TYRATECH

PUTTING NATURE TO WORK.®

Annual Report 2010

PUTTING NATURE TO WORK

TECHNOLOGY PRODUCTS PARTNERSHIPS

POWERED BY

TYRATECH NATURE'S® TECHNOLOGY


AIM TYR
TyraTech Nature's Technology effectively controls insects and parasites while providing a new level of safety for people and animals. TyraTech's patented scientific process targets receptors found only in invertebrates, not in humans or animals. TyraTech leverages this scientific platform to develop natural products that are as effective as traditional chemical options.
POWERED BY
TYRATECH NATURE'S TECHNOLOGY

2010 Highlights

- Successful extension to our partnership with Terminix, the largest professional pest control company in North America, through a new product development and supply agreement
- Strengthened management team through the addition of key leaders with significant experience in our key markets.

OPERATING EXPENSES

Reduced by 43% to US$7.4 million
(2009: US$13.0 million)

NET LOSS

before and after tax reduced to
US$6.1 million
(2009: US$13.9 million)

SHAREHOLDERS' EQUITY

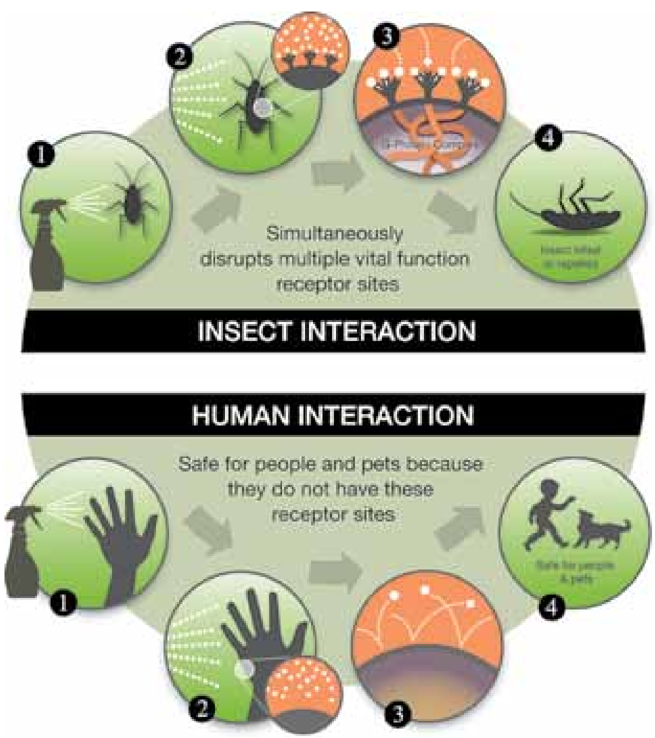
Raised US$4.8 million through
additional share issues

NET CASH

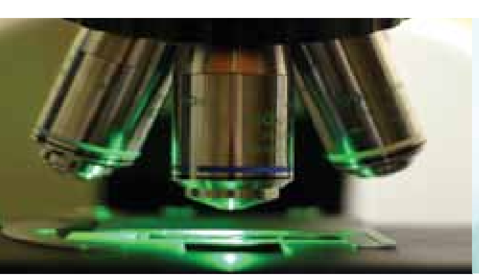
Increased to US$3.3 million
(2009: US$1.3 million)

INNOVATIVE TECHNOLOGY

EFFICACY & SAFETY: TyraTech's proprietary technology enables rapid characterization of effective mixtures of plant oil pesticides and parasiticides. These natural oil blends are uniquely formulated to disrupt nerve centers found only in invertebrate pests and parasites, which make our products **Deadly for Insects**, but **Safe for People and Pets.**



POWERED BY TYRATECH NATURE'S TECHNOLOGY



PRODUCTS

PROVEN PRODUCTS

TERMINIX SAFESHIELD

TyraTech NATURALS TechDust

TERMINIX NATURAL PEST CONTROL Stinging Insect Killer

TERMINIX NATURAL PEST CONTROL Crawling Insect Killer

TERMINIX NATURAL PEST CONTROL Flying Insect Killer

TERMINIX NATURAL PEST CONTROL Insect Killer

TERMINIX NATURAL PEST CONTROL Drain Fly Killer

TyraTech is a natural life sciences company that develops plant-based pest and parasite solutions that are effective and safe for humans and animals. TyraTech's unique product offerings address increasing end-user demand for responsible pesticides, parasites and herbicides. We have a strong product pipeline that addresses specific market needs in lucrative market segments including consumer home and garden, human health and agriculture. Our experienced team of professionals has a proven track record of delivering efficacious, innovative products.

PARTNERSHIPS

HIGH VALUE PARTNERSHIPS

IPO	Kraft Foods Agreement	TyraTech Naturals Product Launch	Terminix Agreement	TyraChem Joint Venture	Terminix SafeShield™ Delivered	Terminix Commercial Products Delivered	Arysta Agreement	Expanded Terminix Agreement	Terminix Commercial Aerosols Delivered
May 2007	Dec 2007	May 2007	Nov 2008	Jan 2009	Apr 2009	Aug 2009	Nov 2009	Oct 2010	February 2011

TERMINIX KRAFT Arysta LifeScience TyraChem

TyraTech is poised for growth in lucrative market segments. We work closely with dynamic market leaders such as Terminix and Kraft to identify opportunities and develop products for the increasing demand for powerful, effective and responsible solutions for everyday pests.

Together with our partners, we are *Putting Nature to Work* for:

- People and pet-friendly control of insects in our homes and businesses
- Prevention of parasitic infections in people and animals
- Safe protection of food crops and plants from insects, parasites and fungal diseases
- Reducing the impact of pesticides on the environment




"TyraTech continues to be committed to working with influential partners who share our vision of innovative approaches to meet the growing market demand for safer and more responsible control of domestic insects. Our extended relationship with Terminix is a strong endorsement of how these relationships can successfully work."

—Alan Reade, *Executive Chairman*—

Chairman's Statement and Operational Review
Alan Reade, Executive Chairman

Welcome to TyraTech's 2010 Annual Report. As we entered 2010, TyraTech faced a difficult business climate. As I outlined in my Half Year report, we identified three main priorities for the business:

1. Increase our focus on cost control
2. Support our partnerships, with emphasis on those with Terminix and Kraft
3. Strengthen our balance sheet, particularly the cash position

I am happy to report to you that significant progress was made during 2010 in each of these areas.

First, on the cost front, we reduced our cash operating expenses to US$6.3 million in 2010 from US$10.4 million in 2009, representing a 39% reduction in cash expenditures. We did this through a focused effort by all of the employees of TyraTech and I wish to thank them for the sacrifices that were made during this challenging period.

With regard to our partnerships, significant progress was made in our partnership with Terminix. As we announced previously, we successfully extended our partnership with Terminix, the largest professional pest control company in North America, through a new product development and supply agreement. This extension brought with it a significant upfront payment to TyraTech, which was received in October 2010. Under this new Agreement, Terminix and TyraTech are now working together to develop and market new and effective pest control products incorporating TyraTech's Nature's Technology™. The extended strategic relationship enables a development plan to identify further co-branded natural products and market channels for commercialisation. For each of up to six new products developed, TyraTech receives development milestone payments from Terminix. The successful development of three new products was announced in February of 2011. The new products, part of a growing pipeline of innovative products, will expand the existing product lines and enable Terminix to continue marketing and branding the TyraTech insecticide product lines in the US, Canada and Mexico.

The Kraft project (functional food) has made excellent progress during the year from both a technical and a market definition standpoint.

During 2010, we successfully raised US$4.8 million in working capital through additional share issues. This, along with our operating expense reductions, allowed us to finish 2010 with US$3.3 million in cash, a US$2.0 million increase from December 2009. While we are still challenged to balance growing our business against a limited level of working capital, we are optimistic that these share issues will provide sufficient capital to the business to fund our working capital needs into 2012.

With regard to our product sales, we experienced a 30% increase in order demand for our primary product supplied to Terminix, Terminix SafeShield™. We believe that our future growth in product sales will be driven by Terminix SafeShield™ and the new professional and institutional products delivered to Terminix in Q4 of 2010 and the first part of 2011. Further, our 2010 results do not include US$3.5 million in Deferred Revenue which was received in 2010 and will be recorded as revenue in future periods. We also had one shipment which was anticipated to occur in December 2010 shift into January 2011, reducing our 2010 product sales by approximately US$500,000.

BOARD CHANGES: As reported earlier, Dr. Geoffrey Vernon and Dr. Ken Noonan resigned as Non-executive Directors. In August 2010 we also reported that Keith Bigsby had resigned as Chief Financial Officer and Director.

In July 2010, Jim Hills joined the Board as a Non-executive Director, bringing invaluable experience in consumer marketing and brand management.

MANAGEMENT CHANGES: Throughout 2010 and into the early part of 2011, I have worked to develop a strong management team with significant experience in our key markets.

Kevin T. Schultz, D.V.M., Ph.D. joined TyraTech in November 2010 and holds the position of Chief Scientific Officer (CSO). In addition to his responsibilities as CSO, Dr. Schultz is also leading the Functional Foods and Animal Health Research and Development at TyraTech. Dr. Schultz began his corporate work as Executive Director, World-Wide Animal Science Research & Development at Merck. He was one of the founding executives to combine the Animal Health Division of Merck with Rhone Merieux (forming Merial) and was subsequently appointed Head of Pharmaceutical Research and Development. Following that, Dr. Schultz assumed the role of CSO and Global Head of all Research and Development for Merial.

