annual report 2016




TYRATECH®
PUTTING NATURE TO WORK

our year in review

13%
Gross Product Revenue

12%
U.S. Gross Product Revenue

27% *in local currency*
U.K. Gross Product Revenue

as compared to 2015

Countries where Tyratech products are sold


United States


United Kingdom


Ireland


France

and Malta

Recognition

UK Pharmacy Product of the Year 2017 - Best Advertising Campaign

by Independent Pharmacy Magazine

Over 31,000 stores carry TyraTech products including these key retailers

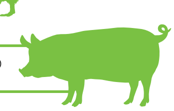
Walmart, Walgreens, CVS pharmacy, Rite Aid, Boots, Lloyds Pharmacy, Tesco, Superdrug

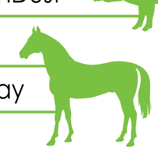
People treated with pesticide-free Vamousse

U.S. IRI data 52 weeks ending 12/25/16

Animal health products launched in 2016

PureScience Poultry Mite Dust


PureScience TechDust®


OutSmart® Equine Fly Spray


OutSmart is a trademark of distributor partner Smartpak®

operational highlights

- Vamousse® sales in US grew by 10% to $5.9 million over 2015 and gained 3% points of market share
- Vamousse sales in UK grew by 27% to £1.3 million in local currency (2015: £1 million) and gained market share over competition
- Vamousse distribution network increased in the US - driven by the addition of Rite Aid®, the third largest pharmacy chain in the US with more than 4,500 stores
- Addition of 450 Morrisons® stores, the fourth largest chain of supermarkets in the UK
- Vamousse Head Lice Treatment was voted in the UK Pharmacy Product of the Year 2017 – Best Advertising Campaign by *Independent Pharmacy Magazine*
- Launch of two new PureScience™ animal health products for the poultry and swine market in the US

financial highlights

- Gross revenue increased to $8.4 million (2015: $7.4 million)
- Gross product revenue increased by 13% to $8.0 million (2015: $7.1 million)
- Gross profit increased to $4.8 million with gross margins on net revenue of 67% (2015: $4.6 million and 69%)
- Vamousse generated a positive direct contribution of $2.2 million on $6.6 million net sales
- Operating costs and expenses $7.1 million (2015: $7.1 million)
- Net loss, before and after taxes, $2.3 million (2015: $2.3 million)
- Cash and cash equivalents at 31 December 2016 $1.8 million (2015: $4.0 million)
- Net cash used in operations decreased to $1.8 million (2015: $2.8 million)

post-period highlights

- Addition of the new product Vamousse Lice Repellent at CVS and Meijer in the US
- Distribution of Guardian® in the US in a limited test market (around 600 stores) with Kroger, the largest grocery store chain and supermarket by retail sales
- Full launch of the equine fly repellent Outsmart™ with our partner SmartPak®

chairman's letter to shareholders

José Barella,
Non-Executive Chairman

Dear Shareholders,

Overview

2016 was a challenging year for the Company. After a very positive start, it became apparent early in the second half of the year that the previous pattern of strong organic growth in the market for head lice treatments had reversed and that, probably for cyclical or climatic reasons, there was a decline in the overall market.

By the end of the year, the market appeared to have returned to a level position. Against this, the Vamousse product range performed well in these difficult market conditions, with the brand increasing its market share by 3% in the US. We also introduced our first PureScience products in the Animal Health market, initially aimed at niche markets in the poultry industry, and successfully re-introduced an improved Equine fly repellant. Further details of the operational results are given in the Chief Executive's Business Review and the Chief Financial Officer's Review below.

Update on Strategic Review

The Company has made significant progress in successfully commercializing its technology in both the human health space (Vamousse) and more recently, in the animal health space (PureScience and Outsmart). With Vamousse, the Company has created a brand with a strong distribution network, a sizable market share and a positive direct contribution margin. With PureScience and Outsmart, the Company has begun to enter the animal health market, answering unmet needs, receiving positive customer feedback and completing efficacious field trials.

However, the Board is of the view that the Company lacks the necessary resources from operating cash flow alone to fund the next phase of its growth in both areas. The increasingly positive cash contribution of the Vamousse product range cannot currently support the financial needs of Vamousse's growth as well as the development of the highly attractive animal health pipeline of new products.

Therefore, as announced on 9 February 2017, the Board implemented a strategic review to determine the most effective way to unlock the future growth potential of the Company's assets and maximize shareholder value.

The Board has now completed the first stage of this review and has concluded that it should divide the Company's intellectual property and products into two separate entities, focused on human health and animal health respectively. Initially, both entities will remain 100% owned by Tyratech.

The human health business as a stand-alone entity could be profitable with growth potential in existing markets, geographical extension, and further innovative products. Investment in this business would support its own marketing and commercial initiatives and could be managed within limited cash resources depending on how aggressive a growth target is set.

The animal health business ultimately has larger growth opportunities, but will require further investment to support activities in research and development. This investment includes the necessary time to fully develop and transform the pipeline into marketable products. The Company believes that the resource requirements for animal health would be significant and therefore will require some type of private partnership and/or investment.

The Company is moving swiftly to complete the next stage of the strategic review process. It has engaged consultants to assist in the process with the aim of completing the reorganization by the end of the financial year. It is already in the final stages of an external validation of the value of Vamousse and in the early stages of an external validation of the valuation of the animal health business.

To optimize our existing resources, the Company will stay focused in the short term on growing Vamousse in the US and in the UK without major expansion in existing and new geographies. We will also continue to roll-out the existing animal health products in the US.

Finally, I would like to express my thanks to the TyraTech staff who have worked tirelessly under considerable pressure over the last twelve months, and thank Alan Reade, who retired from the Board in 2016 for his great contribution over many years.

José Barella
Non-Executive Chairman
9 May 2017

"The Company has made significant progress in successfully commercializing its technology in both the human health space with Vamousse and more recently, in the animal health space with PureScience and Outsmart."

chief executive's business review

Bruno Jactel,
Chief Executive Officer

Operational Update

In 2016, TyraTech made significant operational progress. Overall gross product sales grew by 13% reaching revenue of $8 million (FY15: $7.1 million), mainly driven by the head lice products under the brand Vamousse. New animal health products were launched in the market, on a limited scale.

Vamousse

In the US, Vamousse performed well under difficult market conditions. Sales grew by 10% over 2015 and gained three percentage points of market share among branded products to reach close to 8% at the end of the year, demonstrating that Vamousse can outpace its competitors.

The growth was driven primarily by adding Rite Aid, the third major pharmacy chain in the US with close to 4,600 outlets. It was also linked to additional SKUs placed at CVS (Vamousse Lice Defense shampoo and Vamousse Lice Elimination powder) and targeted marketing efforts.

Unfortunately, as reported in the Interim Results the head lice category slowed significantly in the middle of the year, and despite signs of recovery at the back end of the year it finished essentially flat for 2016. In addition, some major competitors invested heavily in their marketing efforts in 2016. Although Vamousse continued to gain market share, because of this slowdown coupled with the onboarding of a new retailer and the one-time cost of adding new SKUs on the shelves of other retailers, revenues generated were not sufficient to maintain cash resources as expected. We consequently reduced operating and marketing expenditure in the second half of the year.

Nevertheless, the Company is launching a new Vamousse product, Vamousse Lice Repellent, in CVS and Meijer in 2017. As a repellent, this product will protect children and families when exposed to a potential risk of lice infestation. Combined with the Vamousse Lice Defense shampoo, this product will reinforce the unique positioning of Vamousse in the prevention market, which offers strong growth potential.

In the UK, Vamousse sales grew by 27% in local currency terms, an impressive outcome. The brand gained significant market share and extended its distribution network adding around 450 Morrison's stores. Morrisons is the UK's fourth largest chain of supermarkets. In addition, further stores were added at both Sainsbury's and Tesco.

Importantly, approval for the listing of Vamousse Treatment on Part IX of the Drug Tariff, allowed the brand to now be prescribed. In addition, Vamousse Treatment obtained its listing on the Minor Ailment Scheme in Scotland, allowing free distribution for those qualifying under the scheme to be reimbursed by the NHS.

In recognition of the exceptional work done on the marketing of the product, despite a reduction of the total investment compared to 2015, Vamousse Head Lice Treatment was awarded the UK Pharmacy Product of the Year 2017 – Best Advertising Campaign by *Independent Pharmacy Magazine*.

Overall Vamousse provided a positive direct contribution margin of $2.2 million over net sales of $6.6 million, a 34% contribution margin on net revenues. The direct contribution margin is defined as Vamousse net sales less associated cost of sales and sales and marketing expenses for the brand.

Guardian

As in the previous year, fewer resources were allocated to the launch and growth of Guardian, TyraTech's personal mosquito and tick repellent. Guardian was promoted online in the US and earned media coverage in *Woman's World* magazine, with a circulation of around 1.3 million. In the UK, the product was sampled at outdoor shows in the summer, with user surveys validating strong consumer appreciation for the brand across a variety of important attributes.

A significant achievement post-period end was the 2017 listing of Guardian with the largest grocery chain in the US, Kroger, for a limited test in over 600 stores, which we hope will be a precursor to achieving further retail expansion.

PureScience
TyraTech launched two new products in the animal health segment in the US under the brand PureScience, targeting first the poultry industry, where significant unmet needs have been identified for insect and parasite control.

The first product launched in 2016 was a powder that controls mites on chickens, for either breeder/broiler or layer producers. By year-end, the product captured an estimated 50% of the small market of breeders and headway has been made in the much bigger layer business, to be developed further in 2017.

The Company is currently working with the biggest producers of eggs in the US (Cal-Maine Foods Inc.; Rose Acre Farms Inc.) as well as with the biggest producers of breeder and broiler chickens (Tyson Foods Inc.; Perdue Food). The feedback given by these producers has so far been very encouraging. It is expected that new products will be launched in 2017 for both the poultry and swine producing markets.

The first foray into the animal health market in 2016 was limited due to a resource focus on Vamousse. Nevertheless, the test market of avian mite control demonstrated the existence of a customer demand for efficacious and safe products. TyraTech's technology can address this need. In addition, good relationships have been established with some of the biggest producers of animal protein.

OutSmart
As previously announced, TyraTech re-developed its formulation to repel flies, mosquitoes and ticks on horses. After extensive laboratory work and clinical testing, a new patent has been filed and the product was pre-launched, at the end of 2016 with our partner SmartPak, the biggest distributor of equine products and equipment in the US. The product has been fully launched in 2017 in time for the fly season.

Background
TyraTech is a life sciences company focused on nature-derived insect and parasite control products. The Company's technology, based on more than 10 years of research and more than 33 granted and 33 pending patents, relies upon plant-based formulations that offer a unique combination of effectiveness, safety and convenience. It has the potential, already demonstrated in several markets and usages, to effectively compete with traditional pesticides which are plagued with resistance and safety issues.

As a "green" platform, Tyratech's technology offers an innovative answer to a growing trend of customers looking for

> Overall gross product sales grew by 13% reaching revenue of $8 million (FY15: $7.1 million)

clean food, devoid of artificial chemicals, and safe for children, home and the environment. TyraTech's technology has applications in multiple markets across agriculture, home and garden, human and animal health - everywhere there are insects and parasites.

In 2012, TyraTech licensed its products and technology targeted at agriculture to the American Vanguard Corporation (NYSE: AVD). TyraTech created Envance®, a joint venture with American Vanguard Corporation to develop and explore the best way to commercialize products for home and garden usage. TyraTech holds 13.3% of Envance.

For human health, TyraTech, has successfully commercialized its own brand of head lice products, Vamousse, in the retail and OTC pharmacy markets in the US and in Europe. It has also commercialized Guardian, an innovative personal repellent product, on a very limited scale in the US.

