Vyta Corp
Form 10KSB
October 15, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark one)
T ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: June 30, 2007

£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 33-19598

VYTA CORP
(Exact name of small business issuer as specified in its charter)

NEVADA	**84-0992908**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

370 17TH STREET, SUITE 3640
DENVER, COLORADO 80202
(303) 592-1010
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. £

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No £

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. þ

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No T

As of the close of trading on October 10, 2007, there were 37,109,845 shares outstanding, 27,755,260 of which were held by non-affiliates. The aggregate market value of the common shares held by non-affiliates, based on the average closing bid and asked prices on October 10, 2007, was approximately $9,159,235.

The registrant's revenue for the fiscal year ended June 30, 2007 was $0.

Transitional Small Business Disclosure Yes £ No þ

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FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-KSB includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. We base these forward looking statements on our current expectations and projections about future events. These forward looking statements are subject to risks, uncertainties, and assumptions about our company, including:

- the operations and potential profitability of BioAgra, LLC, a company in which we have a 50% interest;
- the rate of market development and acceptance of our beta glucan products in the animal and aquatic animal feed industry within which we are concentrating our business activities;
- the rate of market development and acceptance of our beta glucan products for human consumption;
- our ability to compete successfully with growth promotion antibiotic manufacturers and other providers of feed additives;
- the operations and potential profitability of ExypnoTech, Gmbh, a company in which we have a 49% interest that is manufacturing and developing inlay components used in the manufacturing of radio frequency identification devices ("RFID"), such as smart labels, smart cards and smart tags;
- the limited revenues and significant operating losses generated by us to date;
- the possibility of significant ongoing capital requirements and our ability to secure financing as and when necessary;
- our ability to retain the services of our key management, and to attract new members to the management team; and
- our ability to obtain and retain appropriate patent, copyright and trademark protection for our intellectual properties and any of our products.

These forward-looking statements include statements regarding our expectations, beliefs, or intentions about the future, and are based on information available to us at this time. We assume no obligation to update any of these statements and specifically decline any obligation to update or correct any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. Actual events and results could differ materially from our expectations as a result of many factors, including those identified in the section titled "Item 1. Description of Business—Risk Factors" and other sections of this report. We urge you to review and consider those factors, and those identified from time to time in our reports and filings with the Securities and Exchange Commission, for information about risks and uncertainties that may affect our future results. All forward-looking statements we make after the date of this filing are also qualified by this cautionary statement and identified risks.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

Company Overview

We were incorporated on June 22, 1996 as a Nevada corporation. In January 2006, we changed our name from NanoPierce Technologies, Inc. to Vyta Corp. Our corporate offices are located at 370 17th Street, Suite 3640, Denver, Colorado 80202, and our telephone number is (303) 592-1010. We maintain a website at www.vytacorp.com, which is not incorporated in and is not a part of this report.

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When used in this report, the terms "we," "our," "us," "the company" and similar expressions refer to Vyta Corp, BioAgra, LLC, ExypnoTech, Gmbh and our subsidiaries, unless the context otherwise requires.

Business

General

In 2004, we instituted steps to change our principal business from electronics technology to biotechnology. In August 2005, we purchased a 50% equity interest in BioAgra, LLC, a Georgia limited liability company. The remaining 50% was purchased by Xact Resources International and later assigned to Justin Holdings, Inc., both unaffiliated parties. BioAgra is engaged in the production, marketing and sale of Agrastim®, a natural, non-toxic purified beta-1,3/1,6-D glucan feed additive used to replace growth promotion antibiotics that are currently in use in the animal feed industry. In addition to its use as a feed additive, BioAgra intends to include Agrastim® in premixed feeds, such as in EquiForce™, a feed targeted for the equine industry that contains Agrastim®, vitamins and minerals formulated to supply nutrients to meet the physiological needs of equine athletes and to boost their immune systems.

BioAgra is also producing Purestim™, a purified beta-1,3/1,6-D glucan intended for use by other companies that manufacture neutraceuticals and dietary supplements for human consumption, and is designing other products for human, animal and aquaculture consumption based on beta glucan and other immunoenhancers. Purestim™, together with Agrastim®, are sometimes referred to herein as "beta glucan products."

