

Edgar Filing: Vyta Corp - Form 10KSB

Vyta Corp
Form 10KSB
October 13, 2006

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

FORM 10-KSB

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

FOR THE FISCAL YEAR ENDED: JUNE 30, 2006

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

Commission file number: 33-19598-D

VYTA CORP

(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)

Exact name of registrant as specified in
its charter

Nevada

84-0992908

(State of other jurisdiction of
incorporation or organization)

(I.R.S. employer identification
number)

370 Seventeenth Street, Suite 3640
Denver, Colorado 80202

(Address and zip code of principal executive office)

(Former address of principal executive office)

Registrant's telephone number, including area code: (303) 592-1010
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

(Title of Class)

Name of Each
Exchange On Which
Registered

Common Stock,
\$0.0001 Par Value

NASDAQ:BB
Berlin Exchange
Frankfurt Exchange
Munich Exchange
Xetra Stock Exchange

Indicate by check mark whether the registrant: (1) filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934, during the preceding 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 No

Edgar Filing: Vyta Corp - Form 10KSB

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III or this Form 10-KSB or any amendment hereto. [X]

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

As of the close of trading on October 11, 2006 there were 22,643,512 shares outstanding, 13,713,341 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 11, 2006, was approximately \$5,622,470.

The registrant's revenue for the fiscal year ended June 30, 2006 was \$0.

Transitional Small Business Disclosure Yes ___ No X ___

TABLE OF CONTENTS

	PAGE NUMBER
PART I -----	
ITEM 1 Description of Business	1
ITEM 2 Description of Property	11
ITEM 3 Legal Proceedings	11
ITEM 4 Submission of Matters to A Vote of Security Holders	12
PART II -----	
ITEM 5 Market For Common Equity, Related Stockholder Matters	13
ITEM 6 Management's Discussion and Analysis	14
ITEM 7 Financial Statements	19
ITEM 8 Changes In and Disagreements with Accountants and Financial Disclosure	17
ITEM 8A Controls and Procedures	20
ITEM 8B Other Information	20
PART III -----	
ITEM 9 Directors and Executive Officers of the Company	20
ITEM 10 Executive Compensation	23
ITEM 11 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	26
ITEM 12 Certain Relationships and Related Transactions	27
PART IIV	

Edgar Filing: Vyta Corp - Form 10KSB

ITEM 13	Exhibits	28
ITEM 14	Principal Accountant Fees and Services	29
	Signatures	30

PART I

ITEM 1. DESCRIPTION OF BUSINESS

COMPANY OVERVIEW

Vyta Corp (the "Company") (formerly known as NanoPierce Technologies, Inc.) is a Nevada corporation that was incorporated on June 22, 1996, as Sunlight Systems, Ltd. From June 22, 1996 through November 1996 the Company engaged in limited activities as a dealer and distributor of sun tunnels. This business, however, was discontinued and substantially all assets were sold in November of 1996. From that time until February 1998, the Company was generally inactive and reported no significant operating revenues.

Prior to 2004, the Company had primarily been involved in semiconductor technology. The Company does not plan, at this time, to continue efforts to manufacture or develop products that utilize the Company's particle technology, it may however license the technology to others. The Company does continue to own a minority interest in ExypnoTech, GmbH ("ExypnoTech"), a company that is manufacturing and developing inlay components used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags or "RFID").

During 2004 and 2005, the Company instituted steps to change the principal business of the Company from the semiconductor technology industry to the biotechnology industry. In August 2005, the Company purchased a 50% equity interest in BioAgra, LLC; a Georgia limited liability company ("BioAgra") (for more information on BioAgra see "Subsidiaries and Investments").

In January 2006, the Company completed a corporate restructuring consisting of a private placement of a new series of convertible preferred stock, which also resulted in a change of who controlled the Company, a reverse stock split of the common stock, a subsequent increase in the authorized capital, and changing the Company's name from NanoPierce Technologies, Inc. to Vyta Corp.

SUBSIDIARIES AND INVESTMENTS

BIOAGRA, LLC ("BIOAGRA"). In August 2005, the Company purchased a 50% equity interest in BioAgra, a Georgia limited liability company for approximately \$905,000 in cash and a note payable of \$595,000, which was paid in full on September 15, 2005. BioAgra is located in Hinesville, Georgia. The remaining 50% was purchased by Xact Resources International and later assigned to Justin Holdings, Inc. for the contribution of rights, a license, intellectual properties, purchase orders and similar items. The Company does not have a controlling interest in BioAgra and the Company is not obligated to fund losses beyond its investment. BioAgra holds a license for the production of AgraStim(TM) (trademark pending) (formerly marketed as YBG-2000). AgraStim is a natural, all-organic, non-toxic beta glucan feed additive used to replace artificial antibiotics, currently in use in the animal feed industry. The license, dated April 18, 2005, has a term expiring

Edgar Filing: Vyta Corp - Form 10KSB

October 18, 2024. Under the license BioAgra was granted the right and license to produce, process, make or otherwise manufacture and sell the licensed products in the United States. BioAgra has begun to manufacture and market AgraStim, for sale in the poultry industry.

