

## **TyraTech, Inc.**

### **Interim Results for the six months ended 30 June 2012**

TyraTech, Inc. (“the Company”) (AIM: TYR and TYRU), a natural life sciences company that harnesses the power of nature to improve human and animal health using a proprietary, novel technology that is both effective against insects and parasites and safe for people and pets, today announces its interim operating and financial results for the six month period ended 30 June 2012 and other post period operating events.

#### **Operational Highlights:**

- Entered into a Trademark License Agreement with Terminix which licenses the use of the Terminix brand to TyraTech for sales of the Company’s insect control products, opening the U.S. consumer market for the Company;
- Reached agreement with The Home Depot for the 2013 U.S. launch of the Company’s new line of consumer insect control products utilizing the Terminix brand;
- Successful development of a floor and surface repellent product resulting in a near-term opportunity to conclude an agreement with a major fast-moving consumer goods (“FMCG”) group and medium to longer term discussions with the same party on a prospective global license for household pesticides;
- Submission of the Company’s regulatory package for a head lice removal kit to the U.S. Food and Drug Administration (“F.D.A.”) and the U.K. Medicines and Healthcare products Regulatory Agency (“M.H.R.A.”);
- Completion of a human clinical study of a natural formulation for head lice showing greater effectiveness than the current synthetic based market leader which the Company believes will form the basis for further products; and
- Development of a personal insect repellent and submission of regulatory packages to authorities with expected product launch in the first half of 2013.

#### **Financial Highlights:**

- Cash and cash equivalents of US\$2.1 million at 30 June 2012 (US\$1.6 million at 30 June 2011 and US\$0.9 million at 31 December 2011);
- Raised US\$3.8 million in capital in February 2012, net of expenses, through the issuance of 52,101,460 common shares;
- Total revenues from continuing operations decreased to US\$0.4 million (2011: US\$5.0 million) as a result of decreased sales to our largest customer;
- Gross profit decreased to US\$0.3 million (2011: \$3.5 million);
- Overall operating expenses decreased to US\$3.2 million (2011: US\$4.1 million); and
- Loss increased to US\$2.8 million for the first half of 2012 (2011: US\$0.5 million net loss).

To help maximize the potential value to shareholders that would be captured by successfully concluding ongoing negotiations with commercial partners, to ensure the Company’s working capital position, and, potentially, also to fund the increased capital requirements of the business

associated with production of leading product lines, the Board believes that the Company should plan to raise additional funding. A number of discussions are taking place and further announcements will be made as appropriate.

**Alan Reade, Executive Chairman of TyraTech commented:**

“We are pleased to have announced within the last few days our Trademark License Agreement with Terminix and the launch in early 2013 of our products at The Home Depot in the U.S., the world’s largest home improvement retailer. We believe that this will be a significant catalyst for the future growth of TyraTech, and re-enforces our optimism for the Company’s short and medium-term prospects.

Other out-licensing and partnering discussions are also progressing well, but in order to help deliver this potential, we believe it would be in shareholders’ interests to raise additional financing in the near future, which could be by way of debt or equity.”

**For further information:**

**TyraTech Inc.**

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*Where the Company’s report (including the Executive Chairman’s Statement and Financial Review) contains forward looking statements, these are made by the Company in good faith based on the information available 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.*

**Executive Chairman’s Statement**

Although our results for the six month period to 30 June 2012 reflect a reduction in our revenues compared to the six months ended 30 June 2011, we have made excellent progress in terms of the work of our development team utilizing our Nature’s Technology™ platform. We believe that TyraTech continues to prove its competency as an innovation engine, as significant

advances have been made in each of the Company's three key areas of focus - Insect Control, Human Health and Animal Health - all of which have the potential to unlock major market segments and generate substantial value for shareholders.

