	597	(76,564)
Net cash used in operating activities	(2,316,523)	(2,691,198)
Cash flows from investing activities:		
Purchase of property and equipment	(131,639)	(64,193)
Sale of property and equipment	-	26,400
Net cash used in investing activities	(131,639)	(37,793)
Cash flows from financing activities:		
Payments made under a capital lease	-	(16,601)
Contribution from non-controlling interest	847	1,648
Net proceeds from sale of treasury stock	8,830	-
Net proceeds from sale of common stock	19	4,822,864
Net cash provided by financing activities	9,696	4,807,911
Net (decrease) increase in cash	(2,438,466)	2,078,920
Cash and cash equivalents, beginning of year	3,343,581	1,264,661
Cash and cash equivalents, end of year	$905,115	$3,343,581
Supplemental disclosures		
Cash paid for interest	-	$706
Cash paid for income taxes	-	-
Non-cash investing and financing activities		
Settlement of Sustainable Solutions, LLC operations	-	$342,328

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(a) Description of Business

TyraTech, Inc., a Delaware corporation, (the Company or TyraTech) is engaged in the development, manufacture, marketing and sale of proprietary insecticide and parasiticide products, through the utilization of a proprietary development platform that enables rapid characterization of potent blends of plant oil derived pesticides. TyraTech is focused on developing safer natural products with plant essential oils to be used in a wide variety of pesticidal and parasitic applications. These new synergistic formulations target specific receptors unique to invertebrates.

The Company is subject to risks common to companies in the life sciences industry including, but not limited to, development by its competitors of new technological innovations, dependence on key personnel, sourcing of capital resources and its ability to protect proprietary technology.

The Company's present product sales market is insecticide sales within the United States (U.S.) through a distributor.

Liquidity and Capital Resources

The accompanying consolidated financial statements contemplate continuation of the Company as a going concern. The Company has incurred a net loss since Inception as it has sought to develop, market and sell its products in its target markets. As of December 31, 2011, the Company had an accumulated deficit of US$ 71,987,811 and a cash balance of US$905,115. During the year ended December 31, 2011, the Company incurred a net loss of US$2,720,659 and its cash used in operations totaled US$2,316,523. The Company's operations have been funded through a combination of common stock issuances, sales of the Company's products and proceeds from technology licensing agreements. Subsequent to December 31, 2011, the Company further raised net cash proceeds of US$3.8 million from the issuance of additional common stock. Until such time as the Company can generate additional revenue from product sales and/or enter into additional licensing arrangements, the Company may require additional capital to continue its operations. The Company is taking several actions, including identifying new markets and customers, and discussing strategic licensing arrangements with existing and new partners. At the same time, the Company is evaluating each of the markets in which the Company has developed products or has a development pipeline, in order to focus the Company's resources on those opportunities with the greatest potential returns to shareholders. However, there is no assurance that such new sources of revenues and/or cash flows will materialize and, as a result, the Company may need to raise additional debt and/or equity capital in the near future. There can be no assurance that additional debt or equity funding can be obtained or that available capital would be on terms acceptable to the Company.

(b) Principals of consolidation

The accompanying consolidated financial statements of the Company in U.S. Dollars (US$) have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) and include the accounts of TyraTech, Inc. and subsidiaries listed below. Non-controlling interests are accounted for based upon the value or cost attributed to their investment adjusted for the share of income or loss that relates to their percentage ownership of the entity.

Company name	Country of Incorporation	Percentage holding
TyraTech Sustainable Solutions, LLC	USA	100%
TyraChem LLC	USA	50%

All intercompany balances and transactions have been eliminated in consolidation.

(c) Cash and Cash Equivalents

The Company considers all highly liquid securities with maturities of three months or less when acquired to be cash equivalents.

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash equivalents and accounts receivable. The Company maintains cash balances at financial institutions and invests in unsecured money market funds. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At times during the year, balances in these accounts exceeded the federally insured limits; however, the Company has not experienced any losses in such accounts.