We also own a 49% interest in ExypnoTech, Gmbh ("ExypnoTech"), a company that is manufacturing and developing radio frequency identification ("RFID") components used in the production of, among other things, smart labels, smart cards and smart tags. ExypnoTech, in addition to the inlay components, plans to manufacture and sell other types of RFID components. In December 2003, ExypnoTech sold a controlling 51% interest to TagStar Systems, GmbH for $98,000 in cash. As a result of this sale, we have a 49% interest in ExypnoTech, are entitled to 49% of any net income generated by ExypnoTech or any dividends paid and share 49% of any net losses.

Prior to our acquisition of an interest in BioAgra, we were primarily involved in our patented particle interconnect technology. We acquired the particle technology in February 1998 to pursue a more focused, strategic application and development of the particle technology and to commercialize the technology as the NanoPierce Connection System (NCS™). While we do not plan, at this time, to continue efforts to manufacture or develop products that utilize our particle technology, we have entered into two provisional technology license agreements for the manufacture, development and marketing of products using our particle technology. However, to date, neither agreement has matured into a full-scale commercial license generating royalty and license revenues for us.

As a result of our change in business focus from electronics technology to biotechnology, we have several inactive or discontinued subsidiaries and investments described below.

- ***ExypnoTech, LLC***. On June 18, 2004, we organized ExypnoTech, LLC for the purpose of marketing, primarily in the United States, the RFID components manufactured by ExypnoTech. ExypnoTech, LLC has had no active operations since the first calendar quarter of 2005.

- ***NanoPierce Card Technologies, GmbH***. Established in January 2000, NanoPierce Card was responsible for the marketing of our technology, services and products on an international basis. On April 1, 2003, NanoPierce Card filed for insolvency with the courts of Munich, Germany. NanoPierce Card completed a plan of self-liquidation and the German court legally dissolved the entity on June 8, 2004.

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Scimaxx Solutions, LLC. On September 15, 2003, we entered into a joint venture with Scimaxx, LLC. The purpose of the joint venture was to provide the electronics industry with technical solutions to manufacturing problems based on the need for electrical connectivity. In April 2005, Scimaxx Solutions ceased operations.

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BioAgra, LLC

Business Strategy

Governments are currently urging, and consumers are demanding, producers to remove growth promotion antibiotics from the human food chain supply to reduce the development in humans of increasingly powerful and virulent strains of antibiotic-resistant bacteria, which makes treatment for illnesses and diseases more difficult and expensive. In addition, consumers are demanding more natural, organic, antibiotic-free foods.

Animals in the cattle, dairy, poultry, turkey, duck, equine, and swine industries and aquatic animals, such as shrimp, are currently fed growth promotion antibiotics. BioAgra is targeting the cattle, dairy, poultry, turkey, duck and swine industries for the sale of Agrastim® as an alternative to growth promotion antibiotics used in feed. BioAgra is targeting the equine industry with a product called EquiForce™ that contains Agrastim® and has been formulated to supply nutrients to meet the physiological needs of equine athletes and to boost their immune systems.

BioAgra has also begun producing and marketing a new beta glucan product under the name Purestim™. This product is sold to companies that manufacture neutraceuticals and dietary supplements for human consumption. BioAgra's beta glucan products may be targeted for other uses in the future.

Background on Beta Glucan Products and the Need for Alternatives to Growth Promotion Antibiotics

Agrastim® and Purestim™ are produced from spent brewer's or distillery yeast. The beta glucan products are a combination of bioactive nutrients and B-glucans that are extracted from the cell walls of yeast using steam injection and a centrifuging extraction process. Beta glucan is a natural, non-toxic product that has been shown to stimulate immune systems in animal, poultry and other organisms. Independent test results were published in an article titled "*The Influence of B-Glucan on Immune Responses in Broiler Chickens*" ("*Immunopharmacology and Immunotoxicology*," Volume 25, 2003 (Marcel Dekker)), demonstrating the stimulation of the broiler chicken's immune systems by the B-glucan. BioAgra's beta glucan products are designed to enhance the immune system and to promote accelerated growth in various organisms.