**In the last few days we announced that we have:**

- Entered into a Trademark License Agreement with Terminix for the use of the Terminix brand on the Company's insect control products in the U.S. consumer market. This allows the Company to immediately launch its products into the U.S. consumer insect control market while utilizing the strongest brand in the U.S. pest control market; and
- In conjunction with this, reached agreement with The Home Depot, the world's largest home improvement specialty retailer, for the U.S. launch of the Company's new line of consumer insect control products. The Terminix Ultimate Protection® consumer product line features TyraTech's Nature's Technology™ platform. The Company's products will be launched nationally in 2013. The Home Depot has 1,974 stores in the U.S.

**In addition, over the past few months we have:**

- Successfully developed a floor and surface repellent product, resulting in a near-term opportunity to conclude an agreement with a major FMCG group and medium to longer term discussions with the same party on a prospective global license for other consumer products. This development breakthrough has resulted in the filing of a new patent application. This product can be successfully positioned to take a share of a global market which the Board believes is worth in excess of US\$5 billion;
- Completed a human clinical study of TyraTech's new head lice product showing significantly better performance than the current synthetic-based market leader.
- Submitted the Company's first head lice product, a head lice removal kit, for registration in the US and UK. The Board believes that this will lead to commercialization in both countries in the first half of 2013 and will address a global market opportunity the Board believes to be worth in excess of US\$600 million;
- Developed a personal insect repellent which out-performs the current gold standard (15% DEET formulations), without the concerns associated with synthetic chemicals. In multiple field studies, TyraTech's personal insect repellent provided superior repellency compared to the current market standard 15% DEET formulation. The Company has submitted data to support regulatory registrations with expected product launch in the first quarter of 2013 and is also preparing patent applications for its product formulation. The Board believes this market opportunity is in excess of US\$1 billion;
- Leveraged our experience with personal insect repellents, to begin testing of the efficacy of our formulations as flea repellents for dogs and cats. We are very encouraged by the results and believe that this will allow us to rapidly develop a range of highly effective companion animal products;
- Demonstrated the effectiveness of TyraTech's B7001 blend to control anthelmintic-resistant parasites (worms) which re-enforces the opportunities for functional foods for dogs, cats and horses.

These recent advances have led to additional discussions with multiple parties on short and medium term opportunities for global and regional licenses across all three key product areas, as well as additional development collaborations. While there can be no certainty as to the completion of any particular commercial agreement, the terms on which any such agreement will be reached or the timing for agreements to be concluded, the Board is significantly encouraged by the number and nature of discussions being held. Further information is provided under the relevant product headings below.

## **INSECT CONTROL: HOUSEHOLD INSECTICIDES**

### *US retail distribution of household insecticide products*

As announced on 25 September 2012, the Company has entered into a Trademark License Agreement with Terminix which allows the Company to directly launch its range of aerosol products in the U.S. consumer market under the Terminix brand. We believe that access to the leading pest control brand in the US can deliver significant value and greatly enhances TyraTech's ability to penetrate this market.

The Terminix Ultimate Protection® consumer product line was developed by TyraTech and features TyraTech's Nature's Technology™ platform, which harnesses synergistic combinations of natural materials to produce highly effective insect control products that are safe for people and pets.

As announced on 26 September 2012, the products will be distributed nationally in The Home Depot commencing in early 2013. With over 2,200 retail stores worldwide, of which 1,974 stores are in the U.S. The Home Depot is the world's largest home improvement specialty retailer. The Company is in discussions with other major retailers in order to expand the product sales opportunities.

### *"Floor and Surface Repellent"*

The Company is currently in advanced discussions with a major global FMCG group for the licensing and commercialization of a "floor and surface repellent" formulation which has been shown to give 24 hours repellency against common household and commercial insects including ants, cockroaches, and flies. The formulation was developed against a demanding specification put forward by the FMCG group. The repellency demonstrated is a significant breakthrough and has led to the filing of new patent applications.

The Company believes this new formulation has great potential in global consumer, commercial, and institutional markets. Additionally, the Company believes this formulation can be developed into a range of hard surface repellent cleaners for counters, table tops, and other hard surfaces.

### *Other Insect Control opportunities*

In addition, the Company is in discussions with a number of major consumer products groups regarding the licensing of household insecticide products.