(d) Accounts Receivable

Accounts receivable are recorded at the invoiced amount and do not bear interest. A specific allowance is made when a receivable is not considered collectable. This determination results from an analysis of the specific creditor, the age of the receivable and payment past performance of the creditor. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the accompanying consolidated statements of cash flows. The Company does not have any off balance sheet credit exposure related to its customers.

(e) Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first in, first out method (FIFO).

(f) Property and Equipment

Purchased property and equipment is recorded at cost. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the related assets as follows:

Leasehold improvements	Initial term of the lease or life of the improvement, whichever is shorter
Furniture, fixtures and equipment	4-7 years
Computer equipment and software	5 years

Management periodically reviews long-lived assets to be held and used in operations for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated future cash flows from the asset are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amounts or fair value less costs to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed the estimated recoverable amount.

(g) Revenue Recognition

The Company's business strategy includes entering into collaborative license and development agreements with agricultural, insecticide and human and animal food companies for the development and commercialization of the Company's product candidates. The terms of the agreements typically include nonrefundable license fees, funding of research and development, payments based upon achievement of development milestones and royalties on product sales.

PRODUCT SALES

Revenue is recognized for product sales when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the risks and rewards of ownership have been transferred to the customer, the amount of revenue can be measured reliably and collection of the related receivable is reasonably assured. If product sales are subject to customer acceptance, revenues are not recognized until customer acceptance occurs. Sales/use tax, when required, is included in sales invoices but not in the reported revenue, recorded as sales tax payable, and remitted monthly to the appropriate state revenue departments.

LICENSE FEES AND MULTIPLE ELEMENT ARRANGEMENTS

Nonrefundable license fees are recognized as revenue when the Company has a contractual right to receive such payment, the contract price is fixed or determinable, the collection of the resulting receivable is reasonably assured and the Company has no further performance obligations under the license agreement. Multiple element arrangements, such as license and development arrangements, are analyzed to determine whether the deliverables, which often include a license and performance obligations such as research and steering committee services, can be separated or whether they must be accounted for as a single unit of accounting. The Company recognizes up-front license payments as revenue upon delivery of the license only if the license has stand-alone value and the fair value of the undelivered performance obligations, typically including research and/or steering committee services, can be determined. If the fair value of the undelivered performance obligations can be determined, such obligations would then be accounted for separately as performed. If the license is considered to either (i) not have stand-alone value or (ii) have stand-alone value but the fair value of any of the undelivered performance obligations cannot be determined, the arrangement would then be accounted for as a single unit of accounting and the license payments and payments for performance obligations are recognized as revenue over the estimated period of when the performance obligations are performed.

Whenever the Company determines that an arrangement should be accounted for as a single unit of accounting, it must determine the period over which the performance obligations will be performed and revenue will be recognized. Revenue will be recognized using a relative method. The Company recognizes revenue using the relative performance method provided that the Company can reasonably estimate the level of effort required to complete its performance obligations under an arrangement and such performance obligations are provided on a best efforts basis. Revenue recognized under the relative performance method would be determined by multiplying the total payments under the contract by the ratio of level of effort incurred to date to estimated total level of effort required to complete the Company's performance obligations under the arrangement. Revenue is limited to the lesser of the cumulative amount of non-refundable payments received or the cumulative amount of revenue earned, as determined using the relative performance method, as of each reporting period.

If the Company cannot reasonably estimate the estimated level of effort required to complete its performance obligation, then revenue is deferred until the Company can reasonably estimate its level of effort or the performance obligation ceases or becomes inconsequential.

Significant management judgment is required in determining the level of effort required under an arrangement and the period over which the Company is expected to complete its performance obligations under an arrangement. In addition, if the Company is involved in a steering committee as part of a multiple element arrangement that is accounted for as a single unit of accounting, the Company assesses whether its involvement constitutes a performance obligation or a right to participate. Steering committee services that are not inconsequential or perfunctory and that are determined to be performance obligations are combined with other research services or performance obligations required under an arrangement, if any, in determining the level of effort required in an arrangement and the period over which the Company expects to complete its aggregate performance obligations.