In June 2006, BioAgra completed construction of its first production line and began manufacturing and shipping AgraStim in limited amounts for potential customers for testing purposes.

BioAgra's management includes, Mr. Bartoletta, President and Manager. Mr. Metzinger, Vice President and Manager and Ms. Kampmann, Chief Financial Officer.

Mr. Neal Bartoletta has served as the President and a Manager of BioAgra since December 2004. From 1980 to 1991, Mr. Bartoletta served as the President of Bart Warehousing Corp in South Kearny, New Jersey. From 1978 to 1999, as the President of N.J. Bart Corp, Elizabeth, New Jersey. From 1998 to 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. In January 2002, Mr. Bartoletta plead guilty to a felony violation under 18 USC SEC. 1001 (STATEMENTS OR ENTRIES GENERALLY) AND SEC. 1002 (POSSESSION OF FALSE PAPERS TO DEFRAUD UNITED STATES). Mr. Bartoletta was put on a three year probation program. He was required to pay civil restitution of \$2,500 and a Special Assessment of \$50.00. Mr Bartoletta served the probation without incident thus terminating the case.

EXYPNOTECH, GMBH ("EXYPNOTECH"). ExypnoTech, which is located in Germany, was organized in February 2002. ExypnoTech produces inlay components used in the manufacturing of, among other things, smart labels (often referred to as radio frequency identification tags or "RFID"). 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 in ExypnoTech to TagStar Systems, GmbH for \$98,000 in cash. As a result of this sale, the Company does not have a controlling interest in ExypnoTech and the Company is only entitled to 49% of the net income, if any, generated by ExypnoTech, and shares in 49% of any net losses. The Company is not obligated to fund losses beyond its investment. ExypnoTech, if able, will pay dividends on an annual basis. The Company is entitled to 49% of the dividends, if any, paid as a result of any future profits of ExypnoTech.

ExypnoTech's management is Bernhard Maier, Michael Kober and Peter Hahn.

NANOPIERCE CONNECTION SYSTEMS, INC. ("NANOPIERCE CONNECTION"). NanoPierce Connection, a wholly-owned Nevada corporation, was located in Colorado Springs, Colorado. Beginning business in January 2002, NanoPierce Connection was the center for research and development activities. During the fiscal year ended June 30, 2006, NanoPierce Connection had no operations. The Company is in the process of dissolving NanoPierce Connection.

SCIMAXX SOLUTIONS, LLC ("SCIMAXX SOLUTIONS"). On September 15, 2003, the Company entered into a joint venture with Scimaxx, LLC (Dr. Neuhaus, a director of the Company is a part owner of Scimaxx, LLC - See Item 12). 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. The Company received a 50% interest in the joint venture in exchange for a contribution of the equipment owned by NanoPierce Connection. The Company also granted Scimaxx Solutions a ten-year, non-exclusive, non-royalty bearing worldwide license to use the Company's intellectual property. In April 2005, Scimaxx Solutions, LLC discontinued operations. The Company and Scimaxx, LLC intend to terminate Scimaxx Solutions, at which time the license will

Edgar Filing: Vyta Corp - Form 10KSB

terminate. The Company is not obligated to fund losses beyond its investment.

2

EXYPNOTECH, LLC ("EXYPNOTECH, LLC"). On June 18, 2004, the Company organized ExypnoTech, LLC as a wholly-owned subsidiary to market, primarily in the United States of America, the RFID components manufactured by ExypnoTech, GmbH, in Germany. During the fiscal year ended June 30, 2006, ExypnoTech, LLC did not have active operations. The Company is in the process dissolving ExypnoTech, LLC.

THE NCS (TM) TECHNOLOGY

NCS(TM) 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.

The Company has extended NCS to permit the direct attachment of semiconductor chips to a substrate, a process called WaferPierce(TM). WaferPierce is comprised of two parts: (1) the electroless application of NCS to the contact pads of chips while still in wafer form; and (2) a proprietary chip attachment process in which chips are bonded to a substrate face down using the core NCS method.

The Company currently holds 13 Patents with the U.S. Patent and Trademark Office. Further, the Company has filed several patent applications both in the United States and internationally in order to continue to protect its intellectual property. To reduce expenses, during the fiscal years ended June 30, 2006 and 2005, the Company abandoned several of its patent applications. The Company also holds several trademarks with the U.S. Patent and Trademark Office, in connection with the Company's name, logo and services.

BUSINESS STRATEGY

The Company, through its joint venture, BioAgra and its investment in ExypnoTech, is targeting the following business activities:

1. BETA GLUCAN ADDITIVE. AgraStim, manufactured by BioAgra, is a beta glucan feed additive produced from spent yeast. The additive is a combination of bioactive nutrients and B-glucans that are extracted from the cell walls of the yeast using steam injection and a centrifuging extraction process. The beta glucan additive is an all natural, organic compound that has been proven to stimulate immune systems, thereby eliminating the usage of antibiotics and growth hormone supplements in animal, poultry and other feeds. AgraStim is designed to achieve two purposes. For example, in the poultry industry, the first is to enhance the avian immune system to fight bacterial and viral infections more effectively and efficiently, and secondly, to promote accelerated growth. Currently, animals in the cattle, poultry, swine, equine, and shrimp industries are fed artificial antibiotics, in order to prevent the spread of bacterial and viral infections and steroids to promote growth. Initially, BioAgra has been targeting customers in the poultry processing industry.

