



**Press Release**

**26 September 2007**

**TyraTech Inc.**

("TyraTech" or "the Company")

**Interim Results**

TyraTech (AIM:TYR), the pioneer of safer, effective and natural pesticide products, today announces its maiden Interim Results for the six months ended 30 June 2007.

**Highlights**

- Revenue for the six months ended 30 June 2007 was US\$333 thousand (same period in 2006 US\$104 thousand);
- Operating loss for the six months ended 30 June 2007 was US\$8.1 million (same period in 2006 US\$2.6 million);
- Completion of the initial public offering in June 2007, raising gross proceeds of £25 million (US\$49.6 million);
- Successful achievement of Syngenta partnership milestone for the development of the lead product for the professional pest control operator market; and
- Continued strengthening of the management team with the appointment of Steven Briggs (VP Global Markets)

Commenting on the results Douglas Armstrong PhD, Chief Executive Officer of TyraTech, said: "The Company has achieved significant milestones during the first half of this year. We have made our debut on to the equity capital markets, having successfully raised £25 million as we joined AIM. We have also received a small milestone payment from one of our significant global commercial partners, Syngenta, for the development of products within the professional pest control market. Now we are accelerating our operations and look to bring our first natural yet effective alternative in

the international pesticides sector, which has traditionally been dominated by synthetic chemicals, to market in the forthcoming months.”

**-Ends-**

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## **Chairman's Statement**

TyraTech develops and commercializes proprietary products for the control of insects and parasites, which incorporate unique blends of natural active ingredients that provide a combined high potency and high safety capability. The product pipeline addresses a diversity of pesticide market opportunities that include agricultural and horticultural applications, consumer applications, professional pest control applications, mosquito control and human healthcare applications.

The first half of 2007 has been a period of great progress for TyraTech, highlighted by the successful completion of the initial public offering on AIM in June. The Company is now well funded and accelerating its operations to bring its first products to market in the coming months, and to build the infrastructure to address the diverse market opportunities for the control of insects and parasites. We have made good progress internally which we expect should become more externally evident over the coming months.

Geoffrey Vernon

Chairman

25 September 2007

## **Chief Executive's Operational Report**

We have made several significant achievements during the six months to 30 June 2007. We completed a successful initial public offering raising gross proceeds of £25 million (US\$49.6 million). Since the IPO we have continued to develop a strong management team, adding Steve Briggs as our Vice President Global Markets. We will continue to recruit the necessary resources to enable us to successfully take our products to market.

We have made good progress in the period in productizing our proprietary technology. This progress has been made in both the development of TyraTech's own products, as well as those being developed by our strategic partners. I am particularly pleased how our organization has progressed in this regard, even in the short period since the IPO.

We have successfully met the agreed development progress requirements for a small paid milestone in our partnership with Syngenta for the development of the lead all-natural active ingredient product for professional pest control operators. Similarly, after completing our first year of interaction and evaluating our product pipeline, Scott's Miracle-Gro made an option payment to negotiate an expanded relationship with TyraTech. We also expect to announce the meeting of additional key partner milestones later in the year.

Our technology and product development have made progress on all fronts. A new product area is our "Natures Natural", a fully sustainable horticultural and garden product that is intended to replace peat in growth or potting soil mixtures. In addition to fulfilling our objective for safe and natural products, we believe that Natures Natural will offer a unique delivery of our TyraTech Natural pesticides for these markets. We now believe that this business could move into revenue generation in the next few months.

Overall I am pleased with the progress the Company made in the period, particularly since the IPO.

R Douglas Armstrong Ph.D.

Chief Executive Officer

25 September 2007

## **Financial Review**

### **Operations**

TyraTech Inc is reporting its first results after raising gross proceeds of £25 million (US\$49.6million) at the time of its listing on AIM. The net proceeds after cash expenses of the flotation amounted to £22.1 million (US\$43.8million). The following discussion of results compares 30 June, 2007 with 30 June, 2006 results.

Revenue for the six month period was US\$333 thousand (2006 US\$104 thousand). This resulted from invoices raised in the period of US\$110 thousand (2006 US\$200 thousand) being adjusted for deferred revenue recognized in this period of US\$238 thousand (2006 US\$(96 thousand)) and a sales incentive of US\$15 thousand related to a change in fair value of warrants issued to a commercial partner.