DEFERRED REVENUE

Amounts received prior to satisfying the above revenue recognition criteria are recorded as deferred revenue in the accompanying consolidated balance sheets. Amounts not expected to be recognized during the year ending December 31, 2012 are classified as long-term deferred revenue. As of December 31, 2011, the Company has short-term deferred revenue of US$668,717, (2010: US$1,951,643) and long-term deferred revenue of US$2,321,715 (2010: US$2,083,333) related to its collaborations.

CUSTOMER CONCENTRATIONS

The Company had one customer in the pesticides and insecticides segment in 2011 that represented 99 % of total product sales (2010: one customer represented 96%). Further, in 2011 one customer represented 100% of accounts receivable (2010: one customer represented 95% of accounts receivable).

(h) Equity Based Compensation

Stock based compensation cost is measured at the grant date based on the value of the award and is recognized as expense on a straight-line basis over the vesting period. Compensation expense is recognized only for those shares expected to vest, with forfeitures based upon future expectations.

(i) Research and Technical Development

Research and technical development costs are expensed as incurred. Research and technical development costs for the year ended December 31, 2011 amount to US$2,779,892 (2010: US$3,050,278) after charging US$686,091 (2010: US$2,156,502) to cost of sales.

(j) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, on January 1, 2009. As required by the uncertain tax position guidance of ASC 740, the Company recognizes the financial statement benefit of a tax position only after determining that the relative tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority. At the adoption date, the Company applied the uncertain tax position guidance of ASC 740 to all tax positions for which the statute of limitations remained open. As of December 31, 2011 and December 31, 2010, the Company did not record any asset for unrecognized tax benefits.

(k) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in the future, actual results ultimately may differ from the estimates. The Company does not expect changes in the estimates and assumptions used in these financial statements to materially affect these results within the next year.

Notes to Consolidated Financial Statements
(CONTINUED)

(l) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents of accounts receivable, accounts payable and accrued expenses approximate to fair value because of the short term maturity of these items.

(m) Segment Information

The Company previously considered itself to have two separate strategic business units that offer different products. They were managed separately because each business required different knowledge, skills and marketing strategies. These two business segments were (1) pesticides and insecticides and (2) sustainable solutions. In the first half of 2010 the Company decided to discontinue the business conducted in the sustainable solutions segment. The effect of that decision is discussed in the Discontinued Operations footnote. There were no activities in 2011 from Discontinued Operations.

(2) ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2011 and 2010 consist of:

	2011	2010
Trade receivables, net of allowance of US$0 (2010: US$0)	$5,153	$776,989
Other receivables	6,663	14,434
	$11,816	$791,423

(3) INVENTORIES

Inventories as of December 31, 2011 and 2010 consist of:

	2011	2010
Raw materials	$119,658	$81,399
Work in progress	48,239	260,015
	$167,897	$341,414

The application of lower of cost or market to the 2011 and 2010 inventories resulted in no write-offs for the years ended December 31, 2011 and 2010. Inventory classification is determined by the stage of the manufacturing process the specific inventory item represents.

(4) PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2011 and 2010 consist of:

	2011	2010
Leasehold improvements	$785,289	$819,863
Furniture, fixtures and equipment	538,816	697,760
Computer equipment and software	228,359	487,014
	1,552,464	2,004,637
Less: Accumulated depreciation	(1,172,079)	(1,378,240)
	$380,385	$626,397

Depreciation and amortization expense of US$246,934 (2010: US$238,676) is reflected in general and administrative expense in the accompanying consolidated statements of operations.