Currently, governments are urging, if not, directing producers to remove artificial antibiotics from the human food chain supply to reduce the development in humans of increasingly powerful and virulent

Edgar Filing: Vyta Corp - Form 10KSB

strains of antibiotic resistant bacteria, which makes treatment for illnesses and diseases more difficult and expensive. In addition, food service providers are demanding natural, organic, antibiotic free foods.

3

2. RFID COMPONENTS. RFID components, manufactured by ExypnoTech, 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. NCS can be used to provide the connection between the transponder chip and the antenna. In addition, NCS can be used to connect the chip to the chip module in contact smart cards or the chip module to the antenna in the case of contactless smart cards. ExypnoTech currently offers RFID components using the Company's intellectual property, relating to ultrasonic bonding.

RESEARCH AND DEVELOPMENT

The Company's research and development activities were formerly conducted through NanoPierce Connection, with additional activities occurring at ExypnoTech. During the fiscal years ended June 30, 2006 and 2005, the Company did not incur expenses related to research and development.

The Company does anticipate that a substantial level of research and development activities will occur at BioAgra.

COMPETITION

Competition, at present, for beta glucan products in the market targeted by BioAgra is limited. The United States and many other countries in the world are in the process of eliminating or plan to eliminate the usage of antibiotics in the feed of animals in the human food chain supply. There are a limited number of alternatives to antibiotics. Such alternatives include organic acids, plant extracts (ex. oregano oil), and mannoproteins. These alternatives have not experienced a great success rate.

Other potential competitors include those 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. Based upon data provided to the Company beta glucan having less than 80% bioactivity is not effective in the markets chosen by BioAgra. BioAgra intends to produce an 80% pure beta glucan.

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

SOURCES OF RAW MATERIALS

Production of the beta glucan additive requires spent brewer's, baker's, distiller's or ethanol refiner's yeast. Arrangements are being made with commercial firms that produce and distribute these types of yeast. There is an adequate supply of these raw materials for the foreseeable future for BioAgra's activities.

CUSTOMERS

Edgar Filing: Vyta Corp - Form 10KSB

BioAgra is in the initial stages of marketing and contacting potential customers of its product, AgraStim. Initial customers are expected to be poultry

4

producers located in the United States and abroad and feed milling and mixing companies.

GOVERNMENT REGULATION

The Company believes that it is in compliance with all federal and state laws and regulations governing its limited operations. Further, the Company believes that it is in compliance with all German laws and regulations governing its limited operations in Germany. Compliance with federal and state environmental laws and regulations did not have a material effect on the Company's capital expenditures, earnings or competitive position during the fiscal year ended June 30, 2006.

To the knowledge of the Company, the AgraStim beta glucan product planned to be produced by BioAgra is not subject to the regulations of either the U.S. Food and Drug Administration ("FDA") or the U.S. Department of Agriculture ("USDA") because it is considered to satisfy the criteria set forth for products "generally regarded as safe" ("GRAS"). BioAgra has applied for official GRAS designation with the FDA, which it anticipates to receive.

EMPLOYEES

On June 30, 2006, the Company and its subsidiaries had two employees. Mr. Metzinger and Ms. Kampmann, key officers of the Company and the only two employees of the Company, have signed employment agreements with the Company. (See- ITEM 9- "Directors and Officers of the Company") None of the Company's employees are represented by a labor union or are subject to a collective bargaining agreement. The Company believes that its relations with its employees are excellent.

FACTORS AFFECTING FUTURE OPERATING RESULTS

Our future results may be affected by various risks and uncertainties including the following:

WE HAVE A HISTORY OF LOSSES

Developing our particle technology and its applications has been and we expect will continue to be expensive. Our operating expenses have consistently exceeded our revenues. We reported a net loss of \$2,407,821, \$997,616, and \$1,558,083 for the fiscal years ended June 30, 2006, 2005 and 2004, respectively.

WE MAY NOT BE ABLE TO CONTINUE AS A GOING CONCERN

Our independent registered public accounting firm's report on our consolidated financial statements as of June 30, 2006, and for each of the years in the two year period then ended, includes an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. If we are unable to secure significant additional financing, and/or generate cash flows from our equity investments we may be obligated to seek protection under the bankruptcy laws, and our shareholders may lose their investment.