The overall gross margin for the six month period was US\$240 thousand (2006 US\$104 thousand).

Overall operating expenses grew for the six month period to US\$8.318 million (2006 US\$2.715 million). The overall growth was driven by an increase in salaries and consultancy costs as we increased the amount of resources committed to the exploitation of our technology. The overall expense for the six month period included non-cash compensation of US\$1.670 million (2006 US\$0.002 million), depreciation of US\$0.102 million (2006 US\$0.002 million), and license maintenance fees of US\$100 thousand (2006 US\$49 thousand), therefore the overall cash spent on operating expenses grew to US\$6.446 million (2006 US\$2.662 million) for the six month period.

Net finance expense for the six month period was US\$962 thousand (2006 US\$386 thousand). During the six month period, the Company received interest income of US\$68 thousand (2006 US\$nil) from deposits of surplus funds raised from the IPO, and incurred interest of US\$1,030 thousand (2006 US\$386 thousand). The interest expense includes US\$643 thousand (2006 US\$326 thousand) of deferred loan cost written off.

Changes in the fair value of warrants amounted to US\$374 thousand (2006 US\$nil) and relates to warrants issued to an affiliate and underwriters of the IPO.

An arrangement to accelerate payment of the Vanderbilt University licensing agreement resulted in a \$518 thousand loss on extinguishment of the discounted Vanderbilt license liability. Payment of the liability was made through a combination of cash (US\$470,000) and 65,457 shares of TyraTech, Inc. common stock.

### **Balance Sheet and Funding**

During the current period TyraTech LLC a Delaware LLC was merged with and into TyraTech Inc, a company formed on 27 April 2007 as a Delaware Corporation. The existing members of TyraTech LLC received 16,934,565 common shares in TyraTech Inc. A further 5,000,000 shares were issued with the admission of the company to trading on the AIM market of the London Stock Exchange for a net proceeds of US\$43.758 million. At that time 65,457 common shares were issued to Vanderbilt University in conjunction with a cash payment for the assignment of outright ownership to the company of certain patents and patent applications. Further warrants for 198,002 common shares were granted to the company's advisers on admission of the shares to the AIM exchange.

The proceeds from the issue of 5,000,000 shares were used in part to repay the notes payable to XLTechGroup Inc.

During the month of June the company acquired 129,121 treasury shares under the terms of a buy back agreement with an employee who had retired.

Keith Bigsby

Chief Financial Officer

25 September 2007

## Consolidated Income Statements

		<b>Unaudited six months ended 30 June 2007</b>	<b>Unaudited six months ended 30 June 2006</b>	<b>Audited year ended 31 December 2006</b>
		US\$'000	US\$'000	US\$'000
Net Revenue	Note 3	333	104	(265)
Cost of Sales		(93)	-	-
Gross Profit		<u>240</u>	<u>104</u>	<u>(265)</u>
Selling & Marketing Costs		(1,098)	-	(1,231)
Research & Development Costs		(4,277)	(2,196)	(4,505)
Administrative Costs		(2,943)	(519)	(1,367)
Total Operating Expenses		<u>(8,318)</u>	<u>(2,715)</u>	<u>(7,103)</u>
Operating loss		<u>(8,078)</u>	<u>(2,611)</u>	<u>(7,368)</u>
Net Finance Expense		(962)	(386)	(1,594)
Warrant Expense		(374)	-	(2,229)
Loss on Extinguishment of Liability		(518)	-	-
Loss Before Taxation		<u>(9,932)</u>	<u>(2,997)</u>	<u>(11,191)</u>
Taxation		-	-	-
Net loss		<u>(9,932)</u>	<u>(2,997)</u>	<u>(11,191)</u>
<b>Loss per ordinary share</b> Basic and diluted	4	(0.45)	(0.20)	(0.69)