Antibiotics have been added to animal feed in an effort to produce healthier animals and to promote faster growth. Scientists, however, now believe that this practice may lead to unforeseen and unwanted effects. Some studies and articles indicate that growth promotion antibiotics contained in animal feeds may accumulate in the animal body and can cause harm to humans, including causing allergic and abnormal reactions.

The excessive use of antibiotics, especially growth promotion antibiotics, in animal feed may convert some bacteria into antibiotic-resistant strains of bacteria that can infect humans through the consumption of meat products. When a human develops a resistant strain of bacteria, it becomes difficult and expensive to treat due to the bacteria's resistance to antibiotics. The use of antibiotics in animal feed has already affected many countries in Europe, which have banned the use of growth promotion antibiotics in animal feed. It is expected that the United States may also begin to ban or discourage the use of these antibiotics in animal feed.

Alternatives to antibiotics, including Agrastim®, are increasingly in demand by animal farmers and other producers because they lack the drawbacks of antibiotics and other chemical compounds. Agrastim® is a natural, non-toxic product that has been proven to stimulate immune systems, thereby eliminating the usage of antibiotics and growth hormone supplements in animal feeds. Agrastim® is designed to enhance the immune system and to promote accelerated growth. We believe Agrastim® as a feed additive can help resolve the harmful effects of growth promotion antibiotics that can be toxic to humans and can produce safe and healthy animal feed that may be claimed as "drug-free."

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Manufacturing of the Beta Glucan Products

Raw Materials

BioAgra produces its beta glucan products from spent brewer's or distillery yeast. Brewer's yeast is used in the production of alcoholic beverages. Currently, yeast and other raw materials utilized in the production of the beta glucan products are purchased from a Brazilian supplier pursuant to invoices documenting each separate purchase. The yeast is consistent with BioAgra's production needs and such arrangements currently are not subject to any volume limitations or import restrictions. Arrangements are being made with additional commercial firms that purchase and distribute these types of yeast. BioAgra believes that there is an adequate supply of these raw materials for the foreseeable future for BioAgra's proposed activities. BioAgra intends to purchase these raw materials from other available worldwide suppliers that can provide a cost efficient source of high quality raw materials that will permit it to produce a purified beta glucan product that is at least 80% pure.

Production Plant

BioAgra's production plant is located at 103 Technology Drive, Hinesville, Georgia 31313. BioAgra has leased the facility from the Liberty County Industrial Authority pursuant to an Industrial Lease Agreement, dated March 1, 2005, for a period of 120 calendar months at $12,000 per month (of which certain amount have been paid other than monthly as permitted by the lessor). At the expiration of the lease term, BioAgra has the option to purchase the leased premises (real estate and improvement) for $500,000. The facility is approximately 30,000 square feet, consisting of both office space and a production area and is also expected to include a research and development laboratory. The production area has enough space to hold three separate production lines in its current configuration, although as of this date, BioAgra only has a single production line. The facility is located on approximately 7.29 acres.
The plant commenced operations in March of 2006. The plant went through a shakedown period in which BioAgra evaluated and better understood the controls and efficiencies of the plant. BioAgra started operating at full-scale capacity in April of 2006. The production line has a designed capacity of producing 10,000 kilograms of Agrastim® per month. BioAgra has approximately 5,600 kilograms of packaged and drummed pure Agrastim® finished and on the floor for sale and delivery. It has discontinued production at this time until at least 50% of the Agrastim® in inventory has been sold.

Production Process

In manufacturing the beta glucan product, the cell walls of the baker's or distillery yeast are exposed to high temperatures using steam injection. The mixture is then separated into solid and liquid portions by a centrifuge, and the liquid portion is discarded. The solid portion is thoroughly washed with water and then exposed to elevated temperatures using stream injection extracting a residue. The residue is separated again into solid and liquid portions by a centrifuge and the liquid portion is discarded. Finally, the solid portion is thoroughly washed with water and the residue is spray dried, which results in the beta glucan product.

Agrastim® is a concentrate that many farmers or producers will be unable to mix with feed in the required proportions. Therefore, BioAgra expects to produce specialized premixes containing Agrastim® and vitamins and/or mannoproteins. Mannoproteins are purified from the yeast during the manufacturing process. BioAgra will be able to sell to a broader array of customers through the production of premixed products. EquiForce™, a premixed product designed for and marketed to the racing and sport horse industry, is one of BioAgra's first premixed products and is a combination of vitamins, minerals and Agrastim®.