In February 2011, Peter Jerome joined TyraTech as our Chief Financial Officer. Mr. Jerome is a Certified Public Accountant. For the past 10 years Mr. Jerome has been with Albany Molecular Research, Inc. (AMRI). AMRI is a publicly traded international research and development and manufacturing company focusing on providing a full complement of pharmaceutical services from drug discovery to the commercial manufacturing of active pharmaceutical ingredients. Initially at AMRI, Mr. Jerome held the position of Director of Finance and Corporate Controller, and for the past 3 years he has been Director, Investor Relations / Financial Planning and Analysis. Mr. Jerome also spent 10 years with the audit firm PricewaterhouseCoopers LLP where he was a Senior Audit Manager.

Also in February 2011, Keith Kennedy, Ph.D. joined TyraTech as Vice President of Product Development. Dr. Kennedy has more than 22 years of experience in the development of global consumer products. As Director of S.C. Johnson and Son's (SCJ) Insect Control Product Development Division, he led global development teams that successfully introduced over 75 new chemical specialty products worldwide, products that are now being sold in over 100 countries. Dr. Kennedy's key product responsibilities at SCJ included: Raid® and Baygon® insecticides; Off!® and Autan® insect repellents. Before moving into product development, Dr. Kennedy directed the efforts of SCJ's Entomology Research Center. For the last five years, Dr. Kennedy has worked as a private consultant for new insect control and repellent technology.

OTHER BUSINESS: As I write this report to you, we are in the process of relocating TyraTech's operations to the Research Triangle Park (RTP) area of North Carolina. We are making this move in order for the business to be located in a hub with other Life Science businesses. We believe this will provide TyraTech with greater access to a talented employment base and other scientific expertise through the vast network of public and private research facilities in the RTP area.

I am also pleased with the continued development of TyraChem, our innovative Joint Venture with Chemplast International (Chemplast). As part of McNeel International Corporation, Chemplast is a multinational plastics and master batch manufacturer. In 2011, the companies continue working together to develop innovative technology platforms that leverage TyraTech's Nature's Technology™ insecticide platform into novel delivery systems.

SUMMARY AND OUTLOOK: We continue to be confident of TyraTech's technology and of our ability to develop further products that our partners can commercialise, as evidenced by the new products we have delivered to Terminix. We are also committed to leveraging these products into other markets and to create significant shareholder value over the coming years.

While there is much work left to be done, we are proud of the accomplishments we achieved in 2010 and look forward to similar accomplishments in 2011 and beyond.

Alan Reade, *Executive Chairman*
20 June 2011

Financial Review
Peter Jerome, Chief Financial Officer and Group Secretary

REVENUES: TyraTech continues to develop its product revenues as we mature as a business. Overall revenues from continuing operations decreased for the year to US$4.6 million (2009: US$6.3 million). Not included in Revenue is an increase in Deferred Revenue of approximately US$3.5 million. This increase in Deferred Revenue will be recognized in future periods. Product revenues from continuing operations decreased to US$2.1 million (2009: US$2.6 million). Increased product sales related to the Terminix SafeShield™ product, which is sold to the household market, were offset by a decrease in sales of commercial and institutional products. Collaborative revenue reduced to US$2.5 million (2009: US$3.7 million) with the impact of the revised Kraft contract. These changes resulted in expenses incurred from September 2009 forward being reflected as revenue and equally offset as cost of goods sold.

COST OF SALES AND GROSS MARGIN: Cost of sales for the year from continuing operations was US$3.3 million (2009: US$4.5 million). This included project costs for collaborative revenue projects of US$2.2 million (2009: US$2.6 million), cost of product sold of US$1.1 million, (2009: US$1.9 million). Gross margin from product sales was 46% in 2010 (2009: 27%). The increase in gross margin was driven by product mix, with higher margins on our household product driving the overall increase in product margin.

OPERATING EXPENSES: Overall, operating expenses from continuing operations for the year were reduced by 43% to US$7.4 million (2009: US$13.0 million). The expenses for the year include non-cash stock compensation to employees and non-employees of US$0.9 million (2009: US$3.3 million), depreciation and amortization of US$0.2 million (2009: US$0.5 million) and provision for doubtful debts of US$0.0 million (2009: US$0.1 million). The decrease in overall operating expenses was driven by a decrease in stock compensation expense of US$2.4 million, a decrease in employee compensation costs of US$2.0 million (due to headcount reductions conducted during 2010), and a decrease in discretionary spending (Legal, Travel, Facilities and Materials and Supplies) of US$1.2 million.

The table below analyses the net cash operating expense by financial line item for the twelve months ended 31 December 2010 and 2009.

(in millions)	31 December 2010	31 December 2009
General and administrative	$2.9	$ 3.8
Business development	0.6	2.8
Research and product development	2.8	3.8
Total	$6.3	$10.4

LIQUIDITY AND CASH FLOW: Cash used in operations for 2010 was US$(2.7 million) compared to US$(7.7 million) for 2009, a US$5.0 million improvement. This improvement was driven by several significant factors. As previously mentioned, cash operating expenses for the year decreased by US$4.1 million, the receipt of the upfront payment from Terminix upon the execution of our expanded product development agreement contributed an additional US$2.5 million in improvement, with these items offset by an increase in working capital of US$1.4 million and other items of US$0.2 million.

Cash flow from financing activities in 2010 was US$4.8 million, compared to nil in 2009. The Company raised US$4.8 million in additional share capital, net of offering expenses, in 2010 through the issuance of an additional 30.0 million shares of its common stock.

Cash and cash equivalents were US$3.3 million at the end of 2010 (2009: US$1.3 million). We invest our cash resources in deposits with banks with the highest credit ratings, putting security before absolute levels of return.

In October 2008, Molecular Securities, Inc. (Molecular) filed a complaint against the Company asserting claims for breach of contract. Molecular alleges that it is owed US$ 2.7 million for services that it allegedly provided to TyraTech plus interest, attorneys' fees and costs. The Company strongly refutes this claim and is vigorously defending itself in the lawsuit. After taking advice on the merits and demerits of the lawsuit the Company does not intend to provide any liability for the lawsuit. On 26 May 2011, the New York Supreme Court, Appellate Division of New York County issued a ruling entering judgment in favour of the Company and against Molecular and dismissing Molecular's complaint in its entirety. Molecular may choose to appeal the ruling with the Court of Appeals (New York's highest court) in which case the Company will continue to defend itself and continues to believe that the recording of any liability is inappropriate as Molecular's claims are meritless. If Molecular were to prevail in the litigation there could be a material adverse effect upon the Group's working capital which could in turn significantly delay the development of the Group's business and its ability to achieve profitability.

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

Peter Jerome, *Chief Financial Officer and Group Secretary*
20 June 2011

Board of Directors

ALAN READE—EXECUTIVE CHAIRMAN

Alan Reade (Executive Chairman) was appointed on 25 May 2007 as Non-executive Director. He is the owner of Global Strategy Expression Limited, a consulting and advisory services business in the life sciences industry. From 2000 until his retirement in 2005, he served as executive chairman of Merial Limited, a leading animal health company and joint venture between Merck & Co. Inc. and Sanofi-Aventis. Earlier in his career he was head of global integration at Aventis, where he was in charge of merger integration, and Chief Executive Officer and member of the Global Executive Committee at Rhone-Poulenc Inc. He previously has been a director of Sygen International and IFAH, a global animal health association as well as more than 40 Merial subsidiaries. He was chairman of the Remuneration Committee until his appointment as executive Chairman and member of the Nomination Committee throughout the year. Subsequent to the year end, on 4 January 2010 he was appointed as Executive Chairman.

JAMES HILLS—NON-EXECUTIVE DIRECTOR

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 USA where he held senior positions in both sales and brand management. Later, he became a 50% partner and Chief Executive Officer of Weatherly Consumer Products Inc. (Jobe's), a company which developed, branded and marketed specialty fertilizers in North America and Europe. Following the sale of that business in 1996, he and a partner started Gulfstream Home and Garden, a company that marketed consumer insecticides for the lawn and garden market in the U.S. Mr. Hills sold Gulfstream in 2005, following nearly ten years of rapid growth. He is chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

BARRINGTON MARSHALL RILEY—NON-EXECUTIVE DIRECTOR

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 US conglomerate where he had finance and general management responsibilities for a specialty chemical operation, and also oversaw the head office finance function for all UK operations. He joined Proteus International plc in 1995 as Finance Director and was closely involved in the merger with Therapeutic Antibodies Inc. in 1999, which became Protherics plc where he was Finance Director until 2007. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committee and is also the Senior Independent Director.

2010 Financial Information

TyraTech

PUTTING NATURE TO WORK.

Directors' Report

The Directors present their report and the audited financial statements of TyraTech, Inc. for the year ended December 31, 2010.

RESULTS AND DIVIDENDS

The net loss for the year, after taxation, amounted to US$6.1 million against a net loss of US$13.9 million in 2009. No dividends have been declared or paid.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A review of the Group's operations during the year, and the outlook for the future are given in the Executive Chairman's Review on page 6. A discussion of the principal risks and uncertainties facing the Company is set out below.