OUR JOINT VENTURE INVESTMENTS COULD BE ADVERSELY AFFECTED BY OUR LACK OF

Edgar Filing: Vyta Corp - Form 10KSB

SOLE-DECISION-MAKING AUTHORITY, OUR RELIANCE ON CO-VENTURERS' FINANCIAL CONDITION AND DISPUTES BETWEEN OUR CO-VENTURERS AND US

Our primary business is our 50% interest in BioAgra, LLC and our 49% interest in Exypnotech. Investments in joint ventures may involve risks not present were a third party not involved, including the possibility that our co-venturer Justin

5

Holdings, Inc. (as assignee of Xact Resources International which assigned its interest in BioAgra in February 2006) with respect to BioAgra, LLC and TagStar Systems, GmbH with respect to Exypnotech (each of which an entity over which we have no control) might become bankrupt, fail to fund their share of required capital contributions or fail to perform their responsibilities under our agreements with them. Our co-venturers also may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to make decisions or to take actions that are contrary to our preferences, policies, or objectives. We do not have decision-making control regarding either the BioAgra or the Exypnotech joint ventures. With respect to BioAgra, in which we have a 50% interest, we have the potential risk of impasses on decisions, such as the use and enforcement of the license to produce AgraStim held by BioAgra or a sale of the joint venture, because neither we nor Justin Holdings, Inc. have control over the joint venture. In the Exypnotech joint venture, in which we have a minority interest, decisions may be made or actions taken contrary to our objections. Disputes between us and our co-venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort exclusively on our business. Consequently, actions by or disputes with our co-venturers might result in subjecting properties owned by the joint ventures to additional risk. In addition, we may in certain circumstances be liable for the actions of our co-venturers.

LICENSE TO AGRASTIM IS LIMITED

BioAgra has a license agreement with Progressive Bioactives, Inc. for AgraStim, the license is limited in geographic area and function. Under the license, BioAgra was granted the right and license to produce, process, make or otherwise manufacture and sell the licensed products in the United States and holds a right of first refusal to build and operate any new plant intended to manufacture the licensed product in the United States. The license is also limited in function to the consumption of animal products, which limits BioAgra's ability to expand into new areas, such as the production of beta glucan for human consumption.

BIOAGRA MAY LOSE THE LICENSE TO AGRASTIM OR HAVE ITS RIGHTS UNDER THE LICENSE LIMITED IF IT FAILS TO SATISFY THE MINIMUM PRODUCTION STANDARDS REQUIRED BY THE LICENSE

The license requires BioAgra to meet certain minimum production standards, which will begin on the first year anniversary after BioAgra produces its first successful batch of the licensed product, which yields a sufficient quantity of product made available for sale. If BioAgra fails to satisfy the minimum production standards provided in the license, BioAgra may lose its right of first refusal to build and operate any new manufacturing plants in the United States, and may be deemed in material breach of the license causing the licensor to terminate the license.

IF AGRASTIM DOES NOT SATISFY CERTAIN GOVERNMENTAL REGULATIONS, BIOAGRA MAY BE UNABLE TO OBTAIN REGULATORY APPROVAL OR MAY BE REQUIRED TO OBTAIN MULTIPLE LICENSES TO SELL AGRASTIM

Edgar Filing: Vyta Corp - Form 10KSB

BioAgra is in the process of applying for a "generally recognized as safe" (GRAS) designation from the U.S. Food and Drug Administration for the AgraStim beta-glucan product to be produced by BioAgra. A GRAS designation would exempt AgraStim from the regulations of the U.S. Department of Agriculture and the U.S. Department of Agriculture and would permit the sale of AgraStim anywhere in the United States without obtaining a license. BioAgra believes that it will receive GRAS designation for AgraStim based, in part, upon the fact that the GRAS

6

designation has been given to other products whose main ingredients are also based upon all organic, natural, non-toxic substances such as the yeast from which beta-glucan is derived. If a GRAS designation is not obtained, AgraStim would be required to be sold as a food additive by obtaining a license to sell from each individual state in which sales would occur. At this time, BioAgra has applied and obtained licenses from the States of Georgia and North Carolina and is preparing licenses in other states. 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 costs of obtaining and maintaining these licenses will not limit BioAgra's ability to sell AgraStim.

OPERATIONS OF BIOAGRA MAY BE DELAYED OR COST MORE THAN WE ANTICIPATE

It was previously anticipated that the plant would commence operations in January 2006, however operations did not commence until June 2006. There can be no assurances that there will not be further delays in operations, including the time before we are able start operating on a full-scale capacity or that the average cost to operate the plant will not be higher than anticipated.

WE CANNOT GUARANTEE THE QUALITY, PERFORMANCE OR RELIABILITY OF BIOAGRA'S PRODUCTS

We have no prior experience in taking AgraStim or any other product to the manufacturing or production stage. We are relying upon the skill and experience of BioAgra's managers and our co-joint venturer to timely and cost effectively manufacture AgraStim. We expect that the customers of BioAgra will demand quality, performance and reliability. We cannot assure you that we or our co-joint venturer will be able to meet the quality control standards that may be established by the poultry industry within which we are currently concentrating our business activities. BioAgra intends to assure their customers that AgraStim will contain at least 80% pure beta glucan.

THERE MAY BE INSUFFICIENT DEMAND FOR AGRASTIM

The market acceptance of fairly new products and technologies, including AgraStim, is subject to a number of factors, including the ability of the product to meet potential customers' needs more effectively or more efficiently than current products. Antibiotics and growth hormone supplements are widely used in animal, poultry and other feeds. BioAgra must convince their potential customers that their beta-glucan product is safe and effective as a feed additive and can be manufactured efficiently and cost-effectively before the poultry industry, or other animal producers will be willing to use their product rather than existing products such as antibiotics and growth hormone supplements. To create this consumer demand, BioAgra will have to successfully market and sell their product. Even after these efforts, their beta-glucan product may not be viewed by consumers as an improvement over existing products and may not achieve commercial acceptance.