Purestim™ is a concentrate that is being marketed and sold as an additive to companies that manufacture and sell neutraceuticals and dietary supplements. These companies will purchase the Purestim™ as an ingredient for inclusion in

existing products. There has been limited sales of Purestim™ to customers of AHD International.

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Employees

BioAgra has three employees. In addition to its two managers and executive officers, there is one employee employed as Plant Manager, Research and Development Director and Administrative Assistant. During production cycles, BioAgra hires additional employees consisting of one manager and two crew members for each of two 12 hour shifts. When BioAgra begins full-scale operations, these temporary employees are expected to be hired on a full-time basis.

Marketing and Distribution

BioAgra is focusing its initial marketing efforts on the animal feed industry. BioAgra has targeted its efforts in the State of Georgia and those states in which the vast majority of poultry producers in the United States are located. The initial marketing strategy was to penetrate the poultry industry by utilizing existing industry distributors or direct sales on a national and international basis. BioAgra also marketed Agrastim® by attendance at various poultry-related conventions. After successful testing of Agrastim® with other animals, BioAgra has expanded the scope of its marketing to include the cattle, dairy, swine, aquatic animal, equine and dietary supplement industries.

In addition to BioAgra's agreement with AHD International, LLC, BioAgra has one independent distributor, Agra Nutrition, LLC, that is marketing Agrastim® on a national basis and in India. Agra Nutrition, LLC is owned by Mr. Warren Robold who also functions as Director of U.S. and International Sales for BioAgra.

Poultry and Turkey Industry

Poultry is the largest worldwide source of protein food for human consumption. In addition, poultry can be raised in small geographical areas. In the United States, approximately 8 billion chickens and 275 million turkeys are farmed for "broiler" production and processing each year. Each broiler chicken consumes an average of 10 pounds of feed during its approximately 42 day life span for a total of 40 million tons of feed for all the broiler chickens in the United States each year. Each turkey consumes approximately 110 pounds of feed for a total of 13.75 million tons of feed. In addition, there are approximately 450 million egg producing chickens raised in the United States each year, which consume approximately 132 pounds of feed over a period of 1.5 years for a total of 27 million tons of feed.

Cattle Industry

The United States has the largest fed-cattle industry in the world, and is the world's largest producer of beef for domestic and export use. According to the National Cattleman's Beef Association, there are roughly 800,000 beef producers in the United States and approximately 97.1 million cattle in the United States. During the production process, cattle usually spend four to six months in a feedlot, during which time they are fed scientifically formulated rations. Producers and veterinarians take great care to use only the optimal amount of antibiotics needed to maintain an animal in good health. The United States government through the National AntiMicrobal Resistance Monitoring System strictly tracks antibiotic resistance as well as products and interventions to assure the safety of the cattle as well as the beef supply.

Dairy Industry

According to Best Food Nation, a group of associations representing all levels of the food chain, there are approximately 65,000 dairy farms and approximately 9,041,000 dairy cows in the United States. Each year, the United States produces over 1 billion pounds of butter, more than 7 billion pounds of cheese, over 1 billion pounds of nonfat dry milk, 1.5 billion pounds of yogurts, and 1 billion gallons of ice cream. Dairy cows eat roughly 100 pounds of feed each day. Dairy farmers typically employ professional nutritionists to develop scientifically formulated diets for their

cows. If a cow is being treated with antibiotics, she is taken out of the milking herd and not put back into the herd until her milk tests free of antibiotics. Applicable regulations require every tank load of milk entering dairy processing plants to be strictly tested for animal drug residues. The United States dairy industry conducts more than 3.5 million tests each year to ensure that antibiotics are kept out of the milk supply. Any tanker that tests positive is disposed of immediately, never reaching the public.

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Swine Industry

Another industry where the use of antibiotics among animals is of concern is the swine industry. According to the United States Department of Agriculture, pork is the number one meat consumed in the world and there are approximately 70,000 hog farms in the United States today. Antibiotics may be given to prevent or treat disease in hogs; however, a "withdrawal" period is required from the time antibiotics are administered until it is legal to slaughter the animal. Pigs fed antibiotics are segregated so that residues can exit the animal's system and not be present in the meat. Recently, the pork industry has established programs to encourage producers to implement management practices that reduce the need for antibiotics, and to use antibiotics only when other management practices do not, or will not, succeed in managing a correctly diagnosed problem.