Finally, TyraTech is developing new products for the animal health market: some of which have already been launched into the US in limited market segments (such as: equine fly repellent; avian mite control), but most of which are in the research and development phase.

TyraTech has evolved successfully from a technology platform into a company dedicated to the development and commercialization of products, targeting the control of insects and parasites. This strategic move has demonstrated that:

- The technology, built on a "green" backbone offers a credible alternative to existing traditional chemical pesticides. With a priority on efficacy, products designed from nature-derived alternatives can answer a growing demand for insect and parasite control that is clean and safe for people, animals, the environment and the food chain;
- The technology is validated through multiple product applications showing a unique value proposition attractive to end consumers;
- As evidenced by the Vamousse brand, the technology is competitive against the biggest established brands in the category;
- TyraTech can develop and manage a solid infrastructure able to address the needs of the biggest retailers in the world and in multiple geographies;
- TyraTech can create brands with significant growth potential.

The Company's activities are at different stages of maturity:

- Human health (Vamousse and Guardian) is at a monetization and commercialization phase and Vamousse provides a positive direct contribution margin of $2.2 million
- Animal health (PureScience) is largely at an early phase of innovation and product development.

As shown in the operational update, TyraTech made substantial progress in 2016 in increasing the market penetration and market share of its head lice product and advancing the pipeline of its animal health products. However, it also became clear that the Company lacks the necessary resources from operating cash flow alone to fund the next phase of its growth in both areas. With limited available resources, Tyratech has not been able to effectively pursue growth in both the OTC human care market and the development of products for the animal health market, because each requires investment, either in marketing or in R&D.

Accordingly, and as set out in more detail above in the Chairman's statement, the Board has undertaken a comprehensive strategic review of the business to determine the best strategy to grow and/or capture value from both businesses and to enhance shareholder value.

Market Potential and Business Model

Human health and personal care

The worldwide market for the control of insects and parasites is estimated to be worth in the region of $800 million in 2016 driven mainly by need for the control of head lice and on-skin mosquito and tick repellents.

The global lice market, estimated at $370 million at the manufacturer level in 2016, is growing annually between 5% and 8% in value. Unmet needs exist in this market because globally people in all geographies, and socio-economic groups are susceptible to lice infestation, and the incidences are frequent. Consumer needs have not been well met in the market due to growing resistance to the pesticides commonly used to treat lice infestation and the frustrating cosmetics of alternative technologies like dimethicone.

With its unique technology, Vamousse can fulfill these unmet needs. Vamousse represents the next generation of lice control products, uniquely combining high levels of efficacy, safety and convenience. Compared to earlier products in the category, Vamousse Lice Treatment uses a different mode of action to kill both lice and eggs in the same application. Vamousse Lice Treatment is pesticide-free and works by dehydrating and desiccating adult lice and their eggs.

Additionally, the market for personal insect repellents is estimated to be worth in the region of $430 million at the manufacturer level in 2016 and is dominated by the pesticide molecule DEET, which is now more than 60 years old.

Some issues are arising from the intensive usage of this molecule. It is now well documented that DEET dissolves some plastics, synthetic fabrics and painted surfaces. In Europe, personal repellent products with high concentrations of DEET have restrictions of use for children. Additionally, instances of DEET resistance have been reported in flies. Customers frequently express their dissatisfaction with products using synthetic pesticides and are looking for alternatives. TyraTech's Guardian offers a plant-based solution that is safe and effective. Multiple laboratory and field studies, published in peer-reviewed scientific journals, have demonstrated that Guardian offers the same and sometimes more effective protection than DEET but with a better safety profile.

Growth prospects for TyraTech in the human health market for the control of insects and parasites will be mainly linked to the performance of Vamousse and Guardian in the categories of head lice and insect repellent.

The Company has not yet identified other segments in human health that would offer a significant opportunity for TyraTech's technology. This is however, not the case with the animal health market, which represents a larger market opportunity, given its size and greater unmet needs.

Animal health

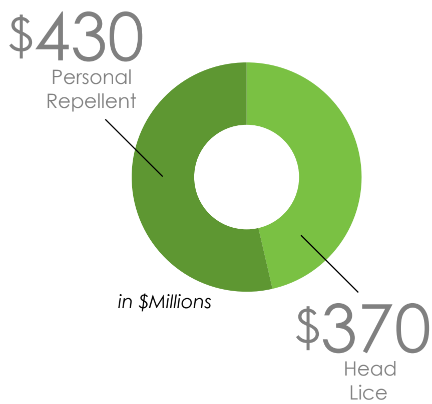
The market for animal health, estimated at $24 billion in 2015 at manufacturer level, is traditionally split between the market for companion animals (dogs, cats, and horses) representing more than 40% of the total and the market for production animals (ruminant, poultry, and swine) totaling almost 60% of the market.

The market for companion animals is driven by the strengthening of the human-animal bond. Pets are more and more considered members of the family. Market growth is fueled by increased pet medicalization; a strong elasticity to product innovation; and a relatively low elasticity to price increases.

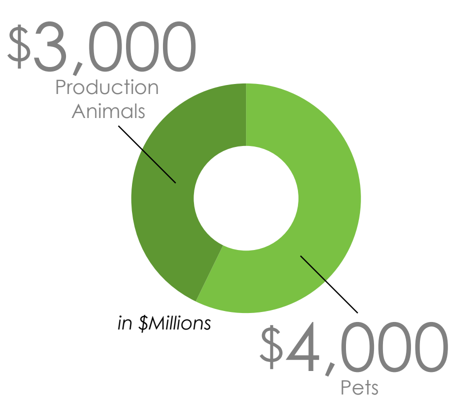
Tyratech's technology would be applicable in the control of fleas and ticks and internal parasites, representing close to a $4 billion market worldwide. Even though it is a very competitive and crowded market, there is a growing demand for products that are effective and, importantly, not derived from traditional pesticides. Families are reluctant to use pesticides on their pets, the same way they are more and more

chief executive's business review (cont'd)

$800M Total Addressable Global Market in Human and Personal Care



$7,000M Total Addressable Global Market in Animal Health



eager to ban the usage of pesticides on their children. The products for flea and tick control are sold either by vets or as OTC products in major retail and pet shop chains. This is typically a business-to-consumer market model, not completely different from the head lice business model.

The market for production animals is driven by the necessity to provide affordable proteins to a growing population and a rising middle class in certain nations. Because the availability of arable land is limited and diminishing per capita, it will be very difficult to increase the number of animals. The principal way to achieve the goal of feeding the planet will be through increasing animal productivity. Even though there are numerous factors that influence animal productivity (feed efficiency, husbandry, genetics), it is widely recognized that insects and parasites are a major impediment to animal health and productivity. These insects and parasites can directly cause nuisance and spoliation of nutrients while indirectly constituting vectors for disease transmission and aggravation of virus or bacterial infections.

The usage of traditional chemical pesticides is more and more contested for the following reasons:

- The products are less efficacious because insects and parasites have in some cases developed a very high level of resistance. There are now several need states in which there are no pesticides able to control parasites any longer.
- The cost of launching new pesticides or parasiticides in the animal health market is increasing rapidly, mainly due to the long and complex studies required to ensure the safety of the molecules for the food chain and the environment. This is dramatically slowing the pace of innovation.
- The regulatory agencies around the world are increasingly restricting the usage of chemical pesticides on animals destined to enter the food chain.

Finally, there is a growing demand from customers for "clean" food devoid of chemicals, hormones, antibiotics and pesticides. This is probably the strongest and most significant force that will drive the production systems of animal protein in the next decade. The major producers of poultry and eggs are already responding to the 'voice of the consumer' by voluntarily banning the usage of hormones and antibiotics and moving to a cage-free system of egg production.

Products for production animals are sold through distributors with the recommendation of vets and professionals. This is a business-to-business model that requires convincing customers one by one and managing key accounts in markets that are more and more concentrated in the hands of few major multinational operations.

TyraTech's technology offers multiple benefits to the animal health market:

- Superior efficacy:
  - The formulations are highly effective, even against insects and parasites that are resistant to traditional pesticides
  - The products are active against all stages (eggs to adults) requiring only one application where two or more traditional pesticide applications must be used
  - The treatment is economical, offering extended control and less frequent application due to the holistic control of all stages of insect development
- Safety:
  - The formulations are plant-based, therefore they offer a superior level of safety
  - The products are easy to use so there is no requirement for licensed applicators to be hired
  - Application can be made when animals are present due to the safe ingredient profile
  - The products do not leave residues in the environment and can be used where traditional pesticides are forbidden

The animal health market, by its size, growth potential and unmet needs, represents a major opportunity for TyraTech. The Company tested its unique value proposition through the launch of PureScience products in the poultry sector in the US. Some of the biggest players in the market, responded very positively to TyraTech's innovative solutions.

Outlook and Summary

For 2017, our operational focus will be to execute upon the increased distribution of Vamousse in both the US and the UK and growth of brand awareness with expansion of the portfolio. We will continue to roll-out the existing animal health products in the US.

To optimize our existing resources, the operations will stay focused in the short term on growing Vamousse in the US and in the UK without major expansion in existing and new geographies. It is expected that a great deal of time will be spent by management to prepare and execute the new strategy.

Bruno Jactel
Chief Executive Officer
9 May 2017

financial overview

Erica H. Boisvert,
Chief Financial Officer

Revenue

2016	2015
$8.4M	$7.4M

GROSS REVENUE

2016	2015
$8.0M	$7.1M

GROSS PRODUCT REVENUE

Overall, gross revenue for 2016 was $8.4 million versus $7.4 million in 2015. Of this, gross product revenue was $8.0 million compared to $7.1 million in 2015, an increase of 13%. This increase in gross product revenue is primarily a result of the expansion of the Vamousse distribution network in both the US and UK, in both number of stores and additional product listing. Gross product revenue by geography was 78% US and 22% UK/EU for both 2016 and 2015.

In 2016 $7.7 million, or 96% of gross product revenue was generated by the Vamousse product line (2015: $6.9 million, or 97%), and animal health product revenue at $0.3 million grew 45% year over year (2015: $0.2 million).

Net revenue (excluding sales discounts, returns and allowances) grew by $0.5 million, year-over-year to $7.2 million from $6.7 million, an increase of 8%. 2016 net revenue was depressed by $0.3 million as a result of increased expense incurred for new products sold in new distribution channels. The growth in net product revenue was 8% ($6.9 million versus $6.4 million).

Net revenue for the Vamousse product line was $6.6 million after sales discounts, returns and allowances despite the increase of $0.3 million year on year of slotting fees in new retail outlets (2015: $6.2 million).

Cost of Revenue, Gross Profit, and Gross Margin

Overall, cost of revenue for 2016 was $2.4 million versus $2.1 million in 2015. Product cost of revenue was $2.3 million and $2.0 million for 2016 and 2015, respectively; while collaborative cost of revenue remained unchanged at $0.1 million respectively.

2016	2015
$4.8M	$4.6M

GROSS PROFIT

Gross profit for 2016 was $4.8 million (gross margin 67% on net revenue) versus $4.6 million (69% on net revenue) in 2015. Gross margin decreased slightly in 2016 due to the heavy investment to place new product and a slight increase in product mix.

As our business model continues to move to a product-based model, product gross profit and product gross margin will continue to be primary measures.

In 2016, product gross profit was $4.6 million or 67% on net revenue versus $4.4 million or 70% on net revenue in 2015.

In 2016, the cost of revenue for the Vamousse product line was $2 million producing a product gross margin on net revenue of 69% on the brand (2015: $1.8 million or 70%).

Operating Performance

2016	2015
$7.1M	$7.1M

OPERATING COSTS & EXPENSES

2016	2015
$2.3M	$2.3M

NET LOSS

Operating costs and expenses for 2016 were $7.1 versus $7.1 million in 2015.