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

RESEARCH AND DEVELOPMENT

The Directors believe that research and product development play a vital role in the Group's long-term success. Research and development expenditure is expensed when incurred and for the year was US$3.1 million (2009: US$4.4 million).

INTELLECTUAL PROPERTY

The Group owns intellectual property and has taken steps to protect this through patent applications, where, as of the date of this report, 11 patents were issued (2009: 11) and 61 patents are pending (2009: 119). The Group's key intellectual property is built around the screening methods for identifying active ingredients for synergistic receptor activation and the active ingredient combinations. The Directors believe that the intellectual property is of significant value to the business.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle the terms of payment with suppliers when agreeing to the terms of each transaction, or the terms of a continuing trading relationship, ensuring that suppliers are made aware of the terms of payment, and to abide by these terms whenever possible. The creditor days at the year-end were 51 days (2009: 66 days) for the Group.

EQUAL OPPORTUNITY EMPLOYER

The Group is committed to a policy that provides all employees and potential employees with equality of opportunity for selection and development regardless of age, gender, nationality, race, creed, disability or sexual orientation. At the 31 December 2010 the Group had 16 employees (2009: 31 employees).

POLICY ON EMPLOYEE INVOLVEMENT

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

SAFETY, HEALTH AND ENVIRONMENT

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

History of Losses

The Group has experienced operating losses in each year since its inception and, as at 31 December 2010, had accumulated losses of US$69.3 million. The Group will incur further losses and there can be no assurance that the Group will ever achieve significant revenues or profitability.

Working Capital and Significance of the Fundraisings

As at 31 December 2010, the Company had cash and short-term deposits of US$3.3 million. The Directors believe that, based on current forecasts, the Company will have sufficient cash to fund its operations for the foreseeable future. The achievability of these forecasts is dependent on a number of key assumptions, in particular, increased market penetration through the Company's strategic relationship with Terminix in 2011 and 2012 and the resulting sales increase and successful leverage of the Company's products and technology into consumer markets as well as its ability to enter into new partnerships in new markets. If the Company does not perform in line with these key assumptions underlying the forecasts, the Company's cash resources may be absorbed earlier than forecasted.

The Company's Future Operating Results Will Be Highly Dependent on How Well It Manages the Expansion of Its Operations

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

Market Penetration Rates

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

The Company Has an Outstanding Litigation With Molecular Securities, Inc.

In October 2008, Molecular Securities, Inc. filed a complaint against the Company asserting claims for breach of contract. Molecular Securities, Inc. alleges that it is owed US$2.7 million for services that it allegedly provided to the Company plus interest, attorneys' fees and costs. On 26 May 2011, the New York Supreme Court, Appellate Division of New York County issued a ruling entering judgment in favour of the Company and against Molecular and dismissing Molecular's complaint in its entirety. Molecular may choose to appeal the ruling with the Court of Appeals (New York's highest court) in which case the Company will continue to defend itself. If Molecular Securities, Inc. were to prevail in the litigation there could be a material adverse effect upon the Group's working capital and the Company might have insufficient funds to meet such a claim.

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. Whilst it may apply from time to time to register additional patents, trademarks, 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

Directors' Report
(CONTINUED)

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 breach. In addition, TyraTech's trade secrets may otherwise become known or be independently developed by competitors. If certain parts of TyraTech's proprietary information and know-how were to become public knowledge, then the value of TyraTech's products could be adversely affected which could have a material adverse effect on TyraTech's business, financial condition and results of operations.

TyraTech's Ability to Introduce Certain of Its Products to Market Is Dependent on Successful Completion of Regulatory Approval Process

Insecticide and parasiticide products are subject to a regulatory approval process in the US, in Europe and other parts of the world which is extremely expensive and can take years to complete. Failure to obtain or maintain regulatory approval could result in the inability to market and sell such products. Of particular importance is the requirement, applicable in most territories, that an approval to market a biocide in the relevant territory, or an exemption from it, be obtained from the relevant regulatory authority. Such approval would usually require the collection and evaluation of data relating to the quality, safety, efficacy or performance of the product candidate for its proposed use. The time necessary to obtain regulatory approval 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, if there were data errors in the submission documents or if new data came out that impacted the claims or safety profile of any of its products.

CHARITABLE DONATIONS

The Group has made charitable donations to local charities during the year of US$0.4 million (2009: US$0.4 million) to educational institutions involved in the development of its technology.

DIRECTORS

The Directors who served during the year were as follows:

G.N. Vernon (resigned 10 May 2010)
R.D. Armstrong (resigned 4 January 2010)
K.E. Bigsby (resigned 4 August 2010)
A.J. Reade
B.M. Riley
K.D. Noonan (retired 9 July 2010)
P. Regan (resigned 27 May 2011)
J. Hills (appointed 9 July 2010)

Biographies of the Directors Follow:

Alan Reade (Executive Chairman) was appointed on 25 May 2007 as Non-executive Director. He is the owner of Global Strategy Expression Limited, a consulting and advisory services business in the life sciences industry. From 2000 until his retirement in 2005, he served as executive chairman of Merial Limited, a leading animal health company and joint venture between Merck & Co. Inc. and Sanofi-Aventis. Earlier in his career he was head of global integration at Aventis, where he was in charge of merger integration, and Chief Executive Officer and member of the Global Executive Committee at Rhone-Poulenc Inc. He previously has been a director of Sygen International and IFAH, a global animal health association as well as more than 40 Merial subsidiaries. He was chairman of the Remuneration Committee until his appointment as executive Chairman and member of the Nomination Committee throughout the year. Subsequent to the year end, on 4 January 2010 he was appointed as Executive Chairman.

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 US conglomerate where he had finance and general management responsibilities for a specialty chemical operation, and also oversaw the head office finance function for all UK operations. He joined Proteus International plc in 1995 as Finance Director and was closely involved in the merger with Therapeutic Antibodies Inc. in 1999, which became Protherics plc where he was Finance Director until 2007. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committee and is also the Senior Independent Director.

Patrick Regan (Non-executive Director) was appointed on 16 September 2009. He brings to the Board over sixteen years of financial analysis, corporate management, investment banking and venture capital experience gained in the US. Mr. Regan has been a senior managing director for Laurus Capital Management LLC since 2001 and has also served the same role at Valens Capital Management LLC since its establishment in 2007. In addition to his fund management experience at Laurus-Valens, he has spent four years as a financial analyst at Geller & Company. At Geller, he was involved in private placement financing, management consulting and general corporate finance functions. Between 1999 and 2001, Patrick Regan was an associate at Tower Hill Capital Group, an investment banking boutique and venture capital firm. Mr. Regan resigned from the board on 27 May 2011.

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 USA where he held senior positions in both sales and brand management. Later, he became a 50% partner and Chief Executive Officer of Weatherly Consumer Products Inc. (Jobe's), a company which developed, branded and marketed specialty fertilizers in North America and Europe. Following the sale of that business in 1996, he and a partner started Gulfstream Home and Garden, a company that marketed consumer insecticides for the lawn and garden market in the U.S. Mr. Hills sold Gulfstream in 2005, following nearly ten years of rapid growth. He is chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

DIRECTORS' INTERESTS

The Directors at 31 December 2010 and their beneficial interests in the share capital of the Group, other than with respect to options to acquire ordinary shares (which are detailed in the analysis of options included in the Directors' Remuneration Report) are as follows:

	31 December 2010 (or earlier date of resignation) Common Shares of US$0.001 each	1 January 2010 (or later date of appointment) Common Shares of US$0.001 each
G.N. Vernon	Nil	Nil
R.D. Armstrong	Nil	543,059
K.E. Bigsby	Nil	172,161
A.J. Reade	4,071,808	69,200
B.M. Riley	1,255,556	Nil
K.D. Noonan	Nil	Nil
P. Regan	566,674	Nil
J. Hills	Nil	Nil

Directors' Report
(CONTINUED)

DIRECTORS INDEMNITY INSURANCE

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

CAPITAL STRUCTURE

The capital structure of the Group comprises 51,837,468 common shares of US$0.001 par value each.

There are no specific restrictions on the transfer of shares by any shareholder save that shares trading under the symbol TYR are subject to certain restrictions under US securities law which prevent them from being sold to persons in the US except in reliance on certain exceptions under the US Securities Act 1933.

During the year ended 31 December 2010, the Company issued 29,088,000 of new common shares for gross proceeds of US$5.5 million, US$4.8 million net of cash expenses. A further 749,112 of new common shares were issued in settlement of other issuance expenses of US$0.1 million. These shares are subject to a lock up agreement of six months, which expired on 20 November 2010.

SUBSTANTIAL SHAREHOLDINGS

At 1 February 2011, the Group has been advised, in accordance with DTR 5 (Disclosure and Transparency Rules), of the following shareholdings amounting to 3% or more of the ordinary share capital of the Group.

	Number	Percentage
Sustainable Asset Management	6,667,744	12.9%
Vanderbilt University	5,086,799	9.8%
Standard Life Inv Ltd	4,905,581	9.5%
Fiske Nominees	4,453,889	8.6%
A.J. Reade	4,071,808	7.9%
Ora Capital	3,810,178	7.4%
Legal & General	1,961,872	3.8%

RELATED PARTY TRANSACTIONS

In addition to the transaction with Vanderbilt University set out in the notes to the financial statements, certain subscriptions in connection with the Company's placing in May 2010 constituted related party transactions within the meaning of the London Stock Exchange's AIM Rules for Companies. Alan Reade subscribed for 3,690,249 common shares, Barry Riley subscribed for 1,255,555 common shares and Patrick Regan subscribed for 566,893 common shares. In addition, SAM Sustainable Asset Management, a substantial shareholder, subscribed for 4,444,444 common shares. The price paid for the shares was 9p per share.