Aquaculture Industry

Aquaculture is defined as the production of aquatic animals and plants under controlled conditions for all or part of their lifecycle. According to the United States Department of Agriculture's Economic Research Service, during the last two decades, the value of United States aquaculture production rose to nearly $1 billion and is one of the fastest growing food-producing sectors. According to the *International Trade Report* produced in 2005 by the United States Department of Agriculture, U.S. per-capita seafood consumption has remained around 15 pounds through the late 1980s and 1990s, it is expected to increase as farm-raised products become cheaper. Currently, the United States consumes nearly 12 billion pounds of fish a year. By 2025, demand for seafood is projected to grow by another 4.4 billion pounds above what is consumed today. In addition, it is estimated that by 2020, 50 percent of the U.S. seafood supply will come from aquaculture.

Equine Industry

In addition to the use of Agrastim® as an alternative to antibiotics in animal feed, BioAgra has developed a product with Agrastim® focused on racing and performance horses. Racing and performance horses are subject to the outbreak of debilitating and deadly diseases, such as the Equine Herpesvirus type 1 that killed six horses in an outbreak in December 2006 in Wellington, Florida. BioAgra's EquiForce™ product has been designed to supply vitamins and minerals needed to meet the physiological needs of equine athletes. In addition, EquiForce™ contains Agrastim® to boost equine immune systems to aid in suppressing bacterial and viral infections and increasing stamina and resistance to stress. A trial of the EquiForce™ product was conducted by an equine veterinarian at Fort Valley State University in Fort Valley, Georgia showing positive immune responses in a controlled study. BioAgra expects to obtain its first commercial scale order for the product in the near future.

Neutraceuticals and Dietary Supplement Industry

Annual sales of supplements, fortified foods and beverages and neutraceuticals for human consumption in the United States, are estimated to be approximately $100 billion. The vitamins, minerals and supplements market reached its present size due to a number of factors, including (i) interest in healthier lifestyles, living longer and living well, (ii) the publication of research findings supporting the positive health effects of certain nutritional supplements and (iii) the aging of the "baby boom" generation combined with the tendency of consumers to purchase more nutritional supplements and natural foods as they age. BioAgra is considering the sale of Purestim™ as a supplement for introduction by outside companies into packaged products for human consumption.

Customers

BioAgra is targeting a broad range of customers consisting of both large and small consumers of animal feed both nationally and internationally to avoid dependency on one or a small number of customers. In addition, BioAgra is

beginning to target neutraceutical and dietary supplement producers for the sale of Purestim™ as an additive in their existing products for human consumption.

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On April 1, 2007, BioAgra and AHD International, LLC signed an agreement whereby AHD International agreed to purchase beta glucan products from BioAgra. The agreement has a term of five years with the right for successive renewals provided minimum sales requirements are met. The agreement provides that AHD International will purchase beta glucan products for resale to various end users in thirteen countries. The agreement grants AHD International the exclusive right to sell the beta glucan products to all users in ten countries, including, Canada, Chile, Brazil, Japan, Vietnam, South Korea, Australia, New Zealand, Germany and Denmark. In addition, the agreement grants the right to sell the beta glucan products in an additional three countries (South Africa, Mexico and the United States), with the exclusivity of such right dependant on the type of end user sold to and the country involved.

Mid South Feeds of Alma, Georgia began adding Agrastim® to its top 5 premium lines of dog food and its top 2 premium brands of horse feed in May 2006. In addition, Mid South Feeds has recently begun to add Agrastim® to its equine vitamin supplement, Equi-Match, which has been designed to be fed as a top-dress supplement for horses in training, competition and recovery. Mid South Feeds has over 175 distributors in Florida, Georgia, Alabama, Virginia, Kentucky, North Carolina and South Carolina. Besides manufacturing dog and horse feed, Mid South also manufactures fish and shrimp feed, and starter feed for dairy cattle and swine. To date, sales of Agrastim® by MidSouth have been limited.