Net of non-cash and other one-time expenses, operating costs and expenses were approximately $6.9 million and $7.0 million in 2016 and 2015, respectively, a decrease of $0.1 million.

The loss from operations for 2016 was $2.3 million versus $2.4 million in 2015, and the net loss, before and after taxes, for 2016 was $2.3 million versus $2.3 million in 2015. In 2015, the main driver of the $0.1 million difference between loss from operations and net loss, before and after taxes, was the income received from AMVAC for the partial sale of TyraTech's ownership percentage in Envance.

Direct business development expenses related to Vamousse were $2.3 million in 2016 (2015: $2.3 million). Overall, Vamousse provided a positive direct contribution margin of 34% on net revenue, or $2.2 million (2015: 33% or $2.1 million respectively). Direct contribution is defined as Vamousse net sales less associated cost of sales and sales and marketing expenses for the brand. In 2016 both direct contribution margin and gross margin were reduced by $0.3 million as against 2015 margins as a result of additional "slotting fees" incurred to expand the retail distribution of the Vamousse product range. These fees should provide ongoing benefits in future years from the resulting enhanced distribution.

Balance Sheet

2016 $1.8M | 2015 $4.0M
CASH & CASH EQUIVALENTS

At 31 December 2016 and 2015, cash and cash equivalents were $1.8 million and $4.0 million, respectively.

Working capital was $2.3 million at 31 December 2016 versus working capital of $4.8 million at 31 December 2015. The $2.5 million decrease is attributable primarily to the use of working capital in commercial operations without additional fundraise during 2016. Additionally, accounts receivable decreased slightly which was partially offset by a small increase in inventory and an increase in deferred revenue from service and licensing fees to be released in 2017.

At 31 December 2016 shareholders' equity was approximately $2.7 million versus $5.0 million at 31 December 2015. The $2.3 million decrease was primarily due to approximately $4.5 million received in net proceeds from the stock issuance in November 2015 offset by the current year $2.3 million net loss, before and after taxes.

Cash Flow and Liquidity

2016 $1.8M | 2015 $2.8M
NET CASH USED IN OPERATIONS

Net cash used in operations was $1.8 million in 2016 compared to $2.8 million for 2015, a decrease of $1 million. This decrease was primarily the result of an increase in product sales and related cash collections combined with a deferral of revenue from service and licensing fees representing $0.3 million which will be released in 2017.

Net cash used in investing during 2016 was approximately $0.2 million, resulting primarily from the capitalization of intangible assets. For 2015, net cash provided by investing represents $0.1 million received for the partial ownership sale of Envance to AMVAC along with minimal amounts of cash received from the sale of laboratory equipment, netted against the $0.1 million expense for intangible acquisition costs.

Net cash provided by financing activities was $0.0 million for 2016 (2015: $4.5 million).

As of 31 December 2016, the Company had approximately $1.8 million in cash and cash equivalents. The Company had no indebtedness as of 31 December 2016 but currently has no committed external sources of funds.

Based upon the Company's existing cash and cash equivalents, implementation of the board's strategic review conclusion, anticipated revenues from product sales and other collaborative arrangements, and the ability to control operating costs, the Company's forecast indicates it will have sufficient cash to meet its working capital needs through the next twelve months.

Currency Effects

In 2016, the Company recorded foreign currency translation consolidation adjustment of $0.1 million. Going forward, as the Company pursues current and future growth opportunities in geographic regions outside the US, the Company may evaluate the need to use financial derivatives to mitigate foreign currency risk.

Erica H. Boisvert
Chief Financial Officer
9 May 2017

Erica H. Boisvert

The Directors present their report and the audited financial statements of TyraTech, Inc. for the year ended 31 December 2016.

Results and Dividends

The net loss for the year, after taxation, was $2.3 million versus a net loss of $2.3 million in 2015. No dividends have been declared or paid.

Principal Activities

The principal activity of the Company is the development and commercialisation of proprietary insect and parasite control products which incorporate unique blends of nature-derived active ingredients.

Business Review

A review of the Company's operations during the year, and the outlook for the future are given in the Chairman's Letter to Shareholders and the Chief Executive's Business Review.

Where the Directors' report (including the Chairman's Letter to Shareholders, the Chief Executive's Business Review and Financial Highlights) 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 Company's long-term success. Research and development expenditures are expensed when incurred and for 2016 were $1.2 million (2015: $1.0 million).

Intellectual Property

The Company owns intellectual property and has taken steps to protect this through patent applications, where, as of the date of this report, 33 patents have been issued (2015: 29 patents) and 33 patents are pending (2015: 34 patents). The Company'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 Company'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 abide by these terms whenever possible. The creditor days at the year end were 102 days (2015: 99 days) for the Company.

Equal Opportunity Employer

The Company 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. As of 31 December 2016 the Company had 17 employees (2015: 14 employees).

Policy on Employee Involvement

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

Safety, Health and Environment

The Company 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 Company'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 Company has experienced operating losses in each year since its inception and, as at 31 December 2016, had accumulated losses of approximately $89 million. The Company may incur further losses and there can be no assurance that the Company will ever achieve significant revenues or profitability.

Working capital

As of 31 December 2016, the Company had cash and cash equivalents of $1.8 million. The Directors believe that, based on current forecasts, the Company will have sufficient cash to fund its operations for at least 12 months from the date the financial statements were signed. The achievability of these forecasts is dependent on a number of key assumptions, in particular, the market penetration of the Company's personal care products. 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 and additional capital may be required.

Product portfolio

In the year ending 31 December 2016, the Company actively marketed its Vamousse brand within the personal care market. The Company has expanded its product portfolio within this personal care market, as well as developing and introducing products within the animal health market. The Company's plan to grow product revenue is based upon its ability to diversify, invest and manage a portfolio of multiple products in multiple markets through the entire product cycle from discovery-to-development-to-commercialisation. This product expansion process could take a lengthy period of time and may not generate significant product revenue.

Customer concentration

The Company has expanded its customer base through i) attracting wholesale and retail customers and ii) expanding geographically, for its recently developed products in personal care. Diversification of its customer base will continue and may take a lengthy period of time. If the Company's products do not achieve an adequate level of customer acceptance, the Company may not generate significant product revenue and may not be able to generate a profit.

Manufacturing and supply chain

The Company outsources the supply of raw materials and other key components, such as containers and packaging. Manufacturing, blending and warehousing is also outsourced. The Company's volumes of manufacture are currently considered low by some suppliers and dual sourcing may be uneconomic in some cases. The Company is examining duplication of warehousing sites and alternative production locations with a view to mitigating the risk of losses, but remains exposed to the possibility of interruptions in supply to its customers in the event of catastrophic damage or if suppliers cease trading.

Seasonality

The Company's insect and parasite control products have a seasonal component since insects and parasites are generally more active during the warmer months. The consumer demand for lice treatment products tends to increase with the high head lice season, which coincides with the traditional back to school months. As such, the Company's retail and distribution customers may seek to increase order quantities in advance of the back to school months, which may i) result in fluctuations in the demand for the Company's product, ii) lead to higher sales in the last half of the year and iii) impact results of operations. There is also evidence that the prevalence of insects and parasites can vary from year to year based on climatic variations and other natural cycles.

The Company faces competition, which may result in others discovering, developing or commercialising products before or more successfully than it does.

The development and commercialisation of products are highly competitive. TyraTech faces competition with respect to its currently marketed products, its current product candidates and any products that it will seek to develop or commercialise in the future.

Some or all of the Company's candidates, if approved, will face competition from other branded products used for the same indications. TyraTech's commercial opportunity could be reduced or eliminated if competitors develop and commercialise products that are more effective, safer, are more convenient or are less expensive than any products the Company may develop.

Finally, many of TyraTech's competitors have significantly greater financial, technical and human resources than it has and can employ these greater resources in research and development, manufacturing, testing, obtaining regulatory approvals and marketing products and thus may be better equipped than the Company to discover, develop, manufacture and commercialise products. These competitors also compete with the Company in recruiting and retaining qualified scientific and management personnel and acquiring technologies.

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, warehouse and logistic facilities and EDI services, 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 continually improve its existing operational, financial and management processes and to implement new systems. TyraTech will be reliant upon distribution channels and existing and future distribution partnerships, particularly as it expands its operation and is therefore dependent on such distribution and partnerships 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. If Company's products do not achieve an adequate level of market penetration, the Company may not generate significant product revenue and may not be able to generate a profit.

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, trademarks, designs, copyright, trade secrets and confidential information. While 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 commercialise 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 breaches. 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 products to market is dependent on successful completion of the regulatory approval process

Insecticide, parasiticide and nature-derived insect and parasite control products for humans and animals are subject to a regulatory approval or registration process in the US, 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 and potentially litigation 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.

Directors

The directors who served during 2016 were as follows:

J.G. Barella (from 12 April 2016)
B.M. Riley
J. Hills
E. Wintemute
B. Jactel
A.J Reade (to 8 June 2016)

Biographies of the Directors Follow:

Jose G. Barella (Non-Executive Chairman) was appointed to the Board on 12 April 2016. After working in the chemical industry, Jose joined Rhone Poulenc in Brazil where he held positions across a wide range of functions in engineering, project management and marketing. He was subsequently appointed VP Industrial Operations at the Human Health division of Rhone Polenc Rorer before expanding his career internationally, initially with Rhone Poulenc Agro in France with responsibilities for manufacturing, development and marketing and later in London as commercial manager for the UK and Ireland. When Rhone Polenc and Hoechst merged to form Aventis in 1999, Jose was appointed to head a new division, Aventis Environmental Science, in Frankfurt. During his tenure, the division grew sales at 30% p.a. and EBIT doubled. In 2001, he joined Merial, the Animal Health JV of Merck and Aventis based in Altlanta, USA, to lead the Companion Animal division, becoming Chief Operating Officer in 2005 with responsibility for Companion and Production Animals and CEO of Merial in 2007. When Merial became the Animal Health Division of Sanofi, Jose was appointed senior V.P. Animal Health and CEO. During Jose's twelve years with Merial, sales grew from $1.5 billion to $2.8 billion, becoming the most profitable company in the Animal Health industry. Jose holds a BSc in chemical engineering and is fluent in Portuguese, English and French.

Barry Riley (Non-Executive Director) was appointed on 25 May 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. In June 2015, he assumed the position of Acting Chief Financial Officer of TyraTech and relinquished that position in January 2016 with the appointment of Erica Boisvert as Chief Financial Officer and Company Secretary. He was chairman of the Audit Committee until June 2015 and was re-appointed to this position in April 2016 following the relinquishing of his role as Acting C.F.O. He is also a member of the Remuneration Committee.

James Hills (Non-Executive Director) was appointed on 9 July 2010. Mr. Hills spent the early portion of his career with The Gillette Company and Coca Cola US 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 assumed chairmanship of the Audit Committee in June 2015. He is also a member of the Nomination Committee.

Bruno Jactel, D.V.M. was appointed as Chief Executive Officer of TyraTech effective 10 January 2013. Dr. Jactel spent 12 years at Merial Limited, the $2.6 billion revenue generating Animal Health subsidiary of the Sanofi Group, most recently serving as combined Chief Strategy Officer and Chief Marketing Officer. As head of commercial operations in Europe, Dr. Jactel developed successful growth strategies in both OTC and professional channels. Prior to working at Merial, Dr. Jactel was Deputy Minister for Economic and Commercial Affairs at the French Embassy in Washington, D.C. He was also a recent founder and board member of Hypercell Technologies LLC, an early-stage biotech company developing therapeutic solutions to serious infectious animal disease. Dr. Jactel is a Doctor of Veterinary Medicine and has a Masters in Economic Sciences from the Sorbonne University in Paris. He graduated from the

École Nationale d'Administration, Paris in 1993.