(5) ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2011 and 2010 consist of:

	2011	2010
Accrued compensation	$197,090	$354,793
Professional fees	187,872	526,601
Other	63,790	2,705
	$448,752	$884,099

(6) LEASES

On February 17, 2011, the Company signed a ten year lease on an office and laboratory facility in Morrisville, North Carolina.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2011 are as follows:

Year ending December 31,	
2012	$68,515
2013	103,242
2014	105,784
2015	142,560
Thereafter	$840,004

(7) RELATED PARTY TRANSACTIONS

Research and Development Services from Vanderbilt University

During the year ended December 31, 2011, the Company paid US$0 (2010: US$360,000) to Vanderbilt University (Vanderbilt), a shareholder, for the dedicated use of a laboratory and staff which houses the Company's proprietary development platform. Such amounts are included in research and technical development costs in the consolidated statements of operations. As of December 31, 2011 and 2010, no amounts were payable to Vanderbilt under this arrangement.

During the year ended December 31, 2011, the Company utilized Nottingham Spirk (NS) for product development services. A member of the Company's Board of Directors also served as a director for NS. During the year ended December 31, 2011 the Company paid NS US$285,053.

(8) WARRANTS

XLTech Group, Inc. Warrants - These warrants were for a term of 5 years and expired unexercised on May 1, 2011. At the date of grant, the warrants were recorded at fair value as a warrant liability and as a discount in obtaining financing. The fair value of the warrant at the grant was US$1.9 million.

IPO Underwriter Warrants - In connection with the Initial Public Offering (IPO) in June 2007, the Company granted warrants to underwriters of the IPO to purchase 198,002 common shares of the Company at £5 per common share. The warrants were for a term of 4 years and expired unexercised on June 1, 2011. The warrant was remeasured at fair value at each reporting date with subsequent changes in fair value recorded in the accompanying consolidated statement of operations in Interest/Other Expense of $6 (2010:US$0).

(9) STOCK BASED COMPENSATION

(a) Unit Grants

From inception until recapitalized from a limited liability company to a corporation on May 23, 2007, the Company has granted a total of 2,000,000 net member units to various employees through unit grant agreements. These unit grants were exchanged for common stock at the IPO. The unit grants generally vest over four years of continual service and have an initial cost per unit of $0.01. The fair value of these grants was determined by the Company at the grant date and was equal to the fair market value of the units at the date of grant. The fair value is amortized to compensation expense on a straight-line basis over the vesting period. The unrecognized future compensation cost is US$0 (2010: US$32,832).

Employees

As of December 31, 2011 the total unrecognized compensation cost for these unit grants was US$0 (2010: US$31,857). The compensation recognized in operating expenses for unit grants for the year ended December 31, 2011 was US$23,752 (2010: US$0.3 million). Since inception to December 31, 2011, 1,458,629 units granted have vested. The initial cost of the unit grants to the employees was forgiven by the Company and was treated as additional compensation to the employee. The weighted average grant date fair value for all unit grants during the year ended December 31, 2011 was US$0 million (2010: US$0 million), as the Company has not issued restricted stock since 2007.

Non-employees

As of December 31, 2011 the total unrecognized compensation cost for these unit grants was US$0 (2010: US$975). The compensation recognized in operating expenses for unit grants for the year ended December 31, 2011 was US$1,999 (2010: US$2,071). Since inception to December 31, 2010, 111,904 units granted have vested. The initial cost of the unit grants to the non-employees was forgiven by the Company and was treated as additional compensation to the non-employee. The weighted average grant date fair value for all unit grants during the year ended December 31, 2011 was US$0.0 million (2010: US$0.0 million), as the Company has not issued restricted stock to consultants since 2007.

Summary Unit Grant Information

The Company determined the estimated unit price of the Company at the measurement date by using a combination of an independent valuation of the Company's units and internal analysis of milestones of the Company throughout the year.

Effective with the recapitalization from a limited liability company to a corporation on May 23, 2007 and the IPO the units granted to employees and nonemployees were converted to shares based up the IPO conversion of 1 unit to 0.8606 shares.

A summary of unit grant activity under the unit grant plan is summarized as follows:

	Number of shares*
Outstanding at December 31, 2009	1,481,888
Granted	-
Forfeited	-
Outstanding at December 31, 2010	1,481,888
Granted	-
Forfeited	-
Outstanding at December 31, 2011	**1,481,888**

**Units granted under the plan converted to shares*

The total shares granted under unit grant agreements included in the statement of shareholders' equity include both vested and non-vested shares. The remaining unvested shares were fully vested on April 20, 2011.