## **HUMAN HEALTH: PERSONAL CARE**

### *Head & Body Lice*

TyraTech is developing a range of head lice products to treat and prevent head lice and nit infestations. This range includes products for removal, treatment and prevention of infestations, including shampoos and leave-in conditioners. OTC treatments, shampoos and leave in conditioners are in various stages of development.

The first product, a head lice removal kit, features a novel proprietary formulation that facilitates the removal of the head lice, providing ease of use and convenience. Product registration packages have been filed with the USA F.D.A. and UK M.H.R.A and the expectation is that clearance will be received in time for a planned first quarter 2013 launch in the UK and a second quarter 2013 launch in the USA.

TyraTech's other head lice formulations have demonstrated dramatically superior performance versus the leading U.S. over-the-counter treatment (OTC) product. In a series of lab (in-vitro) studies and in a recently completed human clinical study (in-vivo), which was carried out in an independent U.S. laboratory, TyraTech's safe and non-toxic formulation significantly outperformed the leading OTC product. Moreover, it is particularly effective on head lice populations that are resistant to permethrin and other synthetic pyrethroids, which are active ingredients in market-leading OTC products. In addition, an in-vitro nit (egg) study established that our head lice formula has significant activity against nits which was also corroborated by results from the clinical trial.

These formulations also cause a behavioral change in lice which makes their removal much easier. Shortly after the TyraTech formulations are applied, they produce a 'flushing action' causing the affected lice to move quickly to the outer portions of the hair where they die, further facilitating their removal. This activity has not been documented in other lice products which are currently on the market.

The product range is likely to be distributed through major pharmacies under their own brands and through other channels under the TyraTech brand VaMOUSSE!<sup>TM</sup>. The Company views these products as a major breakthrough which will allow families to protect themselves from head and body lice in an effective and safe way, without the use of synthetic pesticides.

The Company is having positive discussions with a leading pharmacy chain in the US with regard to distribution.

### Personal Repellents

The Company has undertaken extensive trials focusing on both mosquitoes and ticks. In all trials (laboratory and field) our product has consistently outperformed 15% DEET (the most common active ingredient in insect repellents). In North Carolina field trials, the repellent has demonstrated 4 hours of protection against the Asian tiger mosquito (*Aedes albopictus*), an important transmitter of West Nile virus, dengue fever, Eastern equine encephalitis (EEE), and LaCross encephalitis. In the same trial, 15% DEET provided only 1 hour of protection against this aggressive biting insect which is widely distributed in tropical and subtropical regions of the world and is now common in the southeastern United States. In the U.S., forty-eight states have reported cases of West Nile infection in 2012. As of 11 September 2012, there have been 2,636 cases of West Nile virus disease in people, including 118 deaths. This is the highest number reported through September since a 2003 outbreak.

Our repellent has also demonstrated over 5 hours of protection in laboratory evaluations against the yellow fever mosquito (*Aedes aegypti*), the principal transmitter of yellow fever and dengue

in the Americas, and 6 hours of protection against the common malaria mosquito (*Anopheles quadrimaculatus*).

TyraTech's repellent is also significantly more effective than 15% DEET on a variety of tick species. In a field trial with the lone star tick (*Amblyomma americanum*), the TyraTech formulation provided 90% repellency for 2.5 hours whereas only 50% repellency was achieved for the DEET product. The lone star tick is one of the most common ticks in the southern and eastern states, and is a transmitter of numerous human disease organisms including Southern tick associated rash infection (STARI), tularemia and ehrlichiosis.

Lab evaluations have also demonstrated the effectiveness of the repellent against the following ticks that are significant because of their ability to transmit disease causing organisms: American dog tick *Dermacentor variabilis*, (Rocky Mountain spotted fever, tularemia); Brown dog tick, *Rhipicephalus sanguineus* (canine ehrlichiosis, canine babesia), and the Black-legged tick (formally called the deer tick), *Ixodes scapularis*, important as the principle transmitter of Lyme disease, the most common arthropod-borne disease in the US.