Eric Wintemute was appointed to the Board as a Non-Executive Director on 20 June 2013. Mr. Wintemute was elected to the post of AMVAC's President and American Vanguard Corporation's Chief Executive Officer in mid-1994. Mr. Wintemute had joined AMVAC in January 1994 as Executive Vice President, Chief Operating Officer, and a member of the Board of Directors following American Vanguard's acquisition of GemChem, a national and international chemical distribution company he co-founded in 1991. From 1977 to 1982, he worked for AMVAC in a variety of sales, purchasing, and production control capacities. Previously, as a Vice President and Director of R.W. Greeff & Co. from 1982 to 1991, Mr. Wintemute oversaw the national and international distribution of key AMVAC chemical products. Mr. Wintemute holds a Bachelor of Arts degree in Economics from the University of California, San Diego.

Alan Reade was appointed on 25 May 2007 as a Non-Executive Director. In 2010 he became the Executive Chairman and then, in June 2013, he became the Non-Executive Chairman. 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. Prior to that, he was Chief Executive Officer at Rhone Poulenc Agro Inc. and member of the Global Executive Committee. He was Chairman of the Nomination Committee and a member of the Audit Committee. On 12 April 2016, Mr. Reade stepped down from the position of Non-Exectutive Chairman, and left the Board on 8 June 2016.

Directors' Interests

The Directors had beneficial interests in the share capital of the Company, other than with respect to options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report) as follows:

	9 May 2017 Common Shares of $0.001 each	12 April 2016 Common Shares of $0.001 each
A.J. Reade (resigned 8 June 2016)	-	12,153,620
B.M. Riley	3,723,413	3,723,413
J. Hills	3,029,957	1,779,957
E. Wintemute	-	-
B. Jactel	2,438,157	2,438,157
J.G.Barella (appointed 12 April 2016)	-	-

Directors' Indemnity Insurance

The Company has taken out insurance to indemnify, against third party proceedings, the Directors of the Company whilst serving on the Board of the Company and of any subsidiary, associate or joint venture. This cover indemnifies all employees of the Company 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 Company comprises common shares of $0.001 par value each which trade under a restricted line of stock (TYR.L) and an unrestricted line of stock (TYRU.L)

Common shares in the capital of the Company are not registered under the US Securities Act of 1933 (Securities Act), as amended, the US Securities Exchange Act of 1934, as amended, or under any US state securities laws. As such, on issue, common shares are "restricted securities" as defined in Rule 144 under the Securities Act and may not be resold in the United States absent registration under the Securities Act and any applicable securities laws of any U.S. State or pursuant to exemptions under the Securities Act and such laws. With the exception of affiliates of the Company, all common shares now trade in uncertificated form, and a depositary interest facility is available that permits trades in shares in the Company's stock to be settled electronically through CREST rather than by delivery of physical certificates.

Shares are issued initially with an appropriate form of restrictive legend and subject, in the case of shares subscribed and held by non-affiliates of the Company, to a one year distribution compliance period under Regulation S under the Securities Act. During the distribution compliance period such common shares may only be traded outside of the United States in offshore transactions to non-US persons and otherwise in compliance with the Securities Act and any applicable securities laws of any state of the United States. Common shares subscribed and held by non-affiliates of the Company will be eligible to have the restrictive legend removed from their shares following the first anniversary of the issue of such shares, on completion of an appropriate letter of transmittal available from the Company, for migration of such shares to the Company's unrestricted line of stock.

American Vanguard Corporation, a substantial shareholder of the Company, entered into a Relationship Agreement with the Company on 18 March 2013 pursuant to which it was subject to a 2-year orderly market lock-up period (following the expiry of a 180-day lock-up period which commenced on the date of the agreement and which has now expired). During the orderly market lock-up period American Vanguard Corporation and its associates were prohibited from transferring or otherwise disposing of any securities in the Company other than to an associate of American Vanguard Corporation to the extent permitted under the Relationship Agreement or through a sale brokered by the Company's nominated adviser in order to maintain an orderly market in the common shares.

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

Substantial Shareholdings

Prior to the publication of this document, the Company has been advised of the following shareholdings amounting to 3 percent or more of the ordinary share capital of the Company.

	Number	Percentage
Octopus Investments	72,987,142	19.91%
American Vanguard Corporation	55,555,000	15.15%
Legal & General	25,806,735	7.04%
Halifax Share Dealing	15,949,780	4.35%
Hargreave Hale Limited	15,819,984	4.32%
TD Direct Investing	14,782,286	4.03%
Harwood Capital	13,900,000	3.79%
Mr. Alan J. Reade	12,153,620	3.32%
CriSeren Investments	11,507,142	3.14%

Auditors

A resolution to appoint BDO USA, LLP, a US limited liability partnership, as auditors and to authorise 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 held office at the date of this report have made enquiries of fellow Directors and of the Company's auditors and 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 Company'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 Company's auditors are aware of that information.

By Order of the Board
José Barella
Non-Executive Chairman
9 May 2017

The Board supports the principles of good corporate governance set out in the Financial Reporting Council's UK Corporate Governance Code. Although the Company 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.

During the year ended 31 December 2016, the Board consisted of an Executive Director, a Non-Executive Chairman and three Non-Executive Directors.

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 prior pages of this report. These indicate the high level and range of experience, which enables the Company to be managed effectively.

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

The membership of all Board Committees is set out below:

- Remuneration Committee: Mr. Hills (Chair), Mr. Riley and Mr. Wintemute.
- Audit Committee: Mr. Riley (Chair), Mr. Hills and Mr. Barella.
- Nomination Committee: Mr. Barella (Chair), Dr. Jactel, Mr. Wintemute and Mr. Hills.

The Board is responsible to the shareholders for the proper management of the Company. The Board has adopted a formal schedule of matters specifically reserved for the Board's decision that covers key areas of the Company's affairs including: overall responsibility for the business and commercial strategy of the Company, 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 Non-Executive Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Non-Executive Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Non-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 Non-Executive Chairman provides feedback to the Board on issues raised by major shareholders.

During the year ended 31 December 2016, the Board delegated the day-to-day responsibility for managing the Company to the Chief Executive Officer who is accountable to the Board for the financial and operational performance of the Company.

The Company regarded Mr. Hills as an Independent Non-Executive Director during the year ended 31 December 2016 and Mr. Riley as independent from 12 April 2016, the date of publication of the 2015 Annual Report. All the Non-Executive Directors constructively challenge and help develop proposals on strategy, and bring strong independent judgment, knowledge and experience to the Board's deliberations. The Independent and other Non-Executive Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making. Mr. Riley as Senior Non-Executive Director, is available to shareholders if they have concerns where contact through the normal channels of Non-Executive Chairman or Chief Executive Officer has failed to resolve matters or for which such contact would be inappropriate.

The Board has four regularly scheduled meetings annually with additional meetings to discuss strategy and other pertinent issues organised 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 Company Secretary and may take independent professional advice at the Company's expense in the furtherance of their duties.

The Non-Executive Directors meet after each Board meeting without the Chief Executive Officer being present.

At the forthcoming Annual General Meeting, James Hills will offer himself for re-election as a director for a term of three years in accordance with the provisions of the Company's Certificate of Incorporation.

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 subsequent pages of this report.

The Remuneration Committee meets at least two times per year.

The Company 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 Company's auditors regarding improvements to internal controls and the adequacy of resources within the Company'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. In the final quarter of 2016, the Committee undertook a review of audit and associated services, inviting two firms of significant standing to present and tender for comparison with the proposal from the incumbent auditors. Based on their breadth of capabilities, ease of access to technical advice, number of hours and fees per hour proposed, the Committee recommended and the Board agreed to appoint BDO USA LLP as auditors. The Company anticipates that it will incur fees of approximately $82,000 for the 2016 audit and 2017 half year review and incurred fees of $190,000 for the 2015 audit and 2016 half year review.

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 Company's auditors, BDO USA, 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.

All Directors may attend Audit Committee meetings. At least twice a year representatives of the Company'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.

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, and whether to fill vacancies that may arise or to change the number of Board members. 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 Company's system of internal control and reviewing its effectiveness. The Company is small and the Directors are closely involved in the management of the business. Due to their close involvement, the Directors are aware of risks that may arise within a small company and these risks are discussed. As part of these discussions, the Directors consider the likelihood of the risk occurring and the potential impact on the business. The Board will continue to review its risk management process on an ongoing basis. In 2016, 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 recognises that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

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

Annually, the Directors discuss and review the upcoming year's business objectives and initiatives, which are accompanied by an annual budget, phased monthly. The objectives, initiatives and budget are approved by the Board and forecast updates are prepared periodically. The budget and forecast updates include an income statement, a balance sheet and a statement of 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 Non-Executive Chairman ensures that Directors may take independent professional advice as required at the Company's expense in appropriate circumstances and all members of the Board have access to the advice of the Company Secretary.

Going Concern

The Company has produced monthly forecasts to the end of 2018, which indicate the Company will have sufficient cash to meet its working capital needs through the next twelve months from the date the consolidated financial statements were filed based upon the following forecast assumptions: existing cash and cash equivalents, implementation of the board's strategic review conclusion, anticipated revenues from product sales and other collaborative arrangements, and the ability to control operating costs. For these reasons the Company continues to adopt the going concern basis.

Internal Audit

The Company 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 Company's activities.

Shareholder Communication

It is the Company's policy to involve its shareholders in the affairs of the Company and to give them the opportunity at the Annual General Meeting to ask questions about the Company'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 Company Secretary and communicated as appropriate to the Board. Other than in exceptional circumstances, all Directors, including those newly appointed, participate in the Annual General Meeting of the Company, 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 Company also maintains a website, www.tyratech.com, which incorporates corporate, financial, product information and news.

Directors' Remuneration Report

This report sets out the Company'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 Company'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 Non-Executive 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 Company'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 Company'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 Company also provides health care, disability and life insurance and 401(k) matching contribution benefits consistent with all employees of the Company. 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 2016 were set at 100% of basic salary for Dr. Jactel. Dr. Jactel was awarded a bonus of $25,000 in 2016.

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 Company's common shares on the day prior to grant and generally vest over either one annual or four annual increments, or 25% first year and 6.25% quarterly through the remaining three year vesting term. 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 401(k) 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 Company's 401(k) (see Directors' Pension Arrangements below). The Company funds the provision of private medical insurance cover for Executive Directors and their immediate family and Executive Directors participate in the Company's life insurance scheme, which has a lump sum payment in the event of death in service.

Executive Directors' Service Contracts

Dr. Jactel entered into an employment agreement with the Company on 1 January 2013, the principal 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 for, but not entitled to, a sum equal to six times his then current monthly base salary. If Dr. Jactel's employment is terminated by a change in control in the Company, Dr. Jactel will be entitled to a lump sum payment equal to 12 times his then current monthly base salary plus other benefits. Dr. Jactel will not be eligible for any kind of severance payment if he resigns from the Company.