Management

Managers and Officers

BioAgra is a manager-managed Georgia limited liability company. The managers and officers of BioAgra are as follows:

Name	Position
Neal Bartoletta	Manager, President and Chief Executive Officer
Paul H. Metzinger	Manager, Executive Vice President, Chief Financial Officer and Secretary

Biographical Information

Biographical information regarding Mr. Metzinger is set forth in “Item 9—Directors and Executive Officers of the Company.” The following is biographical information about Mr. Bartoletta:

Mr. Bartoletta has served as the President and a Manager of BioAgra, LLC since December 2004. From 1980 to 1991, Mr. Bartoletta served as the President of Bart Warehousing Corp in South Kearny, New Jersey, and from 1978 to 1999, as the President of N.J. Bart Corp, Elizabeth, New Jersey. From 1998 to the present, he has served as the President of Xact Resource International, Inc. of Boca Raton, Florida. In 2006, Mr. Bartoletta was appointed the President of Justin Holdings, Inc. of Boca Raton, Florida. Justin Holdings is the owner of the other 50% equity interest in BioAgra. Mr. Bartoletta is a graduate of the Academy of Advanced Traffic.

Joint Venture Partner

As described elsewhere in this report, we own a 50% interest in BioAgra. The remaining 50% of BioAgra is owned by Justin Holdings, Inc., a Florida corporation. Justin Holdings, Inc. is a holding company that currently has no other investments and no other substantial business activities other than its ownership interest in BioAgra. All of the outstanding capital stock of Justin Holdings is owned by Neal Bartoletta, who is also the sole officer and director of Justin Holdings and is the manager, president and CEO of BioAgra. Justin Holdings acquired a 50% ownership interest in BioAgra as the result of the assignment by Xact Resources of its membership interest in BioAgra in February 2006.

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ExypnoTech, Gmbh

ExypnoTech is involved in the manufacture and development of RFID components used in the manufacture of, among other things, smart labels, smart cards and smart tags. RFID components are used to identify objects by short-range radio over a few millimeters to distances as great as a meter. RFID inlays consist of a small transponder chip bonded onto a metal foil antenna on an exceptionally thin and small plastic or paper sheet. ExypnoTech currently offers RFID components using a method of ultrasonic bonding originally developed by us.

Raw Materials

Production of RFID components requires computer chips, antennas and laminates. ExypnoTech obtains its supply of chips from Phillips, Infineon and other suppliers and its antennas and laminates from many sources.

Production Process

The production process for a smart label is a form of "welding" at the molecular level, bonding a chip to the antenna using ultrasonic energy and applying the assembled circuitry into laminates printed with customer designed information. A continuous feed high speed die bonder extracts a chip from the wafer, flips the chip, applies a high speed non conductive adhesive to the antenna contact pads, which are fed into the die bonder on a tape, and presses the chip down onto the antenna pads. Customers can then print designated information to the laminate enveloping the assembled circuitry. ExypnoTech currently is operating four die bonders, three shifts per day, five days a week. Management of ExypnoTech has advised us that ExypnoTech is the third largest inlay manufacturer in Europe. ExypnoTech plans to install two additional die bonders this year.

Customers

There are a wide range of potential customers for RFID components. ExypnoTech has numerous customers using its products in a wide variety of RFID applications.

Management

The managers of ExypnoTech are Bernhard Maier, Michael Kober and Peter Hahn.

Particle Technology

On February 26, 1998, we acquired the intellectual property rights related to our particle interconnect technology from Particle Interconnect Corporation, a Colorado corporation. We acquired the particle technology to pursue a more focused, strategic application and development of the particle technology and to commercialize the technology as the NanoPierce Connection System (NCS^{TM}). NCS is an alternative method of providing temporary or permanent electrical connections between different flexible, rigid, metallic and non-metallic surfaces. Through the use of the particle technology, we can also attach semiconductors directly to various surfaces. While we do not plan, at this time, to continue efforts to manufacture or develop products that utilize our particle technology, we will pursue the licensing of our technology to third parties.