WE MAY BE UNABLE TO MEET OUR ONGOING NEEDS FOR ADDITIONAL CAPITAL

Edgar Filing: Vyta Corp - Form 10KSB

We cannot accurately predict how much funding we will need to implement our strategic business plan or to continue operations. Our future capital requirements, the likelihood that we can obtain money and the terms of any financing will be influenced by many different factors, including:

- our revenues and the revenues of our joint venture;
- the status of competing products in the marketplace;

7

- our performance in the marketplace;
- our overall financial condition;
- our business prospects;
- the perception of our growth potential by the public, including potential lenders;
- our ability to enter into joint venture or licensing relationships to achieve a market presence; and
- the progress of BioAgra in developing, marketing and selling AgraStrim.

If we cannot obtain adequate financing or if the terms on which we are able to acquire financing are unfavorable, our business and financial condition could be negatively affected. We may have to delay, scale back or eliminate some or all of our development and marketing programs, if any. We may also have to go to third parties to seek financing, and in exchange, we may have to give up rights to some of our technologies, patents, patent applications, potential products or other assets.

WE MAY BE UNABLE TO HIRE AND RETAIN KEY PERSONNEL

Our future success depends on our ability to attract qualified personnel. We may be unable to attract or retain these necessary personnel. If we fail to attract or retain skilled employees, or if a key employee fails to perform in his or her current position, we may be unable to bring AgraStim to the marketplace and to generate sufficient revenues to offset our operating costs.

WE MAY BE UNABLE TO OBTAIN AND RETAIN APPROPRIATE PATENT, COPYRIGHT AND TRADEMARK PROTECTION OF OUR PRODUCTS OR MANUFACTURING PROCESS

We protect our intellectual property rights through patents, trademarks, trade names, trade secrets and a variety of other measures. However, these measures may be inadequate to protect our intellectual property or other proprietary information.

- TRADE SECRETS MAY BECOME KNOWN BY THIRD PARTIES. Our trade secrets or proprietary information may become known or be independently developed by competitors.
- RIGHTS TO PATENTS AND TRADE SECRETS MAY BE INVALIDATED. Disputes may arise with third parties over the ownership of our intellectual property rights. Our patents may be invalidated, circumvented or challenged, and the rights granted under those patents that provide us with a competitive advantage may be nullified.

Edgar Filing: Vyta Corp - Form 10KSB

- PROBLEMS WITH FUTURE PATENT APPLICATIONS. Our pending or future patent applications may not be approved, or the scope of the granted patent may be less than the coverage sought.
- INFRINGEMENT CLAIMS BY THIRD PARTIES. Infringement, invalidity, right to use or ownership claims by third parties or claims for indemnification may be asserted by third parties in the future. If any claims or actions are asserted against us, we can attempt to obtain a license for that third

8

party's intellectual property rights. However, the third party may not provide a license under reasonable terms, or may not provide us with a license at all.

- THIRD PARTIES MAY DEVELOP SIMILAR PRODUCTS OR MANUFACTURING PROCESS. Competitors may develop similar products, duplicate our products or may design around the patents that are owned by us. Competitors may develop a similar manufacturing process, duplicate our manufacturing process or may design around any patents that are owned by us in relation to the manufacturing process.
- LAWS IN OTHER COUNTRIES MAY INSUFFICIENTLY PROTECT INTELLECTUAL PROPERTY RIGHTS ABROAD. Foreign intellectual property laws may not adequately protect our intellectual property rights abroad. Our failure to protect these rights could adversely affect our business and financial condition.
- LITIGATION MAY BE REQUIRED TO PROTECT INTELLECTUAL PROPERTY RIGHTS. Litigation may be necessary to protect our intellectual property rights and trade secrets, to determine the validity of and scope of the rights of third parties or to defend against claims of infringement or invalidity by third parties. This litigation could be expensive, would divert resources and management's time from our sales and marketing efforts, and could have a materially adverse effect on our business, financial condition and results of operations and on our ability to enter into joint ventures or partnerships with others.

ECONOMIC FACTORS OUTSIDE OUR CONTROL MAY HAVE AN ADVERSE AFFECT ON BIOAGRA'S REVENUES AND OUR INCOME

Our income may be impacted by economic factors that are beyond our control such as fluctuations in price of poultry feed, outbreaks of poultry diseases, and demand for poultry products. Because Bio Agra's initial focus for AgraStim is the poultry industry, the poultry industry will be a significant component of their revenues. Rising poultry feed prices, increase production costs of commercial poultry producers may cause them to reduce production, which, in turn, could adversely impact BioAgra's revenues. An outbreak of disease, such as avian influenza, could result in increased government regulation of the poultry industry, a serious drop in demand for poultry products, and adverse publicity materially affecting the poultry industry for a significant period of time, which could adversely impact BioAgra's business, revenues, prospects, financial condition, and results of operation. In general, reduced demand for poultry products could adversely impact BioAgra's revenues and therefore our income.