(b) 2007 Equity Compensation Plan

On May 23, 2007, the board of directors approved the TyraTech, Inc. 2007 Equity Compensation Plan (the Plan), as amended, which authorizes up to a maximum of ten percent of the issued share capital of the Company (5,185,621 shares at December 31, 2011) to be made available for granting of awards to all employees and non-employee directors. These share awards can be in the form of options to purchase capital stock, stock appreciation rights (SARs), restricted shares, and other option stock based awards the Board of Directors' Remuneration Committee shall determine. The Remuneration Committee, which is comprised of all independent directors, determines the number of shares, the term, the frequency and date, the type, the exercise periods, any performance criteria pursuant to which awards may be granted and the restrictions and other terms of each grant of restricted shares in accordance with terms of the Plan.

Stock Appreciation Rights (SAR's)

During the year ended December 31, 2011, the Company granted 690,000 (2010: 3,795,125) SARs. SARs can be granted with an exercise price less than, equal to or greater than the stock's fair market value at the date of grant and require the Company to issue stock to the employee upon exercise of the SAR. The SARs have ten year terms and vest and become fully exercisable over varying periods between one to four years from the date of grant.

The fair value of each SAR was estimated on the grant date using the Black-Scholes option-pricing model that used the assumptions in the following table. The fair value is amortized to compensation expense on a straight-line basis over the expected term. The Company estimated the expected term of the SARs using an approach that approximated the "simplified approach." Using this approach, the Company assigned an expected term for grants with four year graded vesting. The expected stock price volatility was determined by examining the historical volatilities for peers and using the Company's common stock. Industry peers consist of several public companies in the biotechnology industry similar in size, stage of life cycle and financial leverage. The Company will continue to analyze the historical stock price volatility and expected term assumption as more historical data for the Company's common stock becomes available. The risk-free interest rate assumption is based on the U.S. Treasury instruments at grant date whose term was consistent with the expected term of the Company's SARs. The expected dividend assumption is based on the Company's history and expectation of dividend payouts.

	2011	2010
Valuation assumptions		
Expected dividend yield	**0%**	0%
Expected volatility	**86%**	85%
Expected term (years)	**6.3**	5.2-6.3
Risk-free interest rate	**2-3%**	1.3% - 1.8%

SAR activity during the period indicated as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate Intrinsic value	Weighted average grant-value fair value
Balance at December 31, 2009	932,060	$ 5.44	8.99	$0	$4.19
Granted	3,795,125	0.24	-	-	0.19
Exercised	-	-	-	-	-
Expired	-	-	-	-	-
Forfeited	(575,736)	1.70	-	-	1.28
Balance at December 31, 2010	4,151,449	0.96	9.45	$740,095	$0.74
Granted	690,000	0.62	-	-	0.46
Exercised	(18,750)	0.17	-	-	0.13
Expired	-	-	-	-	-
Forfeited	(325,074)	0.80	-	-	0.62
Balance at December 31, 2011	**4,497,625**	**$0.58**	**8.64**	**$447,835**	**$0.73**
Exercisable at December 31, 2010	842,157	1.79	8.57	$184,671	-
Exercisable at December 31, 2011	**3,643,875**	**0.74**	**6.1**	**$416,728**	**-**

The weighted average grant date fair value of SARs granted during the year ended December 31, 2011 was US$0.3 million (2010: US$0.7 million). During the year ended December 31, 2011 2,870,542 (2010: 754,657) SARs vested and 18,750 were exercised (2010: none) with a fair value of US$1.1 million (2010: $0.5 million). The SARs issued through December 31, 2011 have a maximum contract term of ten years.

As of December 31, 2011, there was US$0.4 million (2010: US$1.2 million) of total unrecognized compensation cost related to non-vested SAR arrangements granted under the plan. That cost is expected to be recognized over a weighted average period of 3.1 years. The total fair value of shares vested during the year was US$0.4 million (2010: US$0.5 million). The compensation recognized in operating expenses for SARS for the year ended December 31, 2011 was US$0.7 million (2010: US$0.7 million).