AUDITORS

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

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were members of the Board at the time of approving this report are listed on page 12. Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that:

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

By order of the Board

ALAN READE
Executive Chairman
20 June 2011

Corporate Governance

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

The Board considers that it has maintained an appropriate level of compliance with the provisions set out in Section 1 of the Combined Code for the year to 31 December 2010 and its revised structure in 2011 maintains a significant independent element with appropriate skills and experience.

BOARD OF DIRECTORS

During the year to 31 December 2010, the Board consisted of an Executive Chairman and three Non-executive Directors. On 4 January 2010, Dr. Armstrong resigned as a Non-executive Director and Patrick Regan was appointed as a Non-executive Director. On 10 May 2010, Dr. Vernon resigned as a Non-Executive Chairman and Director. On 9 July 2010, Dr. Noonan resigned as a Non-Executive Director and James Hills was appointed as a Non-Executive Director. On 4 August 2010, Keith Bigsby resigned as Chief Financial Officer and Executive Director.

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

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

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

The membership of all Board Committees remained unchanged during the year and is set out below:

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

On 4 January 2010, Mr. Reade resigned as Chairman of the Remuneration Committee with his appointment as Executive Chairman and Dr. Noonan became the new Chairman of the Remuneration Committee. Dr. Noonan resigned as Chairman of the Remuneration Committee on 9 July 2010 and Mr. Hills became the new Chairman of the Remuneration Committee. Mr. Riley was appointed to the Remuneration Committee on 9 July 2010. Dr. Vernon resigned as Chairman of the Nominations Committee on 4 January 2010 and was replaced by Mr. Reade. Mr. Hills was appointed to the Nominations Committee on 9 July 2010. Dr. Vernon resigned from the Audit Committee on 10 May 2010 with his resignation from the Board and was replaced by Mr. Hills on 9 July 2010.

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

The Executive Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Executive Chairman is responsible for organizing the business of the Board, ensuring its effectiveness and setting its agenda.

Corporate Governance
(CONTINUED)

The Executive Chairman facilitates the effective contribution of Non-executive Directors and constructive relations between Executive and Non-executive Directors, ensuring Directors receive accurate, timely and clear information. The Executive Chairman gives feedback to the Board on issues raised by major shareholders.

The Board evaluates its own effectiveness on an annual basis by measuring performance against a standard set of objectives assessed by each member of the Board.

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

The Group regarded J. Hills and B.M. Riley as independent Non-executive Directors during the year ended 31 December 2010. Since the appointment of Mr. Reade as Executive Chairman, he ceased to be regarded as independent. The Independent Directors constructively challenge and help develop proposals on strategy, and bring strong independent judgment, knowledge and experience to the Board's deliberations. The Independent Directors are of sufficient calibre and number that their views carry significant weight in the Board's decision making. B.M. Riley is the Senior Independent Director. As Senior Independent Director, he is available to shareholders if they have concerns where contact through the normal channels of Executive Chairman or Chief Financial Officer has failed to resolve matters or for which such contact would be inappropriate.

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

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

The Non-executive Directors meet after each Board meeting without the Executive Chairman being present.

The attendance of individual Directors at Board meetings during the year is set out in the table below:

	Number of Meetings	Meetings Attended
G.N. Vernon	5	5
K.E. Bigsby	9	9
A.J. Reade	14	14
B.M. Riley	14	14
K.D. Noonan	8	8
J. Hills	6	6
P. Regan	14	13

At the forthcoming Annual General Meeting Mr. Hills will offer himself for 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 pages 23 to 27.

The attendance of individual Directors at Remuneration Committee meetings during the year is set out in the table below:

	Number of Meetings	Meetings Attended
J. Hills	2	2
B.M. Riley	2	2

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

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

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

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

The attendance of individual Directors at Audit Committee meetings during the year is set out in the table below:

	Number of Meetings	Meetings Attended
B.M. Riley	3	3
J. Hills	2	2
K.D. Noonan	1	1
By invitation:		
K.E. Bigsby	1	1
A.J. Reade	3	3
P. Regan	3	2

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

The attendance of individual Directors at Nomination Committee meetings during the year is set out in the table below:

	Number of Meetings	Meetings Attended
A.J. Reade (Chairman)	1	1
B.M. Riley	1	1
By invitation:		
P. Regan	1	1

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

Corporate Governance
(CONTINUED)

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

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

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

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

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

GOING CONCERN

The Company has produced monthly forecasts to the end of 2013 and based upon cash expected to be received through existing contracts, new contracts to be closed and the ability to control costs as a result of the Company's cost minimization program, with existing cash on hand and cash received from a share placings in 2010, the Directors believe that the Company will have sufficient cash to meet its working capital needs through the next twelve months. For this reason the Company continues to adopt the going concern basis.

On 26 May 2011, the New York Supreme Court, Appellate Division of New York County issued a ruling entering judgment in favour of the Company and against Molecular and dismissing Molecular's complaint in its entirety. Molecular may choose to appeal the ruling with the Court of Appeals (New York's highest court) in which case the Company will continue to vigorously defend itself. As a result, the Company has not recorded any liability. If Molecular Securities, Inc. were to prevail in the litigation there could be a material adverse effect upon the Group's working capital and the Company might have insufficient funds to meet such a claim.

INTERNAL AUDIT

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

SHAREHOLDER COMMUNICATION

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

Directors' Remuneration Report

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

REMUNERATION COMMITTEE

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

REMUNERATION POLICY

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

Executive Directors' remuneration packages are comprised of a basic salary and an annual performance related bonus plan and stock appreciation rights. The Group also provides health care, disability and life insurance and 401(k) matching contribution benefits consistent with all employees of the Group. Total compensation levels for executives are designed to be at least the median level reflecting the levels of performance, experience and responsibility held by each of the External 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 2010 were set at 100% of basic salary for Mr. Reade and at 50% of basic salary for Mr. Bigsby. Mr. Reade was paid a bonus of US$150,000 in TyraTech common stock during the year and an additional US$125,000 in cash subsequent to year end, 100% of his eligible bonus and Mr. Bigsby was not paid a bonus in 2010 prior to his resignation.

STOCK APPRECIATION RIGHTS

All Executive Directors and employees are eligible for grants of stock appreciation rights. Stock appreciation rights are granted at the closing mid-market price of the Group's ordinary shares on the day prior to grant and generally vest over four equal annual increments. Currently the exercise of stock appreciation rights granted is not dependent upon performance criteria. Stock appreciation rights granted to the Directors during the year to 31 December 2010 are included in the table of Directors' Share Options on page 27.

Directors' Remuneration Report
(CONTINUED)

PENSION AND OTHER BENEFITS

Executive Directors' basic salaries are set at levels which are deemed to include adequate provision for pension contributions. Each Executive Director is free to determine the amount of pension contribution payable from salary, given the age of the relevant Director and other personal circumstances. Executive Directors are entitled to make contributions from salary into the Group's 401(k) (see Directors' Pension Arrangements below). The Group funds the provision of private medical insurance cover for Executive Directors and their immediate family and Executive Directors participate in the Group's life insurance scheme, which has a lump sum payment in the event of death in service.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

Dr. Armstrong entered into a service agreement with the Group, the principal terms of which were that if the Group terminated his employment, other than for good cause, the Group would pay to him the amount outstanding up to the date of the termination. In addition, if Dr. Armstrong's employment was terminated by the Group without good cause or if he resigned with good reason, the Group would pay an amount equal to the eighteen months' base salary and bonus, as well as accelerating the vesting of shares which would become free of re-purchase obligations in the current and subsequent year after the date of termination. On 4 January 2010 Dr. Armstrong resigned and received a termination payment of US$547,500 payable through March 2011. In addition, as a result of Dr. Armstrong's resignation, the Group accelerated the vesting of the final 25% of the original stock grant of 602,561 shares (150,403 shares) and re-priced the stock compensation expense from US$9.28 per share to US$0.15 per share, the share price at Dr. Armstrong's termination date.

Kerdos Corporate Finance Limited (KCFL) entered into a consultant agreement for the services of Mr. Bigsby as the Chief Financial Officer of the Group. Mr. Bigsby was entitled to participate in the 2010 Bonus Plan while engaged by the Group. The contract was terminated on 4 August 2010 with the resignation of Mr. Bigsby.