Non-Executive Directors' Letters of Appointment

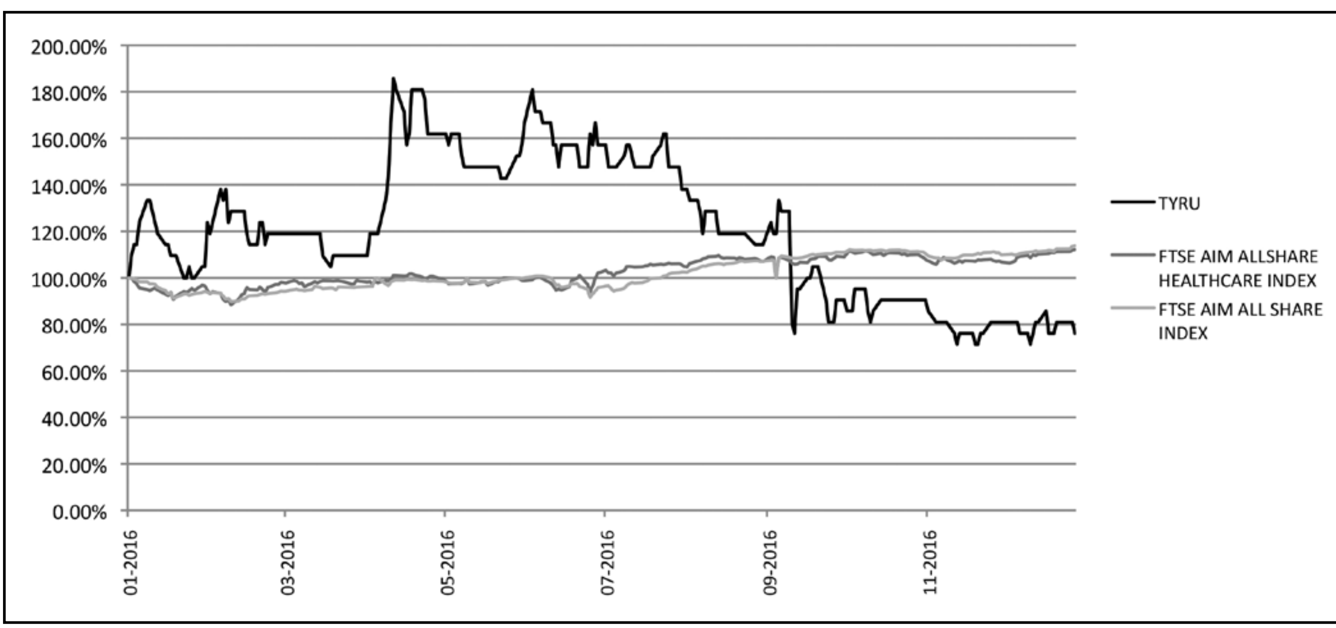
Mr. Reade and Mr. Riley entered into agreements with the Company on 25 May 2007, which govern the terms and conditions of their appointment as Non-Executive Directors of the Company. Following his appointment on 20 June 2013, as Non-Executive Chairman, Mr. Reade was entitled to fees totalling

£70,000 per year. On 12 April 2016 Mr. Reade stepped down from the position of Chairman and was remunerated at a rate of $60,000 per year until he left the Board on 8 June 2016. Mr. Riley was entitled to fees of £35,000 per year which was adjusted to a rate of $60,000 per year from 12 April 2016. Mr. Hills entered into an agreement with the Company on 9 July 2010 which governs his term and conditions of his appointment as a Non-Executive Director of the Company. Mr. Hills was entitled to fees totalling $55,000 per year which was adjusted to a rate of $60,000 per year from 12 April 2016. Mr. Wintemute, who was appointed as a Non-Executive Director 20 June 2013, received no fees during 2015 or 2016. Jose Barella entered into an agreement to act as Non-exectutive Chairman with effect from 12 April 2016 under which he receives fees at a rate of $120,000 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 Company's performance, measured by total shareholder return, compared with the performance of the FTSE AIM All Share Healthcare Index and the FTSE AIM All Share Index.



The Directors consider the FTSE AIM All Share Healthcare Index and FTSE AIM All Share Index to be appropriate choices.

Aggregate Directors' Remuneration

Directors' Emoluments in $

	Year	Salary and fees[1]	Benefits[1]	Bonus	Total
Executives:					
B. Jactel	**2016**	**337,500**	**84,568**	**25,000**	**447,068**
	2015	325,000	83,675	25,000	433,675
Non-executives:					
J.Barella	**2016**	**85,918**	**-**	**-**	**85,918**
A.J. Reade	**2016**	**35,796**	**-**	**-**	**35,796**
	2015	106,984	-	-	106,984
B.M. Riley	**2016**	**57,116**	**-**	**-**	**57,116**
	2015	94,222	-	-	94,222
J. Hills	**2016**	**58,517**	**-**	**-**	**58,517**
	2015	55,000	-	-	55,000
E. Wintemute	**2016**	**-**	**-**	**-**	**-**
	2015	-	-	-	-
Total	**2016**	**$574,847**	**$84,568**	**$25,000**	**$684,415**
	2015	$581,206	$83,675	$25,000	$689,881

(1) Payments to Messrs. Reade and Riley were made in Pounds Sterling, at exchange rates to the US Dollar ranging 1.4404 to 1.2272 in 2016.

Benefits represent contributions to medical insurance schemes, life insurance, the 401(k) defined contribution plan and cost of living allowance payments. The share based payment charge for restricted stock grants and SARS were $94,806 (2015: $66,676). These amounts have been included within administrative costs. The total Directors' total cash and non-cash compensation is $779,221 (2015: $767,645).

Directors' Pension Arrangements

The Executive Directors can participate in the Company's 401(k) plan and the Company will match any contributions into the plan up to 4% of salary not to exceed $10,600 in 2016 and $10,400 in 2015 with a tax deferral limit of $18,000 and additional tax deferral provisions for employees age 50 and over.

Directors' Stock Based Compensation

At 31 December 2016, the Directors had options to subscribe for Ordinary Shares under the Company's share options scheme as follows:

	Options held at 1 January 2016	Options granted in the year	Options held at 31 December 2016	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	20 Oct 2010
	100,570	Nil	100,570	12.0p	6 Mar 2012
	1,000,000	Nil	1,000,000	6.0p	25 Apr 2012
	500,000	Nil	500,000	12.5p	4 Mar 2014
J. R. Hills	200,000	Nil	200,000	12.0p	20 Oct 2010
	350,000	Nil	350,000	6.0p	25 Apr 2012
	250,000	Nil	250,000	12.5p	4 Mar 2014
B. M. Riley	200,000	Nil	200,000	12.0p	20 0ct 2010
	350,000	Nil	350,000	6.0p	25 Apr 2012
	250,000	Nil	250,000	12.5p	4 Mar 2014
B. Jactel	500,000	Nil	500,000	6.0p	1 Jan 2013
	500,000	Nil	500,000	12.0p	1 Jan 2013
	500,000	Nil	500,000	15.0p	1 Jan 2013
	1,500,000	Nil	1,500,000	12.5p	4 Mar 2014
		500,000	500,000	3.75p	12 Apr 2016
		500,000	500,000	5.0p	12 Apr 2016
		500,000	500,000	7.0p	12 Apr 2016
J. Barella		500,000	500,000	3.75p	12 Apr 2016
	7,745,695	2,000,000	9,745,695		

The aggregate fair value of the options included in the above table was $588,348 (2015: $514,002). All share options expire 10 years after Grant Date.

The market price of the TYRU shares at 31 December 2016 was £0.020 (2015 – £0.0263) and the range during the year was £0.01875 to £0.04875.

Approval

The report was approved by the Board of Directors on 9 May 2017 and signed on its behalf by:

James Hills
Chairman, Remuneration Committee
9 May 2017

directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Company's financial statements. The Directors are required to prepare the Company's financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those Company 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 US 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 Company 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 Company'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 Company. They have a general responsibility for safeguarding the assets of the Company 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 Company's website.

Erica H. Boisvert

Erica H. Boisvert
Company Secretary
9 May 2017

The Board of Directors
TyraTech, Inc.

independent auditor's report

Board of Directors
TyraTech, Inc.
Morrisville, North Carolina

We have audited the accompanying consolidated financial statements of TyraTech, Inc. and subsidiaries, which comprise the consolidated balance sheet as of December 31, 2016, and the related statements of operations and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2015 consolidated financial statements of TyraTech, Inc. were audited by other auditors, whose report dated April 12, 2016 expressed an unmodified opinion on those statements.

BDO USA, LLP
Raleigh, North Carolina
9 May 2017

consolidated balance sheets

in $000's, except for share data

31 December	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	**$1,755**	$3,955
Accounts receivable	**985**	1,117
Inventory	**988**	829
Prepaid expenses	**162**	218
Total current assets	**3,890**	6,119
Property and equipment, net of accumulated depreciation	**23**	32
Intangible assets, net of accumulated amortisation	**300**	129
Long term deposits	**69**	69
Total assets	**$4,282**	$6,349
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	**$742**	$591
Accrued liabilities	**501**	704
Deferred revenue	**298**	70
Total current liabilities	**1,541**	1,365
Other long-term liabilities	**20**	20
Total liabilities	**1,561**	1,385
Commitments and contingencies (Note 8)		
Shareholders' equity		
Common stock, at $0.001 par authorized 480 million; 367.7 million shares shares issued, 366.6 million shares outstanding as of 31 December 2016 and 2015	**367**	367
Additional paid in capital	**92,053**	91,896
Accumulated deficit	**(89,460)**	(87,181)
Accumulated other comprehensive loss	**(126)**	(5)
Treasury stock of 1.1 million shares as of 31 December 2016 and 2015	**(108)**	(108)
Total shareholders' equity	**2,726**	4,969
Non-controlling interest	**(5)**	(5)
Total shareholders' equity	**2,721**	4,964
Total liabilities and shareholders' equity	**$4,282**	$6,349

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

consolidated statements of operations and comprehensive loss

in $000's, except for share data

Year Ended 31 December	2016	2015
Gross revenue:		
Product	$8,026	$7,108
Collaborative	333	335
Total gross revenue	8,359	7,443
Less: sales discounts, returns, and allowances	1,142	708
Total net revenue	7,217	6,735
Cost of revenue:		
Product	2,266	1,959
Collaborative	129	137
Total cost of revenue	2,395	2,096
Gross profit	4,822	4,639
Costs and expenses:		
General and administrative	3,079	3,285
Business development	2,848	2,726
Research and development	1,204	1,042
Total costs and expenses	7,131	7,053
Loss from operations	(2,309)	(2,414)
Other income (expense):		
Other income	30	1
Gain on partial sale of Envance ownership	-	129
Change in fair value of warrant liabilities	-	23
Total other income	30	153
Loss before income taxes	(2,279)	(2,261)
Income tax expense	-	-
Net loss	$(2,279)	$(2,261)
Other comprehensive loss:		
Foreign currency translation adjustments	(121)	(7)
Comprehensive Loss	$(2,400)	$(2,268)
Net loss per common share		
Basic and diluted	$(0.01)	$(0.01)
Weighted average number of common shares (000's)		
Basic and diluted	366,582	273,946

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

consolidated statements of shareholders' equity

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Non-Controlling Interest	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of 31 December 2014, in $000's	$261	$87,341	$(84,920)	$(108)	$(5)	$2	$2,571
Proceeds from issuance of common stock net of expenses	106	4,279	-	-	-	-	4,385
Equity warrants issued (also reduces proceeds above)	-	144	-	-	-	-	144
Stock based compensation - SARS	-	132	-	-	-	-	132
Foreign currency translation	-	-	-	-	-	(7)	(7)
Consolidated net loss	-	-	(2,261)	-	-	-	(2,261)
Balance as of 31 December 2015, in $000's	$367	$91,896	$(87,181)	$(108)	$(5)	$(5)	$4,964
Stock based compensation - SARS	-	157	-	-	-	-	157
Foreign currency translation	-	-	-	-	-	(121)	(121)
Consolidated net loss	-	-	(2,279)	-	-	-	(2,279)
Balance as of 31 December 2016, in $000's	**$367**	**$92,053**	**$(89,460)**	**$(108)**	**$(5)**	**$(126)**	**$2,721**

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

consolidated statements of cash flows

in $000's

Year Ended 31 December	2016	2015
Cash flows from operating activities:		
Net loss	$(2,279)	$(2,261)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	17	42
Amortisation of intangible assets	56	-
Stock based compensation	157	132
Change in fair value of warrants	-	(23)
Gain on partial sale of unconsolidated subsidiary	-	(125)
Net gain from sale of equipment	-	(4)
Changes in operating assets and liabilities:		
Accounts receivable	132	(208)
Inventory	(159)	96
Prepaid expenses and long-term deposits	56	(27)
Accounts payable and accrued liabilities	(52)	(340)
Deferred revenue and other long-term liabilities	228	(71)
Net cash used in operating activities	(1,844)	(2,789)
Cash flows from investing activities:		
Intangible asset aquisition costs	(227)	(129)
Purchases of property and equipment	(8)	(2)
Proceeds from sale of equipment	-	16
Proceeds from partial sale of unconsolidated subsidiary	-	125
Net cash (used in) provided by investing activities	(235)	10
Cash flows from financing activities:		
Net proceeds from sale of common stock	-	4,385
Equity warrants issued	-	144
Net cash provided by financing activities	-	4,529
Net (decrease) increase in cash	(2,079)	1,750
Cash and cash equivalents, beginning of year	3,955	2,212
Effect of exchange rate changes on cash and cash equivalents	(121)	(7)
Cash and cash equivalents, end of year	$1,755	$3,955

The accompanying notes are an integral part of these 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 insect and parasite control products that are created by enhancing the well-known natural insecticidal properties of plants to design formulas that are rooted in safety and efficacy.