The Company plans to use authorized and un issued shares to satisfy SAR exercises.

(10) RESEARCH AND DEVELOPMENT COLLABORATIONS

The Company has the following significant research and development collaborative agreement outstanding at December 31, 2011 and 2010:

Kraft

Agreement Summary

On December 5, 2006, the Company entered into a technology sublicense agreement with Kraft. Pursuant to this agreement, Kraft was granted limited exclusive sublicense to use the Company's know-how and related license and patents relating to the production of "functional foods" which treat and prevent parasites in humans through additives to foods, beverages and dietary supplements. Kraft is required to use commercially reasonable efforts to pursue the achievement of milestones set out in the agreement. The project for the development of licensed products is divided into four development stages. Within each stage certain designated milestones are to be accomplished in accordance with the development and implementation priorities agreed by the parties. The Company has the obligation to fund product development with a portion of the product development funded through an upfront payment and milestone payments. The Company and Kraft agreed to negotiate a supply agreement in "good faith" after commercial launch. In addition, Kraft has agreed to pay the Company royalties for any product sales related to the "functional foods" with the Company's technology. During the years ended December 31, 2011 and 2010 Kraft funded the joint project US$0.7 million and US$2.2 million, repectively. At December 31, 2011 and 2010 the Company had a liability to Kraft for US$12,237 and US$0.3 million for joint project funds advanced but not recognized through project expenses.

Accounting Summary

The Company considers its arrangement with Kraft to be a revenue arrangement with multiple deliverables. The Company's deliverables under this collaboration include an exclusive license to its parasitic technologies, research and development services, and participation on a steering committee. The Company determined that the deliverables, specifically, the license, research and development services and steering committee participation, represented a single unit of accounting because the Company believes that the license, although delivered at the inception of the arrangement, does not have stand alone value to Kraft without the Company's research and development services and steering committee participation and because objective and reliable evidence of the fair value of the Company's research and development services and steering committee participation could not be determined.

(11) 401(K) PLAN

The Company maintains a defined contribution 401(k) plan. The 401(k) plan is designed in accordance with the applicable sections of the Internal Revenue Code, and is subject to minimum 3% funding requirements as required as a safe harbor plan. The 401(k) plan covers all eligible employees of the Company and its subsidiaries upon completion of three months of service. Employees may elect to contribute up to a maximum of 60% of their salary, subject to Internal Revenue Service limitations. The Company has a matching policy in which the Company matches 100% of the first 4% of each employee's compensation contributed to the 401(k) plan. For the years ended December 31, 2011 and 2010, the Company's contribution, including administrative expenses, amounted to $81,192 and $62,936 and are charged to general and administrative, business and development, and research and technical development expenses in Consolidated Statements of Operations.

(12) INCOME TAXES

Beginning on May 24, 2007 the Company is subject to both federal and state income taxes. For the period prior to May 24, 2007, the Company operated as a pass through entity for tax purposes and tax liability was the responsibility of its members.

The difference between the "expected" tax benefit (computed by applying the federal corporate income tax rate of 34% to the loss before income taxes) and the actual tax benefit is primarily due to the effect of the valuation allowance described below.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts utilized for income tax purposes. The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2011 and 2010 are presented below:

	2011	2010
Deferred tax assets:		
Accrued compensation	**$32,796**	$36,981
Accured Expenses	**48,233**	-
Provisions for book	**667,824**	725,190
Deferred revenue	**986,877**	-
Deferred rent	**24,607**	-
Net operating loss and charitable contribution carry forward	**15,137,790**	15,596,748
Basis in intangibles	**3,600,155**	3,933,798
Stock compensation	**1,234,042**	1,013,281
Total gross deferred tax assets	**21,732,324**	21,305,998
Less valuation allowance	**21,601,195**	(21,305,631)
Net deferred tax assets	**131,129**	367
Deferred tax liabilities		
Prepaid expenses	**(26,490)**	(27,113)
Property and equipment	**(104,639)**	36,746
Net deferred tax asset	**$ -**	$ -

At December 31, 2011, the Company had federal and state net operating loss carry forwards of US$38.4 million (2010: US$40.1 million). The federal net operating loss carry forwards begin to expire in 2027 and state net operating loss carry forwards begin to expire in 2027, if not utilized.