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

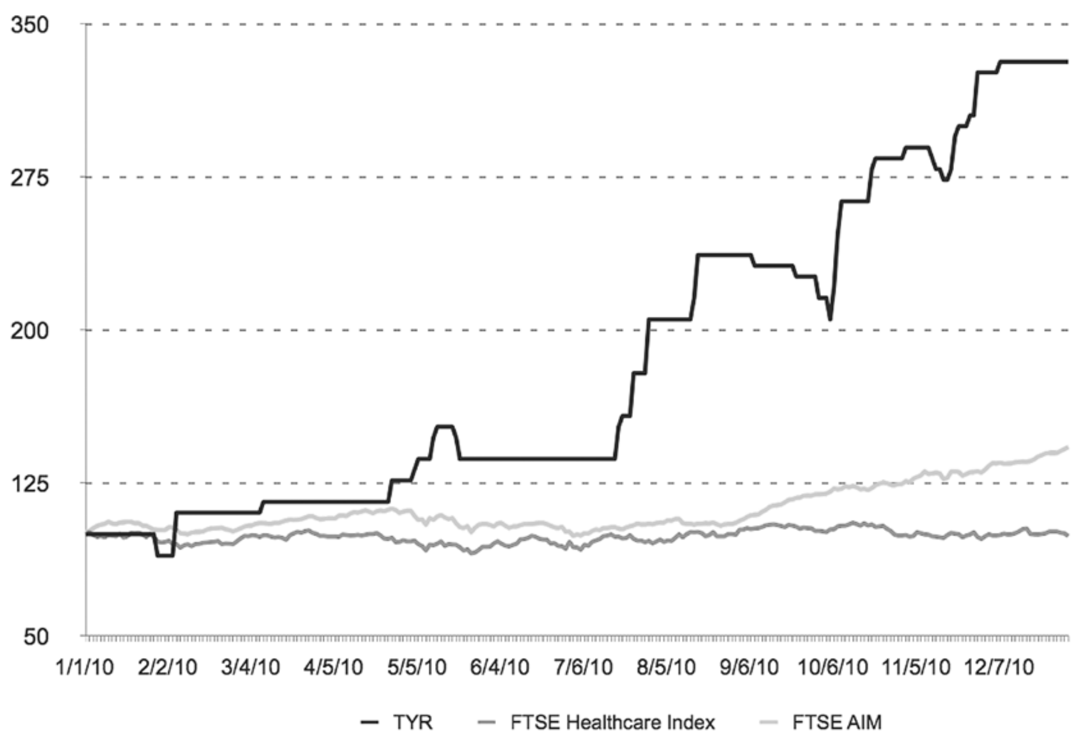
NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT

Dr. Vernon, Mr. Reade, Mr. Riley and Dr. Noonan entered into agreements with the Group on 25 May 2007, which govern the terms and conditions of their appointment as Non-executive Directors of the Group. Each appointment was for an initial term expiring upon conclusion of the next annual general meeting of the Group unless renewed at the end of that period for a further 12 month period. Dr. Vernon was entitled to fees totaling £47,500 for the year payable to Ziggus Holding Limited, of which Dr. Vernon is an employee. Mr. Reade was entitled to fees totaling £35,000 for the year payable to Global Strategy Expression Limited of which Mr. Reade is an employee. This fee arrangement with Mr. Reade was terminated when he assumed the Executive Chairman post. Dr. Noonan was entitled to fees totaling £32,500 for the year payable to T. K. Advisory Limited of which Dr. Noonan is an employee. Mr. Riley was entitled to fees of £35,000 for the year payable directly. Mr. Regan was appointed as a representative of Laurus/Valens and received no fees during the year. Mr. Hills entered into an agreement with the Group on 9 July 2010 which governs his term and conditions of his appointment as a Non-executive Director of the Group. This appointment is for an initial term expiring upon conclusion of the next annual general meeting of the Group unless renewed at the end of that period for a further 12 month period. Mr. Hills is entitled to fees totaling US$55,000 per year.

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

PERFORMANCE GRAPH

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



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

Directors' Remuneration Report
(CONTINUED)

AGGREGATE DIRECTORS' REMUNERATION
Directors' Emoluments in US$

	Year	Salary and Fees[1]	Benefits[1]	Bonus[1,5]	Total
Executives:					
R.D. Armstrong	**2010**	**$ 511,236**	**$13,083**	**$ —**	**$ 524,319**
	2009	328,500	25,766	91,000	445,266
K.E. Bigsby	**2010**	**159,000**	**—**	**—**	**159,000**
	2009	238,500	—	33,000	271,500
Chairman[6]					
G.N. Vernon[2]	**2010**	**16,550**	**—**	**—**	**16,550**
	2009	77,102	—	—	77,102
Executive Chairman[6]					
A.J. Reade[4]	**2010**	**331,763**	**10,896**	**256,383**	**599,042**
	2009	56,230	—	—	56,230
Non-executive					
B.M. Riley	**2010**	**57,455**	**—**	**—**	**57,455**
	2009	55,915	—	—	55,915
K.D. Noonan[3]	**2010**	**33,651**	**—**	**—**	**33,651**
	2009	51,901	—	—	51,901
P. Regan	**2010**	**—**	**—**	**—**	**—**
	2009	—	—	—	—
J. Hills	**2010**	**26,442**	**—**	**—**	**26,442**
	2009	—	—	—	—
Total	**2010**	**$1,136,097**	**$23,979**	**$256,383**	**$1,416,459**
	2009	$ 808,148	$ 25,766	$ 124,000	$ 957,914

(1) Remuneration amounts are for the 2010 and 2009 period served
(2) Includes beneficial payments to Ziggus Holding Ltd
(3) Includes beneficial payments to T. K. Advisory Ltd
(4) Includes beneficial payments to Global Strategy Expression Ltd
(5) Bonuses were paid in 2009, 2010, and 2011
(6) Payments made in pounds Sterling, at exchange rates to the US Dollar ranging from 1.45 to 1.66 in 2010

The benefits in kind represent contributions to medical insurance schemes, life insurance and the 401(k) pension plan. The share based payment charge for Directors' founder shares and share options were US$345,117 (2009: US$1,876,114). These amounts have been included within administrative costs. The total Directors' compensation is US$1,761,576 (2009: US$2,834,028).

DIRECTORS' PENSION ARRANGEMENTS
The Executive Directors can participate in the Group's 401(k) plan and the Group will match any contributions into the plan up to 4% of salary not to exceed US$9,200 in 2010 with a tax deferral limit of US$16,500 and additional tax deferral provisions for employees over 50 years old.

DIRECTORS' SHARE OPTIONS

At 31 December 2010, the Directors had options to subscribe for Ordinary Shares under the Company's share option scheme as follows:

	Options Held at 1 January 2010	Options Granted in the Year	Options Lapsed/ Cancelled in the Year	Options Held at 31 December 2010	Strike Price	Grant Date
Directors:						
R.D. Armstrong	Nil	Nil	Nil	Nil	Nil	Nil
K.E. Bigsby	63,553	Nil	63,553	Nil	Nil	15 Jan 2009
	50,000	Nil	50,000	Nil	42.5p	16 Jan 2009
	Nil	75,000	75,000	Nil	10.5p	4 Feb 2010
A.J. Reade	Nil	550,000	Nil	550,000	10.5p	4 Feb 2010
	Nil	995,125	Nil	995,125	25.0p	10 Oct 2010
J.R. Hills	Nil	200,000	Nil	200,000	25.0p	10 Oct 2010
B.M. Riley	Nil	200,000	Nil	200,000	25.0p	10 Oct 2010
P. Regan	Nil	150,000	Nil	150,000	25.0p	10 Oct 2010
	113,553	2,170,125	188,553	2,095,125		

The aggregate fair value of the options included in the above table was US$483,179 (2009: US$51,414). All options in the above table expire ten years from their grant date.

In addition, the shares held by Dr. Armstrong and Mr. Bigsby were granted as founder shares, the shares are restricted and subject to re-purchase at the Group's option at par for a period of 4 years subject to 25% of the shares becoming fully vested on the first anniversary of the grant date and for the following three anniversaries thereafter.

	Date Granted	Number of Shares
Directors:		
R.D. Armstrong	12 December 2006	602,561
K.E. Bigsby	20 April 2007	172,161

The market price of the shares at 31 December 2010 was £0.315 (2009—£0.095) and the range during the year was £0.07 to £0.315.

APPROVAL

The report was approved by the Board of Directors on 20 June 2011 and signed on its behalf by:

JAMES HILLS
Chairman, Remuneration Committee
20 June 2011

Directors' Responsibilities

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

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable 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 Group will continue in business;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

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

ANNUAL GENERAL MEETING
The AGM will be held at the office of Brewin Dolphin, 12 Smithfield Street, London, EC1A 9BD on 27 July 2011 at 12 noon UK time. The Group will convey the results of the proxy votes cast at the AGM.

PETER JEROME
Group Secretary
20 June 2011

Notice of Annual General Meeting (AGM)

A notice convening the Company's 2011 AGM is attached to this Annual Report. The resolutions which Shareholders are being asked to pass at the AGM provide for the following:

ORDINARY BUSINESS
Resolution 1 acknowledges receipt of, and adopts, the accounts for the period ended 31 December 2010 and the reports of the Directors and auditors on them.

Resolution 2 elects Mr. J. Hills as a Director serving for a term of three years.

Resolution 3 re-appoints Grant Thornton LLP as auditors of the Company and authorises the Directors to determine their remuneration.