The data clearly demonstrates that TyraTech's product has the potential to be the most efficacious natural personal repellent in the market. The Company is preparing patent applications for this important breakthrough and has prepared two manuscripts to submit for publication in scientific journals.

### Functional Food

The Company continues to work closely with its partner Kraft Foods on a joint effort designed to accelerate monetization of the functional food project.

Additionally, the Company has demonstrated that its formulations control parasites that are resistant to two commonly used anthelmintic (anti-parasitic) products, benzamidazole and levamisole. These findings also open up a new opportunity to divest a potentially important use to pharmaceutical companies to develop both OTC and prescription pharmaceuticals for human use, in addition to important implications in Animal Health.

### ANIMAL HEALTH

The development of the Company's animal health opportunities has certainly benefited from the success of the personal care developments. The Company is currently seeking partners to market its EVIX!<sup>™</sup> range of flea and tick repellent products for dogs and cats together with the StompIt!<sup>™</sup> range of horse fly and dairy repellents.

The success in demonstrating the efficacy of TyraTech's blends in controlling parasites resistant to commonly used anthelmintic compounds renews the Company's confidence that there exists an opportunity for developing functional foods for dogs, cats and horses.

The Company is optimistic that it will be able to announce the appointment of an animal health partner in the fourth quarter of 2012 or early in 2013.

### ADDITIONAL OPPORTUNITY: REPELLENT PLASTICS

TyraTech's joint venture with McNeel/Chemplast has previously reported the successful completion of proof of concept work to demonstrate the ability to formulate TyraTech's

Nature's Technology™ into plastics which provide insect control and repellency. This is expected to lead to a range of opportunities in household, animal health, commercial and institutional markets. TyraChem is currently evaluating various commercialization and product strategies in these areas in addition to agricultural markets and will commence exploratory discussions with potential partners in 2013.

## **STRATEGY & OUTLOOK**

Given the many advances the Company has made in its product development pipeline, licensing discussions and product commercialization efforts over the past three months in particular, the Board continues to be optimistic with regard to the Company's prospects. The Board believes that the launch of the Company's consumer insect control products in The Home Depot will be a significant catalyst for future growth of the Company, and further discussions with other potential partners continue to progress well. However, there is always uncertainty as to the timing and amounts of any resulting funds from prospective licensing agreements, and although we believe that existing and anticipated cash resources may be sufficient for the short-term, we consider that it would be prudent and in shareholders' interests to now seek additional funding, either through debt or equity financing, to support general and working capital needs.

Alan Reade  
Executive Chairman  
28 September 2012

## Financial Review

### Revenue

Total revenue for the six month period to 30 June 2012 was US\$0.4 million (2011: US\$5.0 million). Product sales were US\$6,197 (2011: US\$2.8 million). The decrease in product sales was the result of shipping no orders to our largest customer, as discussed in our 22 May 2012 trading update. Collaborative revenue decreased to US\$0.4 million (2011: US\$2.2 million). Collaborative revenue includes upfront license fee amortization, milestone revenue and cost reimbursement from the Company's Kraft partnership. Milestone revenue was US\$ nil (2011: US\$1.4 million) due to the receipt of three milestone payments in the first half of 2011 with no milestone payments received in the first half of 2012. Cost reimbursement from Kraft decreased to US\$0.1 million (2011: US\$0.3 million) as a result of decreased expenditures on the project by TyraTech.

### Cost of sales and gross profit

Material and manufacturing costs for product sales was US\$1,220 (2011: US\$1.1 million) and costs for the Company's Kraft partnership were US\$0.1 million (2011: US\$0.3 million). Gross profit decreased to US\$0.3 million (2011: US\$3.5 million) as a result of the decrease in product sales to the Company's largest customer and lower collaborative revenue.