In November 2006, we signed a six-month technology license agreement to permit a prospective licensee the non-exclusive opportunity to conduct a market survey relating to our particle interconnect technology that was extended in May 2007 for an additional six-month period. This prospective licensee has advised us that it wishes to negotiate a long term royalty paying license agreement. In January 2007, we signed a separate six-month technology licensing agreement to permit a different prospective licensee the non-exclusive opportunity to conduct a market

survey relating to our particle interconnect technology that was extended in July 2007 for an additional six-month period. If either market survey is favorable, that technology licensing agreement may mature into a royalty-paying commercial license.

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Research and Development

Our research and development activities were formerly conducted through NanoPierce Connection, with additional activities occurring at ExypnoTech. For the fiscal years ended June 30, 2007, 2006 and 2005, we incurred no research and development expenses.

We anticipate that a substantial amount of research and development activities will occur at BioAgra, LLC. The expected activities include testing Agrastim® and Purestim™ for quality control and the development of new premixed products containing Agrastim® that will allow BioAgra to market and sell to a broader range of customers. BioAgra expects to fund and build an extensive research and development laboratory at its main facility and has adequate space at the facility to build such a laboratory. The laboratory is currently in the design stages.

BioAgra sponsors independent university research projects for Agrastim®. One past research project was an equine study completed by Fort Valley State University in Fort Valley, Georgia. Another research project was conducted by the University of Georgia relating to the application of Agrastim® in chicken feed as an alternative to antibiotics to treat necrotic enteritis, a deadly disease affecting poultry and turkey.

BioAgra and Agra Nutrition, LLC have conducted, in the past, and are currently conducting numerous field trials of Agrastim® in all market applications. These trials provide valuable data relating to the benefits of using Agrastim® in the feeds of animals. The dairy market is of particular interest to BioAgra and Agra Nutrition, LLC because of the dramatic reduction on somatic cell count in milk after application of Agrastim® in the feed of dairy cattle. A reduction in somatic cell count is directly related to an increase in overall milk production and can contribute to longer shelf life of the milk.

Competition

BioAgra

Competition for beta glucan products in the markets targeted by BioAgra is currently limited. The United States and many other countries are in the process of eliminating or plan to eliminate the use of growth promotion antibiotics in the feed of animals intended for human consumption. There are a limited number of alternatives to growth promotion antibiotics. Such alternatives include organic acids, plant extracts such as oregano oil, and mannoproteins. These alternatives have not experienced a great success rate to date.

Other potential competitors to BioAgra include those companies already producing beta glucan for human consumption. This type of “purified” beta glucan is considered too expensive to use in markets other than for direct human consumption. Other competitors are those producing beta glucan with a 60% or less bioactivity level for the markets addressed by BioAgra. “Bioactivity” is the ability to activate the cells of the immune system, specifically white blood cells that help to kill and digest foreign materials and infectious microorganisms. The greater the bioactivity level, the greater the ability to activate the cells of the immune system. Based upon data provided to us, beta glucan having less than 80% bioactivity is not effective in the animal feed markets chosen by BioAgra. BioAgra intends to produce beta glucan with at least 80% bioactivity and intends to provide a written guarantee to its customers that its beta glucan products will have a bioactivity level of at least 80%.

Competition will also consist of established producers of growth promotion antibiotic products. These are large companies with vast resources allocated to the protection of the brand recognition and market share of their products. Success will require people switching from the artificial antibiotic growth products to beta glucan products.

We are also aware of one company, Fibona Health Products GmbH, which is promoting yeast beta glucan products in Europe and the United Kingdom. We do not believe its products will compete with BioAgra's beta glucan products.

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ExypnoTech

Competition in the electronic connector and RFID market is fierce. The principal competitive factors are product quality, performance, price and service. We and our licensees face competition from well-established firms with other interconnect technologies. We will face competition from the development of existing and future competing technologies. There currently exists approximately 28 different technologies that can be used to create interconnect solutions, including dendrite crystals, gold dot technology, anisotropic technology (technologies using materials whose behavior differs in the up/down and left/right directions), elastomerics (rubber-like synthetic materials) and Z-axis conductive adhesives. These technologies currently are produced by materials and chemical suppliers, flexible and rigid printed circuit board manufacturers, as well as electronics manufacturers who produce their own materials and interconnect systems.