Management establishes a valuation allowance for those deductible temporary differences when it is more likely than not that the benefit of such deferred tax assets will not be recognized. The ultimate realization of deferred tax assets is dependent upon the Company's ability to generate taxable income during the periods in which the temporary differences become deductible. Management considers the historical level of taxable income, projections for future taxable income, and tax planning strategies in making this assessment. Management's assessment in the near term is subject to change if estimates of future taxable income during the carry forward period are reduced.

The Company is subject to the "ownership change" rules of Section 382 of the Internal Revenue Code. Under these rules, our use of NOLs could be limited in tax periods following the date of an ownership change. The Company had an ownership change during 2008 and 2010 that triggered these limitations and will have a $1.0 million limitation on NOL utilization for the next three tax years.

Given the Company does not have a history of taxable income or a basis on which to assess its likelihood of the generation of future taxable income, management has determined that it is most appropriate to reflect a valuation allowance equal to its net deferred tax assets. The total valuation allowance at December 31, 2011 was US $21.6 million (2010: US$21.3 million).

(13) EARNINGS PER SHARE

Basic earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share were determined based on the assumption of the conversion of stock options using the treasury stock method at average market prices for the periods.

The 2011 diluted shares outstanding do not assume the conversion of stock appreciation rights or warrants outstanding of 4,517,625 (2010: 4,943,757) common shares as it would have an anti-dilutive effect on earnings per share.

(14) DISCONTINUED OPERATIONS

During 2010, the Company discontinued the Sustainable Solutions segment which is reported as discontinued operations in the consolidated statements of operations for the twelve months ended for December 31, 2010. The assets and liabilities of discontinued operations have been reclassified and are segregated in the consolidated balance sheets for the years ended December 31, 2010.

The Company ceased operations of the Sustainable Solutions, LLC. Subsidiary effective March 31, 2010 and began liquidating the product inventory and settling the remaining liabilities with suppliers. This subsidiary was discontinued because its operations did not align with the Company's strategic plans.

The consolidated statements of operations for the years ended December 31, 2011 and December 31, 2010 exclude revenues of $0 and $108,963 and net income of $0 and a net loss of $10,070, respectively. The following table summarizes the major categories of assets and liabilities being discontinued, as of December 31, 2010:

Cash	597
Accounts receivable	-
Prepaid expenses	-
Inventory	-
Total current assets	597
Accounts payable	1,433
Accrued expenses	595
Total current liabilities	2,028

(15) CONTINGENCIES

Litigation

In November, 2008 Molecular Securities, Inc. ("Molecular") filed a Complaint against TyraTech, Inc. ("Company") asserting claims for breach of contract. Molecular alleged that it was owed US$2,760,470 for services it allegedly provided to TyraTech plus interest, attorneys' fees, and costs. On October 20, 2011 the State Supreme Court of Appeals (the highest court in New York) issued a decision denying Molecular Securities, Inc. ("Molecular") request to appeal the May 26, 2011 ruling by the New York Supreme Court, Appelate Division of New York County, in favor of TyraTech and against Molecular which dismissed Molecular's complaint in its entirety. As a result, no further appeals by Molecular are available in New York State. The Company believes the Court of Appeals ruling will bring to an end to any further litigation against TyraTech in a case which TyraTech strongly defended itself while refuting all claims throughout the proceedings.