## Consolidated Balance Sheet

	Notes	Unaudited six months ended 30 June 2007 US\$'000	Unaudited six months ended 30 June 2006 US\$'000	Audited year ended 31 December 2006 US\$'000
<b>Current Assets</b>				
Cash and cash equivalents		32,298	114	1,657
Restricted cash		101	-	-
Inventory		261	-	219
Trade receivables and other assets	5	355	130	214
<b>Total current assets</b>		<b>33,015</b>	<b>244</b>	<b>2,090</b>
<b>Non current assets</b>				
Property, plant & equipment		640	327	705
<b>Total assets</b>		<b>33,655</b>	<b>571</b>	<b>2,795</b>
<b>Current liabilities</b>				
Trade and other payables	6	2,605	1,362	1,861
Notes payable to affiliate		-	1,366	6,019
Deferred revenue		1,792	96	2,187
Liability for warrants		1,396	1,930	4,655
<b>Total current liabilities</b>		<b>5,793</b>	<b>4,754</b>	<b>14,722</b>
<b>Long term liabilities</b>				
Capital Lease obligation greater than one year		46	-	55
<b>Total liabilities</b>		<b>5,839</b>	<b>4,754</b>	<b>14,777</b>
<b>Equity</b>				
Common stock at par	7	22	16	16
Treasury stock		(1)	-	-
Additional paid in capital		53,108	2,988	3,383
Retained loss		(25,313)	(7,187)	(15,381)
<b>Shareholders' Equity</b>		<b>27,816</b>	<b>(4,183)</b>	<b>(11,982)</b>
<b>Total liabilities and Shareholders' equity</b>		<b>33,655</b>	<b>571</b>	<b>2,795</b>

## Consolidated Cash flow Statements

	Unaudited six months ended 30 June 2007 US\$'000	Unaudited six months ended 30 June 2006 US\$'000	Audited year ended 31 December 2006 US\$'000
Cash flows from operating activities			
Net loss	(9,932)	(2,997)	(11,191)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	745	328	1,356
Write-off of inventory	93	-	
Deferred revenue recognized in the period	(348)	(104)	(71)
License maintenance fees	100	49	116
Change in fair value of warrants issued as sales incentive	15	-	496
Changes in fair value of warrants	374	-	2,229
Noncash compensation to employees and nonemployees	1,670	2	397
Extinguishment of license maintenance fee liability	518	-	-
Changes in operating assets and liabilities			
Accounts receivable and other assets	(300)	(130)	(56)
Inventory	(135)	-	(219)
Accounts payable and accrued liabilities	963	537	810
Deferred revenue	110	200	2,100
Due to affiliate	(184)	77	219
Net cash used for operating activities	<u>(6,311)</u>	<u>(2,038)</u>	<u>(3,814)</u>
Cash flows used for investing activities			
Purchases of property and equipment	(36)	(253)	(618)
Net cash used for investing activities	<u>(36)</u>	<u>(253)</u>	<u>(618)</u>
Cash flows from financing activities			
Net (Payments)/Borrowings on notes payable to affiliate	(6,663)	2,374	6,062
Payments made under capital lease	(8)	-	(4)
Net proceeds from sale of common stock	43,760	-	-
Treasury stock purchase from employee	(1)	-	-
Net cash provided by financing activities	<u>37,088</u>	<u>2,374</u>	<u>6,058</u>
Net increase in cash	30,741	83	1,626
Cash beginning of the period	1,657	31	31
Cash end of the period	<u>32,398</u>	<u>114</u>	<u>1,657</u>
	Unaudited six months ended 30 June 2007 US\$'000	Unaudited six months ended 30 June 2006 US\$'000	Audited year ended 31 December 2006 US\$'000

**Non-cash investing and financing activities:**

The Company incurred a capital lease obligation that was capitalized to property and equipment	-	-	76
The Company issued warrants to acquire member units in connection with financing obtained, which was recorded as a discount to the debt and a non-cash warrant liability	-	1,391	1,391
The Company recorded and subsequently wrote-off a receivable and deferred revenue related transaction with an affiliate	(158)	-	158
The Company incurred IPO costs which were incurred and included in accounts payable at period end	900	-	-
The Company reclassified warrants issued to a vendor and an affiliate at the IPO date to equity.	5,037	-	-
The Company issued warrants in satisfaction of IPO costs incurred to an advisor	1,390	-	-

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## Notes to the Interim Consolidated Financial Statements

### 1. Basis of Preparation

The financial statements of TyraTech have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The results for the year ended 31 December 2006 have been extracted from the statutory consolidated financial statements of TyraTech Inc. for the year ended 31 December 2006 which are prepared in accordance with US GAAP, on which the auditors gave an unqualified report.