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 markets include personal care product sales and animal health insect and parasite control product sales within the United States (US) and the United Kingdom (UK) and other EU countries.

During the normal course of business of research, product development, and product commercialisation, the Company has entered several third party agreements for licensing its intellectual property, certain products, and product market channels. These agreements have involved reimbursement of research, development and intellectual property expenses, as well as payment of licensing fees to the Company. The revenue and expenses resulting from these agreements are reflected as collaborative revenue and cost of revenue in the Company's Consolidated Statements of Operations and, where appropriate, as deferred revenue in the Consolidated Balance Sheets.

(b) Principles of consolidation

The accompanying consolidated financial statements of the Company are presented in US Dollars ($) and 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	US	100%
TyraChem LLC	US	50%

All intercompany balances and transactions have been eliminated in consolidation.

The Company made a $0.4M investment for a 40% share of a new enterprise (Envance Technologies, LLC or Envance) in late 2012 and a $0.3M capital contribution in October 2014. Envance is jointly owned with AMVAC Chemical Corporation (AMVAC), a wholly owned subsidiary of American Vanguard Corporation. This unconsolidated entity was accounted for under the equity method of accounting.

In April 2015, the Company and AMVAC announced that they had updated their commercial relationship and amended the Limited Liability Company Agreement (the "Amendment") relating to Envance. As a result, TyraTech received approximately $0.5 million in cash in repayment of loans and consideration during 2015.

Under the terms of the Amendment, TyraTech and AMVAC agreed that Covering Capital Contributions made subsequent to the formation of Envance would be converted to Membership Interests. With this conversion, the Membership Percentage Interests in Envance were adjusted from AMVAC owning 60% and TyraTech owning 40% to AMVAC owning 83.77% and TyraTech owning 16.23%.

Contemporaneous with the Amendment, AMVAC offered to purchase, and TyraTech agreed to sell, approximately 3 percent of its remaining ownership interest in Envance resulting in a gain on sale of $0.1 million included in other income during 2015. Subsequent to this transaction, AMVAC owns a Membership Percentage Interest of 86.67%, and TyraTech owns a Membership Percentage Interest of 13.33%. As a result of this decrease in ownership, the Company no longer records their percentage of profit and loss within the Statement of Operations.

(c) Segment information

The Company's chief operating decision maker reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating the Company's financial performance. Accordingly, the Company has determined that it operates in a single operating segment.

(d) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying disclosures. Significant estimates and assumptions made by management are used for but not limited to, revenue recognition, the useful lives of property and equipment and intangible assets, volatility used in the valuation of the Company's stock appreciation rights and warrants, accrued expenses, and valuation allowance on deferred tax assets. 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.

(e) Fair value of financial instruments

As a basis for determining the fair value of certain of the Company's financial instruments, the Company utilizes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level I – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level II – Observable inputs, other than Level I prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximate their fair values at 31 December 2016 and 2015 due to their short-term nature and management's belief that their carrying amounts approximate the amount for which the assets could be sold or the liabilities could be settled.

(f) Cash and cash equivalents

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

The Company maintains cash balances at both US and UK financial institutions and invests in unsecured money market funds. In the US, the 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.

(g) 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 history of the creditor. After evaluating its accounts receivable balances, the Company determined an allowance for uncollectible accounts was not required as of 31 December 2016 and 2015. 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.

(h) Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first in, first out method (FIFO). The Company has determined an inventory reserve is not required as of 31 December 2016 and 2015.

(i) Cost of revenue

Cost of revenue is comprised of the product cost of goods sold and the cost of freight to customers. Cost of revenue is deducted from net revenue to arrive at gross profit.

(j) Treasury stock

Treasury stock is recorded using the cost method. Management has not made any decisions as to whether the reacquired shares will be retired, held indefinitely, or reissued.

(k) Shareholders' equity

On 16 November 2015 at a Special Meeting a resolution was passed in creasing the Company's authorised shares to 480,000,000 from 380,000,000. Additionally, on 18 November 2015, 105,333,333 new common shares were issued at £0.03 per share. Total consideration for new common shares and warrants issued was £3.2 million ($4.8 million).

(l) Warrants

The Company accounts for stock warrants as either equity instruments or derivative liabilities depending on specific terms of the warrant agreement. Stock warrants are accounted for as a derivative in accordance with ASC 815, Derivatives and Hedging, if the stock warrants contain terms that could potentially require "net cash settlement" and therefore, do not meet the scope exception for treatment as a derivative. Stock warrants that do not meet the criteria required to be classified as a derivative liability are treated as equity awards.

(m) Property and equipment

Purchased property and equipment is recorded at cost. Depreciation is 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. For the years ended 31 December 2016 and 2015 no impairment losses have been recognised.

(n) Revenue recognition

The Company's business strategy includes selling its commercial products through various distribution channels and entering into collaborative license and development agreements.

Product Revenue

Revenue is recognised as product revenue 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 revenues are subject to customer acceptance, revenue is not recognised until customer acceptance occurs. Sales and use tax, when required, is included in customer invoices recorded as sales tax payable, and remitted monthly to the appropriate state revenue departments.

Collaborative Revenue

Non-refundable license fees are recognised as collaborative 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 analysed 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 recognises 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 recognised 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 recognised. Revenue will be recognised using a proportional performance method. 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 proportional performance method, as of each reporting period.

If the Company cannot reasonably determine 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 recognised during the year ending 31 December 2016 are classified in long term liabilities. As of 31 December 2016, the Company has short-term deferred revenue of $0.3 million, (2015: $0.1 million) and long-term deferred revenue of $0.0 million (2015: $0.0 million) related to its collaborative revenue.

Customer Concentrations

In 2016, the Company had $8.0 million of gross product revenue. Three customers represented 77% of gross product revenue. These customers represented 89% of trade accounts receivable at 31 December 2016.

In 2015, the Company had $7.1 million of gross product revenue. Three customers represented 77% of gross product revenue. These customers represented 87% of trade accounts receivable at 31 December 2015.

(o) Intangible assets

Legal costs related to the registration and maintenance of the Company's patents and trademarks are capitalised when incurred and amortised straight-line over the estimated useful lives up to 20 years. Amortisation begins when a patent has been granted or when a trademark has been registered.

The Company evaluates the impairment of patents and trademarks annually considering events or changes in circumstances that indicate the carrying value of an asset may not be recoverable. This analysis is performed by comparing the carrying value of the intangible asset being reviewed for impairment to the current and expected future cash flows expected to be generated from such asset on an undiscounted basis, including eventual disposition. An impairment loss would be measured for the amount by which the carrying amount of the intangible asset exceeds its fair value. In 2016, the Company recognised an impairment loss of $0.0 million related to patents and trademarks. As of 2015 there was no impairment loss recognized. See Note 6 for further discussion.

(p) Equity based compensation

The Company measures all share-based payments using a fair value method in accordance with ASC Topic 718, Compensation – Stock Compensation. Subsequent to 1 January 2006, stock based compensation cost is measured at the grant date based on the fair value of the award and is recognised as an expense on a straight-line basis over the vesting period. Compensation expense is recognised only for those shares expected to vest, with forfeitures based upon future expectations.

Stock-based compensation costs are based on the fair value of the underlying option calculated using the Black-Scholes option-pricing model on the date of grant for stock options and recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. Determining the appropriate fair value model and related assumptions requires judgment, including estimating stock price volatility, forfeiture rates and expected term. The expected volatility rates are estimated based on the average long-term historical volatilities of peer companies over the expected term. The expected term for the year ended 31 December 2016 represents the average time that options are expected to be outstanding based on the mid-point between the vesting date and the end of the contractual term of the award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company has not paid dividends and does not anticipate paying a cash dividend in the foreseeable future and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.

(q) Research and development

Research and development costs and expenses are expensed as incurred. Research and development costs and expenses for the year ended 31 December 2016 amounted to $1.2 million (2015: $1.0 million) after charging $0.1 million (2015: $0.2 million) to collaborative cost of revenue.

(r) Advertising costs

Advertising costs are expensed as incurred. Total advertising expenses included in business development on the accompanying consolidated statements of operations and comprehensive loss during the year ended 31 December 2016 were $0.6 million (2015: $0.2 million).

(s) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognised 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 recognised 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 realised.

The Company adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes, on 1 January 2009. As required by the uncertain tax position guidance of ASC 740, the Company recognises 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 recognised in the financial statements is the largest benefit that has a greater than fifty percent likelihood of being realised upon ultimate settlement with the relevant tax authority. As of 31 December 2016 and 2015, the Company did not record any assets for unrecognised tax benefits.

(t) Accounting pronouncements not yet adopted

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASU 2016-02"), which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. ASU 2016-02 is effective for annual periods beginning after December 15, 2019. Early application is permitted for all public business entities and all non-public business entities upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"), which simplifies several aspects of the accounting for share-based payment award transactions, including (a) income tax consequents; (b) classification of awards as either equity or liabilities; and (c) classification on the statement of cash flows. The amendments also simplify the accounting for private companies. Private companies can apply a practical expedient to estimate the expected term for all awards with performance or service conditions that have certain characteristics. In addition, private companies can now make a one-time election to switch from measuring all liability-classified awards at fair value to measuring them at intrinsic value. The amendments are effective for private companies for annual periods beginning after December 31, 2017, however early adoption is permitted. The Company is currently evaluating the impact of ASU 2016-09 on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). The amendments in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates a Topic 606, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date ("ASU 2015-14"), which defers the effective date of ASU 2014-09 for all entities by one year. ASU 2014-09 is now effective for financial statements issued for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

In March 2016, the Financial Accounting and Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-08, Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net) ("ASU 2016-08"), which is intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations. The effective date and transition of these amendments is the same as the effective date of ASU 2014-09, Revenue from Contracts with Customers, for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of adopting this ASU on the consolidated financial statements.

(u) Foreign currency translation and comprehensive loss

The assets and liabilities of the Company's foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenues and expenses are translated at month end exchange rates. Resulting translation adjustments are reflected as a separate component of shareholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the consolidated statements of operations and comprehensive loss.

(2) Liquidity and Capital Resources

The Company's operations have been funded through a combination of common stock issuances, product sales, collaborative arrangements, and proceeds from technology licensing agreements.

The Company's future capital requirements will depend on many factors. For example, i) the level of product sales of the Company's currently marketed products and any additional products that may be marketed in the future; ii) the scope, progress, results, and costs of development activities for current product candidates; iii) the costs of commercialisation activities including product marketing, sales, and distribution; and iv) the costs of preparing, filing, and prosecuting patent applications and maintaining, enforcing, and defending claims to intellectual property.