### Operating expenses

Overall operating expenses from continuing operations decreased by 22% for the six month period to US\$3.2 million (2011: US\$4.1 million). Operating expense reductions continued as we focus on controlling the Company's cost structure. This decrease in operating expenses resulted from reductions in consulting/legal expenses and relocation expenses. The overall expense for the six months included non-cash equity compensation of US\$0.4 million (2011: US\$0.5 million) and depreciation of US\$0.1 million (2011: US\$0.1 million).

### Liquidity and cash flow

Cash used in operations for the period was US\$2.6 million, a US\$1.0 million increase from the first half of 2011. This increase in operating cash use resulted from the Company's net loss increasing by US\$2.3 million partially offset by the release of working capital related to the increased product volumes from our relationship with our largest customer in the prior period.

The Company raised US\$3.8 million in capital in February 2012, net of expenses, through the issuance of 52,101,460 common shares to fund operations while continuing negotiations with existing and new partners. Closing cash and cash equivalents were \$2.1 million (2011: US\$1.6 million). Discussions with potential new partners are progressing well, although there remains uncertainty as to the timing and amounts of any resulting funds. We therefore believe that it would be in shareholders' interests to seek additional funding in the near future as further set out in Note 2 to the Financial Statements.

The Company invests its cash resources in deposits with banks with the highest credit ratings, putting security before absolute levels of return.

Peter Jerome  
Chief Financial Officer & Group Secretary  
28 September 2012



## Consolidated Statements of Operations

in \$'000 (except share information)

(Unaudited) six months ended  
30 June

	2012	2011	(Audited) year ended 31 December 2011
<b>Revenues:</b>			
Product sales	\$6	\$2,832	\$4,406
Collaborative revenue	432	2,164	2,749
<b>Total revenue</b>	<b>438</b>	<b>4,996</b>	<b>7,155</b>
<b>Cost and expenses related to product sales and collaborative revenue:</b>			
Product costs	1	1,141	1,810
Collaborative costs and expenses	98	317	686
<b>Total costs and expenses</b>	<b>99</b>	<b>1,458</b>	<b>2,496</b>
<b>Gross Profit</b>	<b>339</b>	<b>3,538</b>	<b>4,659</b>
<b>Costs and expenses:</b>			
General and administrative	1,562	1,849	3,471
Business and development	342	548	987
Research and technical development	1,256	1,660	2,780
<b>Total costs and expenses</b>	<b>3,160</b>	<b>4,057</b>	<b>7,238</b>
<b>Loss from operations</b>	<b>(2,821)</b>	<b>(519)</b>	<b>(2,579)</b>
<b>Other income (expense):</b>			
Interest/other expense	4	(8)	(142)
<b>Loss before income taxes</b>	<b>(2,817)</b>	<b>(527)</b>	<b>(2,721)</b>
Income tax expense	-	-	-
<b>Net loss attributable to TyraTech, Inc.</b>	<b>\$(2,817)</b>	<b>\$(527)</b>	<b>\$(2,721)</b>
Net loss per common share attributable to TyraTech, Inc.			
Basic and diluted	\$(0.03)	\$(0.01)	\$(0.05)
<b>Weighted average number of common shares:</b>			
Basic and diluted	88,091,749	51,456,681	51,843,801

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

## Consolidated Balance Sheets

in \$'000 (except share information)