Report of Independent Certified Public Accountants

The Board of Directors
TyraTech, Inc.:

We have audited the accompanying consolidated balance sheets of TyraTech, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders' (deficit) equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TyraTech, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Orlando, Florida
June 21, 2011

Grant Thornton LLP
Certified Public Accountants

Consolidated Balance Sheets

December 31, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,343,581**	$ 1,264,661
Accounts receivable, net	**791,423**	528,060
Inventory	**341,414**	224,004
Prepaid expenses	**104,528**	214,317
Current assets from discontinued operations	**597**	464,700
Total current assets	**4,581,543**	2,695,742
Property and equipment, net of accumulated depreciation	**626,397**	834,636
Total assets	**$ 5,207,940**	$ 3,530,378
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	**$ 428,971**	$ 970,150
Accrued liabilities	**884,099**	1,392,158
Current liabilities from discontinued operations	**2,028**	552,765
Deferred revenue	**1,951,643**	476,500
Other current liabilities	**6**	16,607
Total current liabilities	**3,266,747**	3,408,180
Other long-term liabilities	**2,102,483**	104,712
Total liabilities	**5,369,230**	3,512,892
Shareholders' (deficit) equity		
Common stock, $0.001 par, authorized 100 million; 51.8 million shares issued and outstanding (2009: 22.0 million shares issued and outstanding)	**51,837**	22,000
Additional paid-in capital	**69,059,576**	63,177,312
Accumulated deficit	**(69,267,152)**	(63,176,664)
Treasury stock of 13,741 (2009: 326,241) common stock	**(177)**	(4,195)
Total TyraTech, Inc. shareholders' (deficit) equity	**(155,916)**	18,453
Non-controlling interest	**(5,374)**	(967)
Total (deficit) equity	**(161,290)**	17,486
Total liabilities and (deficit) equity	**$ 5,207,940**	$ 3,530,378

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

Consolidated Statements of Operations

Years Ended December 31, 2010 and 2009

	2010	2009
Revenues:		
Product sales	$ 2,055,612	$ 2,590,618
Collaborative revenue	2,536,401	3,740,222
Total revenues	4,592,013	6,330,840
Costs and expenses related to product sales and collaborative revenue:		
Product costs	1,112,658	1,895,052
Collaborative costs and expenses	2,156,502	2,560,368
Total costs and expenses	3,269,160	4,455,420
Gross profit	1,322,853	1,875,420
Costs and expenses:		
General and administrative	3,657,560	6,535,727
Business development	705,004	2,042,435
Research and technical development	3,050,278	4,393,367
Total cost and expenses	7,412,842	12,971,529
Loss from operations	(6,089,989)	(11,096,109)
Other (expense) income:		
Interest income	683	15,271
Interest/other expense	(17,307)	(2,526)
Total other (expense) income	(16,624)	12,745
Loss from continuing operations before income taxes	(6,106,613)	(11,083,364)
Income tax expense	—	—
Net loss from continuing operations	$(6,106,613)	$(11,083,364)
Discontinued operations (Note 3):		
Income (loss) from discontinued operations before income taxes	10,070	(2,797,950)
Income tax expense	—	—
Income (loss) from discontinued operations	10,070	(2,797,950)
Consolidated net loss	$(6,096,543)	$(13,881,314)
Net loss attributable to non-controlling interest	6,055	28,467
Net loss attributable to TyraTech, Inc. including discontinued operations	$(6,090,488)	$(13,852,847)
Net loss per common share from continuing operations		
Basic and diluted	$ (0.16)	$ (0.53)
Net loss per common share from discontinued operations		
Basic and diluted	$ 0.00	$ (0.13)
Net loss per common share attributable to TyraTech, Inc.		
Basic and diluted	$ (0.16)	$ (0.66)
Weighted average number of common shares outstanding		
Basic and diluted	37,116,234	21,068,343

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

Consolidated Statements of Shareholders' (Deficit) Equity

Years Ended December 31, 2010 and 2009

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interest	Treasury Stock	Total (Deficit) Equity
Balance as of December 31, 2008	$ 22,000	$ 59,874,782	$ (49,323,817)	$ —	$(4,195)	$ 10,568,770
Contribution from non-controlling interest	—	—	—	27,500	—	27,500
Stock based compensation	—	3,302,530	—	—	—	3,302,530
Consolidated net loss	—	—	(13,852,847)	(28,467)	—	(13,881,314)
Balance as of December 31, 2009	$ 22,000	$ 63,177,312	$ (63,176,664)	$ (967)	$(4,195)	$ 17,486
Proceeds from issuance of common stock, net of expenses	29,837	4,793,027	—	—	—	4,822,864
Issuance of treasury shares	—	145,982	—	—	4,018	150,000
Contribution from non-controlling interest	—	—	—	1,648	—	1,648
Stock based compensation	—	943,255	—	—	—	943,255
Consolidated net loss	—	—	(6,090,488)	(6,055)	—	(6,096,543)
Balance as of December 31, 2010	**$51,837**	**$69,059,576**	**$(69,267,152)**	**$ (5,374)**	**$ (177)**	**$ (161,290)**

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

Consolidated Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net loss	**$(6,096,543)**	$(13,881,314)
Adjustments to reconcile net loss to net cash used in operating activities:		
Discontinued operations	**(10,070)**	2,797,950
Depreciation and amortization	**238,676**	453,595
Inventory valuation adjustment	**—**	496,087
Change in fair value of warrants	**—**	(612)
Amortization of stock awards	**943,255**	3,302,530
Non-cash performance bonus	**150,000**	—
Loss on disposal of property and equipment	**7,356**	—
Changes in operating assets and liabilities:		
Accounts receivable	**(263,363)**	(27,412)
Inventory	**(117,410)**	29,629
Prepaid expenses	**109,789**	169,468
Accounts payable and accrued liabilities	**(1,049,238)**	998,409
Deferred revenue	**3,472,914**	(722,492)
Net cash used in discontinued operations	**(76,564)**	(1,292,560)
Net cash used in operating activities	**(2,691,198)**	(7,676,722)
Cash flows from investing activities:		
Purchase of property and equipment	**(64,193)**	(33,660)
Sale of property and equipment	**26,400**	—
Net cash used in investing activities	**(37,793)**	(33,660)
Cash flows from financing activities:		
Payments made under a capital lease	**(16,601)**	(20,339)
Contribution from non-controlling interest	**1,648**	27,500
Net proceeds from sale of common stock	**4,822,864**	—
Net cash provided by financing activities	**4,807,911**	7,161
Net increase (decrease) in cash	**2,078,920**	(7,703,221)
Cash and cash equivalents, beginning of year	**1,264,661**	8,967,882
Cash and cash equivalents, end of year	**$ 3,343,581**	$ 1,264,661
Supplemental disclosures		
Cash paid for interest	**$ 706**	$ 3,138
Cash paid for income taxes	**$ —**	$ —
Non-cash investing and financing activities		
Settlement of Sustainable Solutions, LLC operations	**$ 342,328**	$ —
Capital expenditures included in accounts payable	**$ —**	$ 24,592

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

Notes to Consolidated Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(a) Description of Business

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

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

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

(b) Principles of Consolidation

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

Company Name	Country of Incorporation	Percentage Holding
TyraTech Holdings India, LLC	USA	100%
TyraTech Sustainable Solutions, LLC	USA	100%
TyraTech India Pvt. Ltd	India	100%
TyraTech International Ltd	Bermuda	100%
TyraTech International LP	Cayman	100%
TyraTech International BV	Holland	100%
TyraTech International Coop	Holland	100%
TyraChem LLC	USA	50%

All intercompany balances and transactions have been eliminated in consolidation.

In the opinion of the Company's Directors, the financial information for the years ended December 31, 2010 and 2009 presents fairly the financial position, results of operations and cash flows for the periods in conformity with US GAAP.

(c) Cash and Cash Equivalents

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

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

(d) Accounts Receivable

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

(e) Inventory

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

(f) Property and Equipment

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

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

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

(g) Revenue Recognition

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

Product Sales

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

License Fees and Multiple Element Arrangements

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

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

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

Notes to Consolidated Financial Statements
(CONTINUED)

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

Deferred Revenue

Amounts received prior to satisfying the above revenue recognition criteria are recorded as deferred revenue in the accompanying consolidated balance sheets. Amounts not expected to be recognized during the year ending December 31, 2011 are classified as long-term deferred revenue. As of December 31, 2010, the Company has short-term deferred revenue of US$1,951,643 (2009: US$476,500) and long-term deferred revenue of US$2,083,333 (2009: US$0.0 million) related to its collaborations.

Customer Concentrations

The Company has one customer in the pesticides and insecticides segment in 2010 that represents 96% of total product sales (2009: one customer represents 91%). Further, in 2010 one customer represented 95% of accounts receivable (2009: two customers represented 94% of accounts receivable).

(h) Equity Based Compensation

Subsequent to January 1, 2006, stock based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the vesting period. Compensation expense is recognized only for those shares expected to vest, with forfeitures based upon future expectations.

(i) Research and Technical Development

Research and technical development costs are expensed as incurred. Research and technical development costs for the years ended December 31, 2010 amount to US$3,050,278 (2009: US$4,393,367) after charging US$2,156,502 (2009: US$1,680,082) to cost of sales.

(j) Income Taxes

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

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

(k) Use of Estimates

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

(l) Fair Value of Financial Instruments
The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value because of the short-term maturity of these items.

(m) Segment Information
The Company previously considered itself to have two separate strategic business units that offer different products. They were managed separately because each business required different knowledge, skills and marketing strategies. These two business segments were pesticides and insecticides and sustainable solutions. In the first half of 2010, the Company decided to discontinue the business conducted in the sustainable solutions segment. The effect of that decision is discussed in the Discontinued Operations footnote (see Note 3).