THE MARKET FOR FEED ADDITIVES IS COMPETITIVE

The feed additive market is competitive. BioAgra will compete with producers of artificial antibiotic and growth hormone products, many of which

Edgar Filing: Vyta Corp - Form 10KSB

are large companies with vast resources allocated to the protection of brand recognition and market share of their products. BioAgra may also compete with companies producing beta-glucan for other purposes, and companies that produce existing alternatives to antibiotic and growth hormone products, such as organic acids, plant extracts, and mannoproteins. BioAgra is disadvantaged competing against some of these competitors in several different areas, including:

- financial resources;
- manufacturing capabilities;

9

- diversity of revenue sources and business opportunities;
- personnel and human resources; and
- research and development capabilities.

Larger companies have long term advantages over BioAgra in research and new product development and have a greater ability to withstand periodic downturns in the feed additive market because they have diverse product lines that can provide revenue even when there is a downturn in the feed additive market.

IF BIOAGRA WAS UNABLE TO USE THEIR MANUFACTURING FACILITY, THEY MAY NOT BE ABLE TO MANUFACTURE AGRASTIM FOR AN EXTENDED PERIOD OF TIME

BioAgra manufactures at a single location in Georgia with a single production line. Manufacturing products at a single site presents risks because a disaster, such as a fire or hurricane, may interrupt our manufacturing capability. In such an event, they will have to resort to alternative sources of manufacturing that could increase their costs as well as result in significant delays. Any increase in costs, slowdowns or shutdowns could have a material adverse affect on our future business, financial condition and results of operations.

BIOAGRA'S USE OF A SINGLE MANUFACTURING FACILITY MAY RESTRICT THEIR ABILITY TO ATTRACT CUSTOMERS

Poultry farms require a steady source of feed additives. BioAgra's use of a single manufacturing plant and a single production line may restrict their ability to attract large customers who require certainty in the production process. If BioAgra is successful, they expect to expand manufacturing operations, but there is no assurance that BioAgra will have the financial resources required to expand their production facilities.

MANUFACTURING CAPACITY RESTRAINTS AND LIMITED EXPERIENCE MAY HAVE AN ADVERSE AFFECT ON BIOAGRA

BioAgra has limited manufacturing capacity and experience. We may encounter some difficulties, such as significant unexpected costs and delays, in scaling up the manufacturing operations of BioAgra to produce quantities required for us to achieve profitability. The failure to scale-up manufacturing operations in a timely and cost-effective way may adversely affect our income. We believe that BioAgra has adequate capacity to meet anticipated demand for 2006. However, in the event the demand for AgraStim rapidly increases or spikes in a certain period, BioAgra may not have the manufacturing ability to fulfill demand, either in their our own facilities or through agreements with third parties. This lack of manufacturing capacity may materially affect BioAgra's and our reputation, prospects, revenue, income and results of operation.

Edgar Filing: Vyta Corp - Form 10KSB

REPLACING BIOAGRA'S SOLE SOURCE OF SUPPLIERS FOR KEY MATERIALS COULD RESULT IN UNEXPECTED DELAYS AND EXPENSES

BioAgra obtains some key materials and services for AgraStim from sole source suppliers, primarily with respect to spent yeast. All of these materials are commercially available elsewhere. If these materials or services were no longer available at a reasonable cost from existing suppliers, BioAgra would need to purchase substitute materials from new suppliers. If BioAgra needed to locate a new supplier, the substitute or replacement materials may need to be tested for equivalency. The process of locating a new supplier and any testing of materials,

10

if necessary, may cause a delay in production of the product and may cause BioAgra to incur additional expense.

WE DO NOT EXPECT TO PAY DIVIDENDS IN THE FORESEEABLE FUTURE

We have never paid cash dividends on our common stock. We do not expect to pay cash dividends on our common stock at any time in the foreseeable future. The future payment of dividends directly depends upon our future earnings, capital requirements, financial requirements and other factors that our board of directors will consider. Since we do not anticipate paying cash dividends on our common stock, return on your investment, if any, will depend solely on an increase, if any, in the market value of our common stock.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's corporate headquarters are located at 370 17th Street, Suite 3640, Denver, Colorado 80202. The Company moved into its current office space on June 27, 2001 and currently has a 5-year lease on the property, expiring in December 2011. The base rent is \$3,109 per month plus certain occupancy costs with the base rent increasing each year of the lease.

BioAgra 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 10 years. At the expiration of the lease term, BioAgra has the option to purchase the leased premises (real estate and improvements) for \$500,000. The facility is approximately 30,000 square feet which consists of both office space and a production area and a research and development laboratory. The facility is located on approximately 7.29 acres.