As of 31 December 2016, the Company had approximately $1.8 million in cash and cash equivalents. The Company has no indebtedness as of 31 December 2016.

The Company has produced monthly forecasts to the end of 2018, which indicate the Company will have sufficient cash to meet its working capital needs for the twelve months from the date the consolidated financial statements are filed based upon the following forecast assumptions: existing cash and cash equivalents, its current operating plans, anticipated revenues from product sales and other collaborative arrangements, and the and the ability to control operating costs.

(3) Accounts Receivable

Accounts receivable as of 31 December 2016 and 2015 consist of:

	2016 **in $000's**	2015 in $000's
Trade	**$962**	$1,044
Other	**23**	73
	$985	$1,117

(4) Inventories

Inventories as of 31 December 2016 and 2015 consist of:

	2016 **in $000's**	2015 in $000's
Raw Materials	**$324**	$356
Finished Goods	**664**	473
	$988	$829

(5) Property and Equipment

Property and equipment as of 31 December 2016 and 2015 consist of:

	2016 **in $000's**	2015 in $000's
Furniture, fixtures and equipment	**557**	549
Computer equipment and software	**257**	256
	814	805
Less: Accumulated depreciation	**(791)**	(773)
	$23	$32

Depreciation expense in 2016 of $0.02 million (2015: $0.04 million) is reflected in general and administrative expense in the accompanying consolidated statements of operations.

NOTES TO FINANCIAL STATEMENTS

(6) Intangible Assets

The Company began the capitalisation of its patent and trademark cost in 2015 as products associated with these costs have proved to be commercially viable. Intangible assets as of 31 December 2016 consist of:

in $000's	Carrying Amount	Accumulated Amortisation	Impairment Write-off	Net Balance	Weighted Average Life in Years
Trademarks and Patents in process	$250	-	23	227	N/A
Amortisable Intangibles:					
Trademarks and Patents	$82	22	-	60	8.13
Maintenance of Patents	$24	11	-	13	1
Amortisable Intangibles	$106	33	-	73	6.91
Total Intangibles	$356	33	23	300	

Intangible assets as of 31 December 2015 consist of:

in $000's	Carrying Amount	Accumulated Amortisation	Impairment Write-off	Net Balance	Weighted Average Life in Years
Trademarks and Patents in process	$129	-	-	129	N/A
Amortisable Intangibles:					
Trademarks and Patents	-	-	-	-	
Maintenance of Patents	-	-	-	-	
Amortisable Intangibles	-	-	-	-	
Total Intangibles	$129	-	-	129	

The weighted average useful lives remaining at 31 December 2016 were 6.9 years. Amortisation expense in 2016 of $0.03 million (2015: $0.0 million) is reflected in general and administrative expense in the accompanying consolidated statements of operations. During the year ended 2016, the Company recognised an impairment loss of $0.02 million as a result of expired patents. This loss is reflected in general and administrative expenses on the accompanying consolidated statement of operations and comprehensive loss.

The Company estimates the following amortisation expense related to the amortisation of intangible assets based on the balance as of 31 December 2016:

Year ending 31 December	In $000's
2016	$17
2017	4
2018	4
2019	4
2020	4
Thereafter	40
Total	$73

(7) Accrued liabilities

Accrued liabilities as of 31 December 2016 and 2015 consist of:

Year ending 31 December	2016	2015
Accrued compensation	$63	$260
Professional fees	31	52
Merchandising fees	186	-
Deferred rent	133	120
Other	88	272
	$501	$704

(8) Commitments and Contingencies

Leases

On 17 February 2011, the Company signed a ten-year lease on an office and laboratory facility in Morrisville, North Carolina. This lease includes escalating rental payments which are recognised on a straight-line basis under US GAAP. Related to this facility lease, the Company maintains a stand-by-letter-of-credit, which was $0.1M at 31 December 2016 and 2015.

Future minimum lease payments under non-cancellable operating leases (with initial or remaining lease terms in excess of one year) as of 31 December 2016 are as follows:

Year ending 31 December	In $000's
2017	$161
2018	154
2019	156
2020	159
2021	81
Total	$711

Rental expense for operating leases included in general and administrative expenses in the consolidated statement of operations during the year ended 31 December 2016 was $0.2 million (2015 $0.2 million).

(9) Related Party Transactions

The Company established a shared services agreement to provide general and administrative, production support, and research and development services to Envance (a joint venture with AMVAC, which owns approximately 15.15 percent of the Company) for a monthly fee based primarily on the percentage of time Company employees devote to supporting Envance business activities and the employee's salary expense. During the year ended 31 December 2016 the Company charged Envance $0.1 million which was recorded in collaborative revenue (2015: $0.1 million). Envance represented $0.0 million of the Company's accounts receivable balance at year end. There were no amounts due to Envance.

(10) Warrants

AMVAC Warrant – In connection with the license and joint venture agreements entered into with AMVAC during 2012, the Company issued to American Vanguard Corporation a warrant to subscribe for 10 million common shares in November 2012. The warrant was exercisable at a price of 10 pence per share at any time until 31 May 2013. The fair value of the warrant at the date of grant was immaterial. This warrant was amended on 02 April 2013 to reduce the exercisable price from 10 pence to 6 pence and extend the expiry of the exercise period of the warrant from 31 May 2013 to 31 May 2015. The warrant was further amended on 21 February 2015 to reduce the exercise price to 5 pence. Warrant liability of $0.0 million and $0.0 million was reported at 31 December 2016 and 31 December 2015, respectively. The Company employed a pricing model to determine the fair value of the warrant liability and used significant assumptions in estimating the fair value of the warrant expense and liability including the estimated volatility, risk free interest rate, and the estimated life of the warrant. There were 6,155,000 common shares issued from exercise of this warrant through 31 December 2014. On 31 May 2015, the warrant expired with the unexercised shares remaining under the warrant unexercised.

During 2014, the Company issued common stock warrants classified as equity on the consolidated balance sheets to certain service providers in consideration for expenses incurred with the Company's stock issuances over a 3 year exercise period, with an exercise price of $0.001 per share. Approximately 3.1 million warrants were issued with a fair market value at the date of issuance of approximately $0.2 million. Subsequent to the balance sheet date, the warrants expired on 31, January 2017, with all shares remaining under these warrants unexercised.

During 2015, the Company issued common stock warrants classified as equity on the consolidated balance sheets to certain service providers in consideration for expenses incurred with the Company's stock issuances over a 3 year exercise period, with an exercise price of $0.001 per share. Approximately 4.1 million warrants were issued with a fair market value at the date of issuance of approximately $0.1 million. The warrants will expire on 3 November 2018.

The fair market value of the warrants at the date of issuance was estimated using the Black-Scholes option-pricing model with the following valuation assumptions:

	Year Ending 2015
Expected volatility	65.29%
Expected term (years)	3.0
Risk-free interest rate	1.10%

(11) Stock-Based Compensation

Compensation Plan

On 23 May 2007, the Board of Directors approved the TyraTech, Inc. 2007 Equity Compensation Plan (the Plan), as amended, which authorises up to a maximum of ten percent of the issued share capital of the Company (36,766,644 shares at 31 December 2016) 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

During the year ended 31 December 2016, the Company granted 5,345,000 (2015: 1,650,000) 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 common 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 amortised to compensation expense on a straight-line basis over the expected term using 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 analyse 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.

The fair market value of the options at the date of grant were estimated using the Black-Scholes- option-pricing model with the following valuation assumptions:

	2016	2015
Expected dividend yield	**0.00%**	0.00%
Expected volatility	**79.38%**	79.80%
Expected term (years)	**5.5 – 6.3**	5.5 - 6.3
Risk-free interest rate	**1.27% - 1.89%**	1.23% - 1.51%

SAR activity during the period indicated is as follows:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value	Weighted average grant-date fair value
Balance at 31 December 2014	14,211,909	$0.28	8.89	-	$0.30
Granted	1,650,000	0.04	-	-	0.02
Exercised	(190,125)	0.06	-	-	0.09
Expired	-	-	-	-	-
Forfeited	(1,134,875)	0.02	-	-	0.12
Balance at 31 December 2015	14,536,909	$0.20	8.80	-	$0.09
Granted	5,345,000	0.06	-	-	0.03
Exercised	-	-	-	-	-
Expired	-	-	-	-	-
Forfeited	(645,000)	0.19	-	-	0.12
Balance at 31 December 2016	**19,236,909**	**$0.14**	**8.53**	**-**	**$0.07**
Exercisable at 31 December 2015	10,083,159	$0.20	8.42	-	$0.25
Exercisable at 31 December 2016	**11,670,242**	**$0.23**	**7.83**	**-**	**$0.12**

The weighted average grant date fair value of SARs granted during the year ended 31 December 2016 was $0.1 million (2015: $0.0 million). During the year ended 31 December 2016 1,729,583 SARS vested (2015: 1,389,458) with a fair value of $0.1 million (2015: $0.1 million). During 2016, no SARS were exercised (2015: 190,125) with a fair value of $0 (2015: $1,630). The SARs issued through 31 December 2016 have a maximum contract term of ten years.

As of 31 December 2016, there was $0.3 million (2015: $0.4 million) of total unrecognised compensation cost related to non-vested SAR arrangements granted under the plan. That cost is expected to be recognised over a weighted average period of 2.7 years. The total fair value of shares vested during 2016 was $0.1 million (2015: $0.1 million). The compensation recognised in operating expenses for SARS for the year ended 31 December 2016, was $0.2 million (2015: $0.1 million). During the year ended 31 December 2016, the Company used an estimated forfeiture rate of 4% for SARs vesting over a four-year term. These forfeiture rates were developed based upon actual forfeiture rates for SARs forfeited between 2009 and 2015.

The Company plans to use authorised and unissued shares to satisfy SAR exercises.

(12) Research and Development Collaborations

The Company has the following significant research and development collaborative agreements outstanding at 31 December 2016 and 2015:

American Chemical Corporation ("AMVAC")

The Company completed an Intellectual Property License Agreement ("AMVAC Agreement") with AMVAC in November 2012. The AMVAC Agreement granted AMVAC irrevocable rights to license, sub-license, develop, manufacture, commercialise, use, market, and sell selected products within selected market channels related to the licensed intellectual property. The Company received and recognised $2.4 million in revenue during 2012 upon signing the AMVAC Agreement and AMVAC will pay an additional $1.3 million ratably over a ten-year period. During each of the years ended 2016 and 2015, the Company recognised $0.1 million in revenue, which is reflected as collaborative revenue in the accompanying consolidated statements of operations and comprehensive income.

Envance Technologies, LLC

TyraTech entered a Shared Services Agreement with Envance in December 2012 to provide general and administrative, marketing, supply chain and manufacturing, and research and development services on a cost plus basis to support Envance's business activities. The Company applies ASC 605 in determining whether it is appropriate to record the gross amount of collaborative revenue and related costs or the net amount earned. The Company records and presents revenue from these transactions on a gross basis. As described previously, for the year ended 31 December 2016, TyraTech invoiced Envance $0.1 million for these services (2015: $0.1 million).

TyraTech accounts for its investment in Envance using the equity method of accounting. In 2013, TyraTech's investment in Envance was reduced from $0.4 million to zero and the equity method was suspended. In October 2014, the Company made a Covering Capital Contribution of $0.3 million which was recognized as a loss in the Company's 2014 Consolidated Statement of Operations. As of 31 December 2016, TyraTech's inception-to-date investment loss in Envance is $1.4 million. If Envance subsequently reports net income, the Company will resume applying the equity method only after its share of that net income equals the share of net losses not recognised during the period the equity method was suspended. As of 31 December 2016, the Company's share of Envance net losses not recognised was $0.8 million (2015: $1.1 million).