(n) Recently Issued Accounting Standards

Revenue Recognition
In April 2010, the ASB issued ASU 2010-17, *Milestone Method of Revenue Recognition,* a consensus of the FASB Emerging Task Force (ASU 2010-17), which provides guidance on the criteria that should be met for determining whether the milestone method of revenue recognition is appropriate. ASU 2010-17 is effective on a prospective basis for milestones achieved in fiscal years, and interim periods within those years, beginning on or before June 15, 2010. The effect of ASU 2010-17 on the Company's expected future revenues will depend upon the structure of the Company's customer contracts and is still being analyzed.

In October 2009, the FASB issued 2009-13, *Multiple-Deliverable Revenue Arrangements* (ASU 2009-13). The new standard changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable based on the relative selling price. The selling price for each deliverable is based on vendor-specific objective evidence (VSOE) if available, third-party evidence if VSOE is not available, or estimated selling price if neither VSOE or third-party evidence is available. ASU 2009-13 is effective for revenue arrangement entered into in fiscal years beginning on or after June 15, 2010. The effect of this new guidance on the Company's expected revenues, which in turn depends upon the final structure of the Company's contracts with customers, is still being analyzed.

(2) LIQUIDITY AND CAPITAL RESOURCES
As of December 31, 2010, the Company had US$3,343,581 (2009: US$1,264,661) in cash and cash equivalents and had no indebtedness.

The Company has had significant negative cash flows from operating activities since inception. The Company has produced monthly forecasts to the end of 2013 and based upon cash expected to be received through existing contracts, new contracts to be closed and the ability to control costs as a result of the Company's cost minimization program, with existing cash on hand and cash received from a share placing in May and December 2010, the Company's Directors believe that the Company will have sufficient cash to meet its working capital needs through the next twelve months. For this reason, the Company continues to apply the going concern basis of accounting.

(3) DISCONTINUED OPERATIONS
During 2010, the Company discontinued the Sustainable Solutions segment which is reported as discontinued operations in the consolidated statements of operations for the twelve months ended December 31, 2010 and December 31, 2009. The assets and liabilities of discontinued operations have been reclassified and are segregated in the consolidated balance sheets for the years ended December 31, 2010 and December 31, 2009.

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

The consolidated statements of operations for the years ended December 31, 2010 and December 31, 2009 exclude

Notes to Consolidated Financial Statements

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revenues of US$108,963 and US$311,004, respectively, and net income of US$10,070 and a net loss of US$2,797,950, respectively. The following table summarizes the major categories of assets and liabilities being discontinued, as of December 31:

	2010	2009
Cash	$ 597	$ 712
Accounts receivable	—	46,797
Prepaid expenses	—	413
Inventory	—	416,778
Total current assets	597	464,700
Accounts payable	1,433	269,373
Accrued expenses	595	283,392
Total current liabilities	$ 2,028	$552,765

(4) ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2010 and 2009 consist of:

	2010	2009
Trade receivables, net of allowance of US$0 (2009: US$90,893)	$776,989	$524,967
Interest receivable	—	65
Other receivables	14,434	3,028
	$791,423	$528,060

(5) INVENTORIES

Inventories as of December 31, 2010 and 2009 consist of:

	2010	2009
Raw materials	$ 81,399	$188,846
Work in progress	260,015	9,880
Finished goods	—	25,278
	$341,414	$224,004

The application of lower of cost or market to the 2010 and 2009 inventories resulted in write-offs of US$149,000 and US$1.7 million, respectively. Inventory classification is determined by the stage of the manufacturing process the specific inventory item represents.

(6) PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2010 and 2009 consist of:

	2010	2009
Leasehold improvements	$ 819,863	$ 914,015
Furniture, fixtures and equipment	697,760	707,592
Computer equipment and software	487,014	443,907
	2,004,637	2,065,514
Less: Accumulated depreciation	(1,378,240)	(1,230,878)
	$ 626,397	$ 834,636

Depreciation and amortization expense of US$238,676 (2009: US$453,595) is reflected in general and administrative expense in the accompanying consolidated statements of operations.

(7) ACCRUED LIABILITIES

Accrued liabilities as of December 31, 2010 and 2009 consist of:

	2010	2009
Accrued compensation	$ 354,793	$ 747,572
Professional fees	526,601	641,306
Other	2,705	3,280
	$ 884,099	$ 1,392,158

(8) LEASES

During the year ended December 31, 2006, the Company entered into a capital lease for certain equipment that expired in September 2010. At December 31, 2010, the gross amount and related gross amortization of the equipment recorded under capital lease amounted to US$0 (2009: US$16,601) and US$16,601 (2009: US$20,339), respectively. Amortization of assets under the capital lease is included in general and administrative expenses of the consolidated statements of operations.

The Company has an operating lease for laboratory space that expires March 31, 2012, but has a 90 day option to terminate prior to that date. The Company exercised its option to terminate the lease early, with the termination date being June 30, 2011. Rental expense for operating leases included in general and administrative expenses in the consolidated statements of operations during the year ended December 31, 2010 was US$88,375 (2009: US$122,680).

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

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2010 are as follows:

Year Ending December 31,	
2011	$ 37,066
2012	65,407
2013	100,134
2014	102,676
2015	140,904
Thereafter	$840,004

(9) RELATED PARTY TRANSACTIONS

Research and Development Services from Vanderbilt University
During the year ended December 31, 2010, the Company paid US$360,000 (2009: US$360,000) to Vanderbilt University (Vanderbilt), a shareholder, for the dedicated use of a laboratory and staff which houses the Company's proprietary development platform. Such amounts are included in research and technical development costs in the consolidated statements of operations. As of December 31, 2010 and 2009, no amounts were payable to Vanderbilt under this arrangement.

(10) WARRANTS

(a) XLTech Group, Inc. Warrants
On May 1, 2006 549,306 warrants were issued with a term of 5 years and an exercise price of £3.40. The warrants expired unexercised on May 1, 2011. At the date of grant, the warrants were recorded at fair value as a warrant liability and as a discount in obtaining financing. The fair value of the warrant at the grant was US$1.9 million. Upon the qualified public offering of the shares on June 1, 2007, the warrants qualified for equity classification within the consolidated balance sheets and as such the warrant liability was reclassified to equity at fair value on June 1, 2007. The warrants are not subsequently re-measured to fair value after this date as they qualify for equity classification. The fair value of the warrant as of June 1, 2007 upon the qualified public offering was US$4.5 million. The XLTG warrants were transferred to PetroTech Holdings Corporation, a Laurus/Valens group company, as part of the transfer of XLTG's 45.69% shareholding in the Company on August 28, 2008.

(b) Collaborative Warrants
In connection with research and development collaborations, the Company granted warrants to purchase a variable number of the Company's common shares (zero shares at December 31, 2010 and 202,941 shares at December 31, 2009) equal to US$2.0 million divided by the per share price to the public in the initial public offering in June 2007. The warrants qualify for equity classification within the consolidated balance sheets and as such, the warrant liability was reclassified to equity at fair value in June 2007 and December 2007. The warrants are not subsequently re-measured to fair value after this date as they qualify for equity classification. The warrants had a term of three years from the time of the qualified equity offering and they expired unexercised on June 1, 2010.

(c) IPO Underwriter Warrants
In connection with the Initial Public Offering (IPO) in June 2007, the Company granted warrants to underwriters of the IPO to purchase 198,002 common shares of the Company at £5 per common share. The warrants are for a term of 5 years. At the date of grant, the warrants were recorded at fair value to a warrant liability with the expense offset against the IPO proceeds in equity. The warrant is re-measured at fair value at each reporting date with subsequent changes in fair value recorded in the accompanying consolidated statement of operations in Interest/Other Expense of US$0 (2009: US$612 credit). The fair value of the warrants as of December 31, 2010 and December 31, 2009 were US$6 and US$6, respectively.

The fair value of these warrants was determined by using the Black-Scholes option-pricing model with the following assumptions: no dividends, risk-free rate of 0.2% (2009: 4.4%), the remaining contractual life of the warrants, and a volatility of 80% (2009: 79%).

(11) STOCK BASED COMPENSATION

(a) Unit Grants
From inception until recapitalized from a limited liability company to a corporation on May 23, 2007, the Company has granted a total of 2,000,000 member units to various employees through unit grant agreements. These unit grants were

Notes to Consolidated Financial Statements

(CONTINUED)

exchanged for common stock at the IPO. The unit grants generally vest over four years of continual service and have an initial cost per unit of $0.01. The fair value of these grants was determined by the Company at the grant date and was equal to the fair market value of the units at the date of grant. The fair value is amortized to compensation expense on a straight-line basis over the vesting period. The unrecognized future compensation cost is US$32,832 (2009: US$0.9 million) and will be fully recognized by April 20, 2011.

Employees

As of December 31, 2010 the total unrecognized compensation cost for these unit grants was US$31,857 (2009: US$0.9 million), which is being amortized over the remaining weighted average vesting period of four months (2009: 1.25 years). The compensation recognized in operating expenses for unit grants for the year ended December 31, 2010 was US$0.3 million (2009: US$2.1 million). Since inception to December 31, 2010, 1,447,869 units granted have vested. The initial cost of the unit grants to the employees was forgiven by the Company and was treated as additional compensation to the employee. No unit grants were made during the years ended December 31, 2010 and 2009.