ITEM 3. LEGAL PROCEEDINGS

HARVEST COURT LITIGATION

In connection with a financing obtained in October 2000, the Company filed various actions in the United States District Court for the District of Colorado against, among others, Harvest Court, LLC, Southridge Capital Investments, LLC, Daniel Pickett, Patricia Singer and Thomson Kernaghan, Ltd. for violations of federal and state securities laws, conspiracy, aiding and abetting and common law fraud among other claims. As a result of various procedural rulings, in January 2002, the United States District Court for the District of Colorado transferred the case to the United States District Court for the Southern District of New York, New York City, New York. In this litigation, Harvest Court, LLC filed counterclaims against the Company, Mr. Metzinger, Ms. Kampmann, Dr. Neuhaus, Dr. Shaw and a number of unrelated third parties. The counterclaims allege violations of federal securities laws and other laws. Harvest Court, LLC is seeking various forms of relief including compensatory and

Edgar Filing: Vyta Corp - Form 10KSB

punitive damages. Responsive pleadings have been filed and the litigation is currently in the discovery stage.

In May 2001, Harvest Court, LLC filed suit against the Company in the Supreme Court of the State of New York, County of New York. The suit alleges that the Company breached an October 20, 2000 Stock Purchase Agreement, by not issuing 370,945 free trading shares of the Company's common stock in connection with the reset provisions of the Purchase Agreement due on the second reset date and approximately 225,012 shares due in connection with the third reset date. Harvest Court, LLC is seeking the delivery of such shares or damages in the alternative. In August 2001, the Supreme Court of the State of New York, County of New York

11

issued a preliminary injunction ordering the Company to reserve and not transfer the shares allegedly due to Harvest Court, LLC. The Company has filed counterclaims seeking various forms of relief against Harvest Court, LLC.

DEPOSITORY TRUST LAWSUIT

In May 2004, the Company filed suit against the Depository Trust and Clearing Corporation ("DTCC"), the Depository Trust Company ("DTC"), and the National Securities Clearing Corporation ("NSCC") in the Second Judicial District Court of the County of Washoe, State of Nevada. The suit alleges multiple claims under the Nevada Revised Statutes 90.570, 90.580, 90.660 and 598A.060 and on other legal bases. The complaint alleges, among other things, that the DTCC, DTC and NSCC acted in concert to operate the "Stock Borrow Program," originally created to address short term delivery failures by sellers of securities in the stock market. According to the complaint, the DTCC, NSCC and DTC conspired to maintain significant open fail deliver positions of millions of shares of the Company's common stock for extended periods of time by using the Stock Borrow Program to cover these open and unsettled positions. The Company was seeking damages in the amount of \$25,000,000 and treble damages. On April 27, 2005, the court granted a motion to dismiss the lawsuit. The Company has filed an appeal to overturn the motion to dismiss the lawsuit.

The Company intends to vigorously prosecute all litigation and does not believe the outcome of the litigation will have a material adverse effect on the financial condition, results of operations or liquidity of the Company. However, it is too early at this time to determine the ultimate outcome of these matters.

OTHER LITIGATION

Other than the above mentioned lawsuits, to the knowledge of the management of the Company, there are no material legal proceedings pending or threatened (other than routine litigation incidental to business) to which the Company (or any officer, director, affiliate or beneficial owner of more than 5% of the Company's voting securities) is party, or to which property of the Company is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no meetings of security holders during the period covered by this report.

In January 2006, without the calling of a formal shareholder's meeting and by written consent pursuant to the provisions of Title 7, Chapter 78, Section 320 of the Nevada Revised Statutes the following actions were approved, by a majority of the Company's shareholders:

Edgar Filing: Vyta Corp - Form 10KSB

- a reverse 1 for 20 split of the Company's equity;
- the amending and restatement of the Company's Articles of Incorporation to increase the authorized capital of the Company from 10,000,000 post-split shares to 200,000,000 shares; and
- the change of the name of the Company from NanoPierce Technologies, Inc. to Vyta Corp.

12

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

The Company's common stock is presently quoted on the over-the-counter bulletin board maintained by the National Association of Securities Dealers, Inc. (the "NASD") under the symbol "VYTC". The common stock of the Company is also traded on the Berlin Exchange, the Frankfurt Exchange, the Munich Exchange and the Xetra Exchange.

The following table sets forth the range of high and low quotations for the common stock of each full quarterly period during the fiscal year or equivalent period for the fiscal periods indicated below. The quotations were obtained from information published by the NASD and reflect interdealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

2005 FISCAL YEAR -----	HIGH -----	LOW -----
September 30, 2004	\$2.40	\$4.20
December 31, 2004	3.40	5.00
March 31, 2005	2.20	6.20
June 30, 2005	2.00	3.00
2006 FISCAL YEAR -----		
September 30, 2005	1.80	1.60
December 31, 2005	1.20	1.20
March 31, 2006	1.05	1.05
June 30, 2006	0.84	0.75

As of June 30, 2006, there were approximately 335 holders of record of the Company's common stock.

DIVIDEND POLICY

The Company has not paid any cash dividends on its common stock in the past and does not anticipate paying any dividends in the foreseeable future. Earnings, if any, are expected to be retained to fund future operations of the Company. There can be no assurance that the Company will pay dividends at any time in the future.

Edgar Filing: Vyta Corp - Form 10KSB

RECENT SALES OF UNREGISTERED SECURITIES

Unregistered sales for the three years ended June 30, 2004, 2005 and 2006 are set forth below.