(16) SUBSEQUENT EVENTS

On February 29, 2012 the Company issued 52,101,460 of new common shares of US$0.001 each for a gross cash consideration of £2.6 million (US$4.1 million) representing £2.4 million (US$3.8 million) net of cash expenses. A further 600,000 shares of US$0.001 each were issued in settlement of other expenses of £30,000 (US$47,544). Certain subscribers of these shares constituted related parties for the purposes of the AIM Rules; those subscribers being, Mr. Alan Reade, Mr. Barry Riley and Mr. James Hills, all directors of the Company, subscribing for 1,933,960, 1,000,000, and 315,500 respectively. Additionally, SAM Sustainable Asset Management, a substantial shareholder subscribed for a total of 8,000,000 shares.

Notice of Annual General Meeting

TyraTech, Inc.
(incorporated in the State of Delaware under Delaware Corporation Law)
Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of TyraTech, Inc., (the Company) will be held at the offices of the Company at 5151 McCrimmon Parkway, Suite 275, Morrisville, NC USA 27560 on July 25, 2012 at 10:00AM EDT for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass the following ordinary resolutions:

1. To receive and adopt the accounts for the period ended December 31, 2011 and the reports of the Directors and auditors on them.

2. To re-elect Mr. B. Riley as a Director serving for a term of three years.

3. To elect Dr. K. Schultz as a Director serving for a term of one year.

4. To re appoint Grant Thornton LLP as auditors of the Company until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorize the Directors to determine the remuneration of the auditors.

By order of the Board

Peter Jerome
Group Secretary
June 28, 2012

NOTES

1. Attendance and Voting

The Company specifies that only those stockholders registered in the register of members of the Company as at 6.00 p.m. (BST) on 13 July 2012 (or, if the meeting is adjourned, stockholders on the register of members not less than 10 days before the time fixed for the adjourned meeting) shall be entitled to attend or vote at the above meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m BST on 13 July 2012 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

2. Proxies

(a) Any member entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he/she subsequently decide to do so.

(b) In order to be valid, any form of proxy, power of attorney or other authority under which it is signed, or notarially certified office copy of such power or authority, must reach the Company's Registrars, Proxy Department, Computershare Investor Services (Jersey) Limited at c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY or by facsimile at +44 (0)870 703 6109 or by email to externalproxyqueries@computershare.co.uk not later than 3 p.m. (BST) on 23 July 2012 or in the event of an adjournment 48 hours before the time of any adjournment of the AGM.

(c) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear on the Company's register of stockholders in respect of the joint holding.

(d) If you hold your stock through Depositary Interests please complete a Form of Instruction. This should be completed and returned to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY in the enclosed reply paid envelope or by facsimile to +44 (0)870 703 6109 not later than 5 p.m. (BST) on 20 July 2012 or in the event of an adjournment 48 hours before the time of any adjournment of the AGM.

(e) Copies of the letters of appointment of each of the Directors, and the register of Directors' interest in shares of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this notice until the date of the AGM and at the place of the AGM from at least 15 minutes prior to and until the conclusion of the AGM.

If you have any questions on how to complete the Form of Proxy please contact Computershare on telephone number 0870 707 4040 or for questions in relation to the Form of Instruction please contact Computershare on telephone number 0870 703 0027. Calls are charged at local geographic rates. Calls to the helpline from outside of the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Please note that calls to the helpline may be monitored or recorded and that the helpline is not able to advise on the merits of the matters set out in this document or provide any personal legal, financial or taxation advice.

Advisors

Independent Auditors

Grant Thornton
4140 Parklake Ave.
Suite 130
Raleigh, NC 27612

Legal Counsel

Reed Smith LLP
The Broadgate Tower
20 Primrose Street
London EC2A 2RS

Nominated Advisor, Financial Advisor and Broker

N+1 Brewin
12 Smithfield Street
London EC1A 9LA

Registrars

Computershare Investor Services
(Channel Islands) Limited
Queensway House
Hilgrove Street
St. Helier
Jersey, JE1 1ES

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TYRATECH
PUTTING NATURE TO WORK

TYRATECH, INC.
5151 McCrimmon Parkway
Suite 275
Morrisville, NC 27560
www.tyratech.com