Non-employees

As of December 31, 2010 the total unrecognized compensation cost for these unit grants was US$975 (2009: US$1,845), which is being amortized over the remaining weighted average vesting period of four months (2009: 2 years). The compensation recognized in operating expenses for unit grants for the year ended December 31, 2010 was US$2,071 (2009: US$2,466). Since inception to December 31, 2010, 101,144 units granted have vested. The initial cost of the unit grants to the non-employees was forgiven by the Company and was treated as additional compensation to the non-employee. The Company did not issue any unit grants during the years ended December 31, 2010 and 2009.

Summary Unit Grant Information

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

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

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

	Number of Shares*
Outstanding at December 31, 2008	1,515,891
Granted	—
Forfeited	(34,003)
Outstanding at December 31, 2009	1,481,888
Granted	—
Forfeited	—
Outstanding at December 31, 2010	**1,481,888**

**Units granted under the plan converted to shares*

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

(b) 2007 Equity Compensation Plan

On May 23, 2007, the Board of Directors approved the TyraTech, Inc. 2007 Equity Compensation Plan (the Plan), as amended, which authorizes up to a maximum of ten percent of the issued share capital of the Company (5,183,746 shares at December 31, 2010) 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 (SARs)

During the year ended December 31, 2010, the Company granted 3,795,125 (2009: 753,384) SARs. SARs can be granted with an exercise price less than, equal to or greater than the stock's fair market value at the date of grant and require the Company to issue stock to the employee upon exercise of the SAR. The SARs have ten year terms and vest and become fully exercisable over varying periods between one to four years from the date of grant.

The fair value of each SAR was estimated on the grant date using the Black-Scholes option-pricing model that used the assumptions in the following table. The fair value is amortized to compensation expense on a straight-line basis over the expected term. The Company estimated the expected term of the SARs using an approach that approximated the "simplified approach." Using this approach, the Company assigned an expected term for grants with four-year 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 risk-free interest rate assumption is based on the US 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.

	2010	2009
Valuation assumptions		
Expected dividend yield	**0%**	0%
Expected volatility	**85%**	82%–86%
Expected term (years)	**5.2–6.3**	5.5–7.0
Risk-free interest rate	**1.3%–1.8%**	2.1%–3.2%

SAR activity during the period indicated as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value	Weighted Average Grant-Date Fair Value
Balance at December 31, 2008	675,000	$7.90	9.20	$ 0	$6.04
Granted	753,384	0.39			0.27
Exercised	—	—			—
Expired	—	—			—
Forfeited	(496,324)	6.53			4.94
Balance at December 31, 2009	932,060	$5.44	8.99	$ 0	$4.19
Granted	3,795,125	0.24			0.19
Exercised	—	—			—
Expired	—	—			—
Forfeited	(575,736)	1.70			1.28
Balance at December 31, 2010	**4,151,449**	**$0.96**	**9.45**	**$740,095**	**$0.74**
Exercisable at December 31, 2009	111,250	$9.51	8.01	$ 0	
Exercisable at December 31, 2010	**842,157**	**$1.79**	**8.57**	**$184,671**	

The weighted average grant date fair value of SARs granted during the year ended December 31, 2010 was US$0.7 million (2009: US$0.2 million). During the year ended December 31, 2010, 754,657 (2009: 75,000) SARs vested and none were exercised (2009: none) with a fair value of US$0.5 million (2009: US$0.5 million). The SARs issued through December 31, 2010 have a maximum contract term of ten years.

As of December 31, 2010, there was US$1.2 million (2009: US$1.5 million) of total unrecognized compensation cost related to non-vested SAR arrangements granted under the plan. That cost is expected to be recognized over a weighted average period of 1.2 years. The total fair value of shares vested during the year was US$0.5 million (2009: US$0.5 million). The compensation recognized in operating expenses for SARs for the year ended December 31, 2010 was US$0.7 million (2009: US$1.2 million).

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

Notes to Consolidated Financial Statements
(CONTINUED)

(12) RESEARCH AND DEVELOPMENT COLLABORATIONS
The Company has the following significant research and development collaborative agreement outstanding at December 31, 2010 and 2009:

Kraft

Agreement Summary
On December 5, 2006, the Company entered into a technology sublicense agreement with Kraft. Pursuant to this agreement, Kraft 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. Kraft is required to use commercially reasonable efforts to pursue the achievement of milestones set out in the agreement. The project for the development of licensed products is divided into four development stages. Within each stage certain designated milestones are to be accomplished in accordance with the development and implementation priorities agreed by the parties. The Company has the obligation to fund product development with a portion of the product development funded through an upfront payment and milestone payments from Kraft. The agreement was revised in September 2009, to better address the ongoing development plan. With completion of the second milestone, and under the revised agreement, TyraTech will receive a bi-annual cost reimbursement for agreed upon development costs for what would have been stages three and four. TyraTech will continue to receive an exclusivity fee from Kraft Foods for each stage three and four. The Company and Kraft agreed to negotiate a supply agreement in "good faith" after commercial launch. In addition, Kraft has agreed to pay the Company royalties for any product sales related to the "functional foods" with the Company's technology.

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

(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 as a safe harbor plan. The 401(k) plan covers all eligible employees of the Company and its subsidiaries upon completion of three months of service. Employees may elect to contribute up to a maximum of 60% of their salary, subject to Internal Revenue Service limitations. The Company has a matching policy in which the Company matches 100% of the first 4% of each employee's compensation contributed to the 401(k) plan. For the years ended December 31, 2010 and 2009, the Company's contribution, including administrative expenses, amounted to US$62,936 and US$99,611 and are charged to general and administrative, business and development, and research and technical development expenses in Consolidated Statements of Operations.

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

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

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts utilized for income tax purposes. The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2010 and 2009 are presented below:

		2010		2009
Deferred tax assets:				
Accrued compensation	$	**36,981**	$	213,742
Provisions for book		**725,190**		483,614
Net operating loss and charitable contribution carry forward		**15,596,748**		13,571,563
Basis in intangibles		**3,933,798**		4,267,440
Property and equipment		**26,746**		41,621
Stock compensation		**1,013,281**		1,215,730
Total gross deferred tax assets		**21,332,744**		19,793,710
Less valuation allowance		**(21,305,631)**		(19,730,806)
Net deferred tax assets		**27,113**		62,904
Deferred tax liabilities				
Prepaid expenses		**(27,113)**		(62,904)
Net deferred tax asset	$	**—**	$	—

At December 31, 2010, the Company had federal and state net operating loss carry forwards of US$40.1 million (2009: US$34.8 million). The federal net operating loss carry forwards begin to expire in 2027 and state net operating loss carry forwards begin to expire in 2027, if not utilized.

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

The Company is subject to the "ownership change" rules of Section 382 of the Internal Revenue Code. Under these rules, our use of NOLs could be limited in tax periods following the date of an ownership change. The Company had an ownership change during 2008 that triggered these limitations and will have a US$5.5 million annual limitation on NOL utilization.

Given the Company does not have a history of taxable income or a basis on which to assess its likelihood of the generation of future taxable income, management has determined that it is most appropriate to reflect a valuation allowance equal to its net deferred tax assets. The total valuation allowance at December 31, 2010 was US$21.3 million (2009: US$19.7 million).

(15) LOSS PER SHARE

Basic earnings per common share were computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. The 2010 diluted shares outstanding do not assume the conversion of stock appreciation rights or warrants outstanding of 4,943,757 (2009: 1,927,309) common shares as it would have an anti-dilutive effect on earnings per share.

(16) CONTINGENCIES

Litigation

In November 2008, Molecular Securities, Inc. ("Molecular") filed a Complaint against the Company asserting claims for breach of contract in New York state court. Molecular alleges that it is owed US$2,760,470 for services it allegedly provided to the Company plus interest, attorneys' fees, and costs. On May 26, 2011, the New York Supreme Court, Appellate Division of New York County issued a ruling entering judgment in favour of the Company and against Molecular and dismissing Molecular's complaint in its entirety. Molecular may choose to appeal the ruling with the Court of Appeals (New York's highest court) in which case the Company will continue to vigorously defend itself and continues to believe that the recording of any liability is inappropriate as Molecular's claims are meritless.

(17) SUBSEQUENT EVENTS

We have evaluated all events and transactions through June 21, 2011, the date the consolidated financial statements were available to be issued based on such evaluation, no events have occurred that in the opinion of management warrant disclosure in or adjustment to consolidated financial statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of TyraTech, Inc., (the Company) will be held on July 27, 2011 at 12.00 noon UK time at the office of Brewin Dolphin, 12 Smithfield Street, London, EC1A 9BD to address any matters that may properly come before the meeting, including the following:

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

1. To receive and adopt the accounts for the period ended December 31, 2010 and the reports of the Directors and auditors on them;

2. To elect Mr. J. Hills as a Director serving for a term of three years;

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

Stockholders of record as of the close of business on June 20, 2011 will be entitled to vote at the AGM and any postponements or adjournments thereof.

By order of the Board

PETER JEROME
Group Secretary
June 20, 2011

NOTES

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

2. 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 (Channel Islands) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW, not less than 48 hours before the time of the AGM or of any adjournment of the AGM.

3. Copies of the service contracts of each of the Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and Public holidays excluded) 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.

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