Intellectual Property

BioAgra

Progressive Bioactives License Termination Agreement

On July 11, 2007, BioAgra, LLC entered into a Termination and Mutual General Release Agreement with Progressive Bioactives, Inc. to terminate the parties' Technology License Agreement dated April 15, 2005 that had granted BioAgra the license to produce and process a yeast beta glucan product. As consideration for termination of the Technology License Agreement, BioAgra agreed to pay to Progressive Bioactives 2.5% of its gross sales of beta glucan products from July 1, 2007 through June 30, 2017. Additionally, for a period of two years beginning on July 1, 2007, BioAgra agreed to use its best efforts not to pursue marketing and sales of its beta glucan products in the field of livestock, companion animal, and aquaculture in Canada, South Africa, Australia, Chile, and South Korea. BioAgra also agreed to indemnify and hold Progressive Bioactives harmless from any third-party claim arising from any sale of beta glucan into the human nutrition and cosmetic markets.

The termination and mutual release agreement further provided that BioAgra has the right to manufacture beta glucan products utilizing its own intellectual property, methods and processes, such methods and processes being independent of and separate from any patent or other intellectual property rights of Progressive Bioactives. BioAgra and Progressive Bioactives (and its affiliates) each acknowledged and agreed that their respective beta glucan technology does not infringe on the technology of the other party and agreed not to sue each other or any agent, customer, affiliate, representative distributor or other person acting on behalf of such party for infringement of any current or future intellectual property rights based on each party's use of its own methods and processes for producing beta glucan or any reasonable modifications thereof.

Progressive Bioactives and BioAgra each unconditionally released and discharged each other from any and all claims, defenses, demands, causes of action, liability, damages, costs and expenses arising from or related to the subject matter of the license agreement, which they have or may have up through and including the date of execution of the termination and mutual release agreement, whether such claims were known or unknown at the time of the agreement.

Development of Beta Glucan Products

BioAgra has developed, and continues to work towards new modifications to, its beta glucan manufacturing process. BioAgra may file for patent protection for its beta glucan products or may keep its processes and procedures as a trade secret.

Particle Technology

We are currently in the process of attempting to license our NCS™ technology to third parties. NCS™ is a method where metallized, hard, microscopic particles are deposited onto one of two contact surfaces, through electrolytic or electro-less plating methods or other methods. When the two surfaces are pressed together, the conductive particles penetrate the second contact surface and create an electrical connection. Bonding of the contact surfaces can be achieved using nonconductive adhesives or ultrasonic welding. NCS provides advantages to potential users including lower costs through the usage of less expensive materials, the elimination of manufacturing steps, improved thermal and electrical properties, elimination of special environments for application, decreased production time, easy integration into existing production lines, increased design miniaturization, adaptability for specific applications, and RF (radio frequency) performance.

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Other Intellectual Property

We currently hold 11 patents with the U.S. Patent and Trademark Office. To reduce expenses, during the fiscal years ended June 30, 2006 and 2005, we abandoned several of our patent applications. We also hold several trademarks with the U.S. Patent and Trademark Office in connection with our former name, logo and services.

Government Regulation

BioAgra has self-certified that all components of its beta glucan products are generally recognized as safe or GRAS according to the U.S. Food and Drug Administration regulations. A GRAS designation exempts the beta glucan products from the regulations of the U.S. Department of Agriculture, permitting the sale of the beta glucan products anywhere in the United States without obtaining a license. Should BioAgra determine that the beta glucan products can no longer be recognized as GRAS, it will be required to sell the beta glucan products as food additives by obtaining a license to sell from each individual state in which sales would occur. There is no assurance that BioAgra will be able to successfully obtain or maintain licenses in all states in which sales are expected to be made or that the cost of obtaining and maintaining these licenses will not limit BioAgra's ability to sell the beta glucan products.

We believe that we are in compliance with all federal and state laws and regulations governing our limited operations. Further, we believe that we are in compliance with all German laws and regulations governing our limited operations in Germany. Compliance with federal and state environmental laws and regulations did not have a material effect on our capital expenditures, earnings or competitive position during the fiscal years ended June 30, 2007 or 2006.

Employees

As of October 10, 2007, we and our subsidiaries had one employee. Mr. Metzinger is our only executive officer and has a signed employment ag