Mondelez Global, LLC

On 5 December 2006, the Company entered into a technology sublicense agreement with Mondelez Global, LLC ("Mondelez" – formally Kraft Foods, Inc.). Pursuant to this agreement, Mondelez was granted a 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. During the years ended 31 December 2016 and 2015 Mondelez funded the joint project $0.0 million and $0.0 million, respectively. At 31 December 2016, the Company had a receivable from Mondelez for $0.0 million. The project expenses in 2016 and 2015 relate primarily to expenditures for pursuing joint patent applications related to the project. During the second half of 2012, the Company and Mondelez agreed to discontinue the functional food development project and jointly pursue third party companies to monetise the project's intellectual property. The parties agreed to terminate their monetisation efforts if no monetisation agreements have been entered into within two (2) years and if Mondelez does not wish to further pursue commercialisation or sublicensing independently. The parties are continuing to pursue monetization efforts in the first half of 2017.

The Company considers its arrangement with Mondelez 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 Mondelez 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. Upon execution of the revised monetization agreement, the Company extended revenue recognition of the final exclusivity payment of $1.0 million to the end of the original exclusivity term of the technology sublicense agreement, ended 5 December 2016. For the year ended 31 December 2016 TyraTech recognised the remaining collaborative revenue of $0.1 million (2015: $0.1 million) and deferred revenue decreased to $0.0 million (2015: $0.1 million).

(13) 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 for 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 31 December 2016 and 2015, the Company's contribution, including administrative expenses, amounted to $0.1 million and $0.1 million and is charged to general and administrative, business development, and research and development expenses in the consolidated statements of operations.

(14) Income Taxes

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

The difference between the "expected" tax benefit (computed by applying the federal corporate income tax rate to the loss before income taxes) and the actual tax benefit is primarily due to the effect of the valuation allowance described in the chart 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 utilised for income tax purposes. The tax effects of temporary differences that give rise to significant portions of deferred taxes at 31 December 2016 and 2015 are presented in the chart below:

	2016	2015
Deferred tax assets:		
Accrued compensation	**$19,320**	$19,271
Accrued expenses	**2,016**	-
Deferred revenue	**-**	26,842
Deferred rent	**48,046**	46,319
Net operating loss and charitable contribution carry forward	**26,333,491**	25,607,172
Basis in intangibles	**1,578,142**	2,090,977
Stock compensation	**1,986,344**	2,068,486
Total gross deferred tax assets	**29,967,359**	29,859,067
Less valuation allowance	**(29,906,923)**	(29,788,045)
Net deferred tax assets	**60,436**	71,022
Deferred tax liabilities		
Prepaid expenses	**(55,066)**	(61,212)
Property and equipment	**(5,370)**	(9,810)
Net deferred tax liabilities	**(60,436)**	(71,022)
Net deferred tax asset	**$-**	$ -

At 31 December 2016, the Company had federal and state net operating loss ("NOL") carry forwards of $68.2 million (2015: $65.0 million). These federal and state NOL carry forwards will expire from 2028 to 2036, if not utilised.

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 recognised. The ultimate realisation 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 or increased.

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 qualifying ownership changes during 2011 and 2013 that triggered these limitations and will have a $0.351 million limitation on NOL utilisation per year plus any unrecognised built-in gains as of the ownership change date that are recognised in the five years after the date of Section 382 ownership change. Ownership changes occurring after 2013, if any, may affect the annual limitation on the use of NOLs in the future and may limit the use of NOLs arising subsequent to the 2013 ownership change date.

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 31 December 2016 was $30 million (2015: $29.8 million). Tax years 2013, 2014, and 2015 are still subject to examination by the IRS. The Company's policy is to include interest and penalties related to unrecognised tax benefits in income tax expense. As of 31 December 2016 and 2015, the Company had no unrecognised tax benefits and accordingly, no accrued interest and penalties.

(15) 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.

The 2016 diluted shares outstanding do not assume the conversion of stock appreciation rights or warrants outstanding of 7,169,526 (2015: 7,169,526) common shares as it would have an anti-dilutive effect on earnings per share.

(16) Subsequent Events

In January 2017, the 2014 warrants expired, with all shares remaining unexercised as of the expiration date.

Management has evaluated subsequent events through 9 May 2017, the date the consolidated financial statements were available for issuance.

TyraTech, Inc.
(Incorporated in the State of Delaware under the Delaware General Corporation Law (the "DGCL"))
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 28 June 2017 at 12:00PM EDT for the following purposes:[1]

Ordinary Business

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

1. To receive and adopt the accounts for the period ended 31 December 2016 and the reports of the Directors and auditors on them ("Proposal 1").
2. To re-elect Mr. J. Hills as a Director serving for a term of three years ("Proposal 2").
3. To appoint BDO USA, 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 authorise the Directors to determine the remuneration of the auditors ("Proposal 3").

Other Business

4. Pursuant to Section 204 of the DGCL, the stockholders of the Company will also be asked to ratify and approve a previously adopted Certificate of Amendment (the "Certificate of Amendment") to the Company's Amended and Restated Certificate of Incorporation to effect an increase in the Company's authorized shares of common stock, par value $0.001 per share, from 380,000,000 shares to 480,000,000 shares (the "Authorized Share Increase"). Although the Certificate of Amendment was approved and adopted in November 2015, due to a clerical error, the Certificate of Amendment was never filed with the Secretary of State of the State of Delaware as required by Section 242 of the DGCL. The Company intended to effect such filing on or about 16 November 2015 (the "Intended Effective Time"). To avoid any uncertainty as to the validity of the Authorized Share Increase, on 17 May 2017, the Board approved and ratified the Certificate of Amendment, including the filing of a Certificate of Validation of the Certificate of Amendment to be effective as of the Intended Effective Time, and recommended that the stockholders of the Company ratify and approve the same at the AGM in accordance with Section 204 of the DGCL (the "204 Proposal"). Stockholders of record as of 16 November 2015, the Intended Effective Time, are entitled to notice of the AGM as a result of the 204 Proposal, but are not entitled to attend the AGM or to vote on any matter presented at the AGM unless they were also stockholders of record as of 7 June 2017, the record date for voting at the AGM. Please see Note 4, "Notice under Section 204 of the General Corporation Law of the State of Delaware", which provides further information in connection with the 204 Proposal.

By order of the Board

Erica N. Boisvert

Erica H. Boisvert
Group Secretary
17 May 2017

[1] Notice must be given not only to stockholders of record as of the record date for the notice of meeting, but also to stockholders of record as of the date of the intended 2015 filing.

1. Attendance and Voting

The Company specifies that only those stockholders registered in the register of stockholders of the Company as at 6.00 p.m. (BST) on 7 June 2017 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 7 June 2017 shall be disregarded in determining the rights of any person to attend and vote at the AGM. Stockholders of record as at 6.00 p.m. (BST) on 7 June 2017 and as of 16 November 2015 are entitled to notice of the AGM, but stockholders of record as of 16 November 2015 are not entitled to attend the AGM or to vote on any matter presented at the AGM unless they were also stockholders of record as of 7 June 2017.

2. Proxies

(a) Any stockholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be a stockholder of the Company) to attend and, on a poll, vote instead of the stockholder. Completion and return of a form of proxy will not preclude a stockholder 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)370 703 6322 or by email to externalproxyqueries@computershare.co.uk not later than 5 p.m. (BST) on 26 June 2017 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)370 703 6322 not later than 5 p.m. (BST) on 23 June 2017 or in the event of an adjournment 72 hours before the time of any adjournment of the AGM.

(e) For holders of Depositary Interests wishing to use CREST voting please see the instructions on the Form of Instruction.

(f) 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.

(g) In accordance with Section 219 of the DGCL, the list of stockholders entitled to vote at the AGM will be open to the examination of any stockholder for at least 10 days prior to the AGM during ordinary business hours at the offices of the Company at 5151 McCrimmon Parkway, Suite 275, Morrisville, NC USA 27560 and shall also be available at the AGM.

If you have any questions on how to complete the Form of Proxy or Form of Instruction please contact Computershare on telephone number 0370 707 4040. 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.

3. Voting and Standard Quorum

The holders of a majority in voting power of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at the AGM.

1. To pass, Proposal 1 requires the affirmative vote of the majority in voting power of the shares present in person or represented by proxy at the AGM.
2. To pass, Proposal 2 requires the affirmative vote of the plurality of the votes of the shares present in person or represented by proxy at the AGM.
3. To pass, Proposal 3 requires the affirmative vote of the majority in voting power of the shares present in person or represented by proxy at the AGM.
4. To pass, the 204 Proposal requires the affirmative vote of a majority of the outstanding stock entitled to vote thereon present in person or represented by proxy at the AGM.

4. Notice under Section 204 of the General Corporation Law of the State of Delaware

ANY CLAIM THAT THE CERTIFICATE OF AMENDMENT RATIFIED AS PROVIDED IN THE ANNUAL REPORT IS VOID OR VOIDABLE DUE TO THE FAILURES OF AUTHORIZATION REFERENCED HEREIN OR THAT THE DELAWARE COURT OF CHANCERY SHOULD DECLARE IN ITS DISCRETION THAT A RATIFICATION IN ACCORDANCE WITH SECTION 204 OF THE DGCL NOT BE EFFECTIVE OR BE EFFECTIVE ONLY ON CERTAIN CONDITIONS MUST BE BROUGHT WITHIN 120 DAYS FROM THE TIME AT WHICH THE CERTIFICATE OF VALIDATION SHALL BECOME EFFECTIVE. ASSUMING THE FILING OF THE CERTIFICATE OF VALIDATION IS RATIFIED AT THE AGM, WE INTEND TO CAUSE THE CERTIFICATE OF VALIDATION TO BECOME EFFECTIVE ON THE FIRST BUSINESS DAY FOLLOWING THE AGM.

advisors

Independent Auditors
BDO USA, LLP
421 Fayetteville Street
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Raleigh, NC 27601

Legal Counsel
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Suite 300
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Nominated Advisor
SPARK Advisory Partners Limited
5 St. John's Lane
London EC1M 4BH

Financial Advisor and Broker
Allenby Capital Limited
3 St. Helen's Place
London EC3A 6AB

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

our products

Human Health

Vamousse is an effective, safe range of products empowering families to treat and defend against head lice. Vamousse is pesticide-free and scientifically proven, meeting consumers' growing demand for non-toxic products that are equally or more efficacious than traditional products. Using TyraTech's unique technology, Vamousse is proven effective against pesticide-resistant super lice, making it a highly competitive option in the U.S. An emphasis on pleasing cosmetics also sets Vamousse apart – no oils, easy to rinse, and a convenient mousse application. Vamousse was launched by TyraTech in 2014.

Guardian DEET-Free insect repellents are true alternatives for families seeking non-toxic protection from mosquitoes and ticks. Safe, effective, and plant-based, Guardian is field- and lab-tested to U.S. EPA standards for registered DEET-based repellents. Guardian meets high consumer expectations for both safe ingredients and long-lasting protection.

Animal Health

PureScience stands for safe, effective insect and parasite control solutions for animal health. Launched in 2016, the portfolio targets poultry and swine with premise treatments to control pests that decrease productivity and cause loss within animal agriculture operations. Relying on TyraTech's signature nature-derived technology, PureScience targets needs where pesticide-resistance is a problem and pesticide regulations limit the availability of products. PureScience offers effective, efficient, and safe products for food supply operations without the use of traditional pesticides.

OutSmart is a safe and effective fly repellent for horse and rider. Powered by TyraTech's Nature's Technology®, the patented formula is unique in the marketplace as a nature-derived repellent free of permethrin, pyrethrins, and DEET and proven to have several hours of duration against flies, mosquitoes, and ticks. OutSmart is licensed to and distributed by SmartPak®, the largest retailer of equestrian products in the U.S.

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