	(Unaudited) 30 June 2012	(Unaudited) 30 June 2011	(Audited) 31 December 2011
<b>Assets</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$2,082	\$1,638	\$905
Accounts receivable, net	7	2,070	12
Inventory	167	380	168
Prepaid expenses	84	152	72
<b>Total current assets</b>	<b>2,340</b>	<b>4,240</b>	<b>1,157</b>
Property and equipment, net of accumulated depreciation	318	564	380
Long term deposits	65		65
<b>Total assets</b>	<b>\$2,723</b>	<b>\$4,804</b>	<b>\$1,602</b>
<b>Liabilities and Shareholders' Equity (deficit)</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$137	\$964	\$299
Accrued liabilities	608	499	449
Deferred revenue	745	1,230	669
<b>Total current liabilities</b>	<b>1,490</b>	<b>2,693</b>	<b>1,417</b>
Other long-term liabilities	2,007	2,319	2,341
<b>Total liabilities</b>	<b>3,497</b>	<b>5,012</b>	<b>3,758</b>
<b>Equity (deficit):</b>			
Common stock, at \$0.001 par authorized and issued 107 million for 6/30/12 and 52 million for 6/30/11 and 12/31/11	107	52	52
Additional paid in capital	74,038	69,539	69,785
Accumulated deficit	(74,806)	(69,794)	(71,988)
Treasury stock of 1,084,413 common stock 6/30/12, 0 common stock 6/30/11 and 12/31/11	(108)	-	-
<b>TyraTech Inc. shareholders' equity (deficit)</b>	<b>(769)</b>	<b>(203)</b>	<b>(2,151)</b>
Non-controlling interest	(5)	(5)	(5)
<b>Total shareholders' equity (deficit)</b>	<b>(774)</b>	<b>(208)</b>	<b>(2,156)</b>
<b>Total liabilities &amp; shareholders' equity (deficit)</b>	<b>\$2,723</b>	<b>\$4,804</b>	<b>\$1,602</b>

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

## Consolidated Statements of Cash Flow in \$ '000

	(Unaudited) six months ended 30 June 2012	(Unaudited) six months ended 30 June 2011	(Audited) year ended 31 December 2011
<b>Cash flows from operating activities:</b>			
Net loss	\$(2,817)	\$(527)	\$(2,721)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	69	123	246
Amortization of stock awards	365	479	717
Loss on disposal of assets	-	-	131
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	5	(1,279)	780
Inventory	1	(39)	174
Prepaid expenses	(12)	(46)	32
Accounts payable and accrued liabilities	(3)	148	(566)
Deferred revenue	(258)	(505)	(1,045)
Deposits	-	-	(65)
<b>Net cash used in operating activities</b>	<b>(2,650)</b>	<b>(1,646)</b>	<b>(2,317)</b>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(7)	(60)	(132)
<b>Net cash used in investing activities</b>	<b>(7)</b>	<b>(60)</b>	<b>(132)</b>
<b>Cash flows from financing activities:</b>			
Contribution from non-controlling interest	-	-	1
Net proceeds from sale of common stock	3,942	-	-
Net proceeds from sale of treasury stock	-	-	9
Treasury stock purchase	(108)	-	-
<b>Net cash provided by financing activities</b>	<b>3,834</b>	<b>-</b>	<b>10</b>
Net increase(decrease) in cash and cash equivalents	1,177	(1,760)	(2,439)
Cash and cash equivalents beginning of the period	905	3,344	3,344
<b>Cash and cash equivalents end of the period</b>	<b>\$2,082</b>	<b>\$1,638</b>	<b>\$905</b>

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

## Notes to the Interim Consolidated Financial Statements

### 1. Basis of Preparation

The financial statements of TyraTech, Inc. and its subsidiaries (TyraTech Sustainable Solutions, LLC; and TyraChem, LLC) referred to as the "Company" have been prepared in accordance with accounting principles generally accepted in the United States of

America (US GAAP) and the attached financial statements have been prepared on a consolidated basis.

The results for the year ended 31 December 2011 have been extracted from the statutory consolidated financial statements of TyraTech, Inc. for the year ended 31 December 2011 which were prepared in accordance with US GAAP.

The unaudited interim consolidated financial statements for the six months ended 30 June 2012 and 2011 were prepared on the basis of the accounting policies set out in the most recently published consolidated financial statements of the Company for the year ended 31 December 2011. As permitted, this interim report has been prepared in accordance with AIM rules.

## 2. Liquidity and Capital Resources

At 30 June 2012 the Company had US\$2,082,062, (2011: US \$1,638,122) in cash and cash and cash equivalents and no indebtedness.