The unaudited interim financial statements for the six months ended 30 June 2007 and 2006 have been prepared on the basis of the accounting policies set out in the most recently published financial statements of the Company for the year ended 31 December 2006.

On May 23, 2007 the Company was recapitalized from a limited liability company to a corporation in preparation for an IPO on the AIM. This recapitalization was accomplished through a reverse stock split where each LLC member unit was exchanged for 0.8608 common stock shares in the Company. The equity section of each balance sheet and the loss per share presented below were restated to reflect the effect of the recapitalization.

### 2. Segmented Information.

As at the 30 June 2007 the Company is organized into one operating division

### 3. Revenue

	<b>Unaudited six months ended 30 June 2007 US\$'000</b>	<b>Unaudited six months ended 30 June 2006 US\$'000</b>	<b>Audited year ended 31 December 2006 US\$'000</b>
Opening deferred revenue	2,187	-	-
Written off to receivables	(158)	-	-
Closing deferred revenue	1,791	96	2,187
Movement in deferred revenue			
	238	(96)	(2,187)
Invoices raised	110	200	2,418
Gross Revenue	348	104	231
Warrants issued as sales incentive	(15)	-	(496)
Net Revenue	333	104	(265)

### 4. Earnings per Common Stock

The calculation of the basic and diluted earnings per ordinary share is based on the Company's loss of US\$9,932,000 (six months ended 30 June 2006: loss of US\$2,997,000; year ended 31 December 2006: loss of US\$11,191,000), and on 22,000,022 (30 June 2006: 15,339,484; 31 December 2006: 16,239,027) common shares, the weighted average number in issue and ranking for dividend during the period.

## 5. Trade Receivables and Other Assets

	<b>Unaudited six months ended 30 June 2007 US\$'000</b>	<b>Unaudited six months ended 30 June 2006 US\$'000</b>	<b>Audited year ended 31 December 2006 US\$'000</b>
Trade receivables and other	-	125	194
Interest receivables	57	-	-
Prepaid expenses	298	5	20
	<u>355</u>	<u>130</u>	<u>214</u>

## 6. Trade and Other Payables

	<b>Unaudited six months ended 30 June 2007 US\$'000</b>	<b>Unaudited six months ended 30 June 2006 US\$'000</b>	<b>Audited year ended 31 December 2006 US\$'000</b>
Accounts payable	1,448	220	132
Accrued liabilities	512	492	869
Accrued license fees	470	453	502
Amount payable to Affiliate	157	197	341
Amounts due on the current portion of capital lease	18	-	17
	<u>2,605</u>	<u>1,362</u>	<u>1,861</u>

## 7. Movement in Equity during the six months ended 30 June 2007

	<b>Common Stock US\$'000</b>	<b>Additional Paid-in US\$'000</b>	<b>Accum- ulated deficit US\$'000</b>	<b>Treasury Stock US\$'000</b>	<b>Total US\$'000</b>
<b>Shareholders' Equity, as of December 31, 2006</b>	17	3,383	(15,381)	-	(11,981)
Grant of share services	-	1,670	-	-	1,670
Shares issued to settle Vanderbilt licensing liability	-	651	-	-	651
Gross proceeds from issuance of shares	5	49,558	-	-	49,563
IPO expenses paid or to be paid in cash	-	(5,801)	-	-	(5,801)
Warrants issued to acquire 198,002 shares-IPO expense	-	(1,390)	-	-	(1,390)
Warrants re-classified from liability to equity at IPO date	-	5,037	-	-	5,037
Treasury stock re-purchased from employee	-	-	-	(1)	(1)
Net loss for the period	-	-	(9,932)	-	(9,932)
<b>Shareholders' equity, as of June 30, 2007</b>	<u>22</u>	<u>53,108</u>	<u>(25,313)</u>	<u>(1)</u>	<u>27,816</u>