The Company has had significant negative cash flows from operating activities since inception. The Company is continuing to manage the magnitude of these negative operating cash flows through cost reduction programs and the negotiation of new partnership agreements and revision to existing agreements. The Company believes that with the existing cash on hand, cash expected from existing supply contracts, funding from prospective agreements, and a continued focus on cost control, the Company may have sufficient cash to meet its working capital needs through the remainder of 2012 and through 30 June 2013. However, there is no assurance that such new sources of revenues and/or cash flows will materialize and, as a result, the Company intends to raise additional debt and/or equity capital in the near future. There can be no assurance that additional debt or equity funding can be obtained or that available capital would be on terms acceptable to the Company.

## 3. Revenue

	<b>(Unaudited) six months ended 30 June 2012 \$'000</b>	<b>(Unaudited) six months ended 30 June 2011 \$'000</b>	<b>(Audited) year ended 31 December 2011 \$'000</b>
Opening deferred revenue	2,990	4,035	4,035
Closing deferred revenue	2,732	3,530	2,990
Movement in deferred revenue	258	505	1,045
Invoices raised	180	4,491	6,110
Total revenue	\$438	\$4,996	\$7,155

## 4. Loss per Common Stock

The calculation of the basic and diluted loss per ordinary share is based on the Company's loss, excluding the effect of losses attributable to non-controlling interests, of US\$2,816,758 for the six months ended 30 June 2012 (six months ended 30 June 2011: loss of US\$526,865; year ended 31 December 2011: loss of US\$2,720,659), and on 88,091,749, (30 June 2011: 51,456,681; 31 December 2011: 51,843,801) common shares, the weighted average number in issue and ranking for dividend during the period. There is

no impact considered on the conversion of stock options or warrants as the effect would be anti-dilutive.

## 5. Shareholders' Equity (deficit)

### (a) Movement in Shareholders' Equity during the six months ended 31 December 2011 and 30 June 2012

	Common Stock \$'000	Additional Paid-in Capital \$'000	Accum- ulated deficit \$'000	Treasury Stock \$'000	Non-con- trolling Interest \$'000	Total \$'000
<b>Shareholders' Equity, as of 30 June 2011</b>	\$52	\$69,539	\$(69,794)	\$-	\$(5)	\$(208)
Stock based compensation		246				246
Net loss			(2,194)			(2,194)
<b>Shareholders' Deficit, as of 31 December 2011</b>	52	69,785	(71,988)		(5)	(2,156)
Issuance of common stock, net of expenses	53	3,887				3,940
Stock based compensation	2	366				368
Net loss			(2,818)			(2,818)
Purchase of treasury stock				(108)		(108)
<b>Shareholders' Deficit, as of 30 June 2012</b>	<b>\$107</b>	<b>\$74,038</b>	<b>\$(74,806)</b>	<b>\$(108)</b>	<b>\$(5)</b>	<b>\$(774)</b>

### (b) Stock Appreciation Rights (SAR's) and Restricted Stock

During the six months ended 30 June 2012 the Company amended the Company's current Employee and Director Stock Appreciation Rights Agreement in order to re-price 3,465,125 SARs (the "Re-Priced SARs") to an exercise price of 12p. SAR's which were fully vested at the re-pricing date are subject to a new twelve month vesting period. SAR's which were not fully vested at the re-pricing date will continue vesting based upon their original vesting schedule.

Also during the six months ended 30 June 2012 the Company's Executive Chairman elected to take \$195,700 of his annual salary of US\$302,500 in Common Shares of the Company. This amount has been satisfied by the issue of 2,453,423 Common Shares at 5p per common share. 1,369,010 Common Shares have been awarded to the Executive Chairman and the remaining 1,084,413 Common Shares have been issued to the Company in respect of the Executive Chairman's tax liability on the share issue and these Common Shares are held in Treasury.

## 6. Subsequent Events

In September 2012, the Company entered into a Trademark License Agreement with Terminix which licenses the use of the Terminix brand to TyraTech for sales of the Company's insect control products, opening the U.S. consumer market for the Company.

We have evaluated all events and transactions through 27 September 2012, 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 the consolidated financial statements.