DATE	TITLE	NUMBER OF SHARES	HOLDER	CONSIDERATION
7/21/2003	Common Stock	38,462	Neptune Investments	\$100,000
7/22/2003	Common Stock	5,000	Gary Thompson	Outstanding Invo
7/22/2003	Common Stock	5,000	Charles Lowe	Outstanding Invo
1/16/2004	Common Stock	829	Patricia Schonebaum	Cashless Exercise of
2/2/2004	Common Stock	895	Vail Valley Emergency Physicians	Cashless Exercise of

13

DATE	TITLE	NUMBER OF SHARES	HOLDER	CONSIDERATION
2/26/2004	Common Stock	7,530	Hamilton Fund, LLC	Cashless Exercise of
6/27/2005	Common Stock	50,000	Lyons Capital	Consulting Agree

Exemption From Registration Claimed

The above issuance by the Company of its unregistered securities was made by the Company in reliance upon Section 4(2) of the Securities Act of 1933, as amended (the "Act"). The entities/individuals that purchased the unregistered securities were known to the Company and its management, through pre-existing business relationships. The entities/individuals were provided access to all material information which they requested, and all information necessary to verify such information and was afforded access to management of the Company in connection with the issuance. The holder of the unregistered securities acquired such securities for investment and not with a view toward distribution, acknowledging such intent to the Company. All certificates or agreements representing such securities that were issued contained restrictive legends, prohibiting further transfer of the certificates or agreements representing such securities, without such securities either being first registered or otherwise exempt from registration under the Act in any further resale or disposition.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Certain statements contained in this Form 10-KSB contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties that could cause actual results to differ materially from the results, financial or otherwise, or other expectations described in such forward-looking statements. Any forward-looking statement or statements speak only as of the date on which such statements were made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statements are made or reflect the occurrence of unanticipated events. Therefore, forward-looking statements should not be relied upon as prediction of actual future results.

Our independent registered public accounting firm's report on the Company's consolidated financial statements as of June 30, 2006, and for each of the years in the two-year period then ended, includes a "going concern" explanatory paragraph, that describes substantial doubt about the Company's ability to

Edgar Filing: Vyta Corp - Form 10KSB

continue as a going concern. Management's plans in regard to the factors prompting the explanatory paragraph are discussed below and also in Note 2 to Notes to the Consolidated Financial Statements.

RESULTS OF OPERATIONS

During the years ended June 30, 2006 and 2005, the Company did not have any revenues from operations.

The Company recognized \$72,307 in interest income during the fiscal year ended June 30, 2006 compared to \$17,672 during the fiscal year ended June 30, 2005. The increase of \$54,635 is due primarily to the interest earned on loans to the Company's equity investee, BioAgra.

General and administrative expenses during the fiscal year ended June 30, 2006 were \$893,061 compared to \$872,203 for the fiscal year ended June 30, 2005. The increase of \$20,858 is mainly attributable to decreases in consulting expenses,

14

rent expenses, commission expenses and public relations expenses, offset by an increase in legal expenses and accounting expenses.

During the fiscal year ended June 30, 2006, the Company recognized a net loss of \$2,407,821 compared to a net loss of \$997,616 during the fiscal year ended June 30, 2005. The increase of \$1,410,205 primarily resulted from the increase of \$1,253,879 in the equity losses of affiliates, as a result of the Company recording 100% of the losses incurred by BioAgra, combined with the \$226,057 increase in interest expense resulting primarily from non-cash expense recorded for warrants and common stock issued with notes payable, offset by a \$120,788 gain on the extinguishment of liabilities during the fiscal year ended June 30, 2006.

The Company recorded a net loss applicable to common shareholders of \$3,907,821 during the year ended June 30, 2006. As a result of the beneficial conversion feature of \$1,500,000 related to preferred stock.

LIQUIDITY AND FINANCIAL CONDITION

Net cash used in operating activities in 2006 was \$878,306, compared to net cash used in operating activities in 2005 of \$544,194. In 2006, the net cash used represented a net loss of \$2,407,821, adjusted certain non-cash items consisting of the amortization and depreciation expense of \$34,571, equity in losses of equity investees of \$1,398,202, gain on the extinguishment of liabilities of \$120,788, amortization of discounts on notes payable of \$213,860 and a loss on the revaluation of derivative warrant liabilities of \$74,295.

In 2005, the net cash used represented a net loss of \$997,616, adjusted certain non-cash items consisting of amortization and depreciation expense of \$14,758, equity in losses of equity investees of \$144,323, amortization of discounts on notes payable of \$7,272 and a provision for a loss on a note receivable of \$35,000.

During the fiscal year ended June 30, 2006, the Company raised \$632,372 cash through the sale of 790,467 shares of our restricted common stock and warrants to purchase 746,717 shares of our restricted common stock.

During the fiscal year ended June 30, 2006, the Company raised \$1,535,000 cash through the exercise of 1,535,000 warrants with an exercise price of \$1.00 per share.

Edgar Filing: Vyta Corp - Form 10KSB

During the fiscal year ended June 30, 2006, the Company purchased a 50% equity interest in BioAgra for \$905,000 cash (which includes the \$405,000 advanced to Xact Resources during the fiscal year ended June 30, 2005) and a note payable of \$595,000 which was paid in full in September 2005.

During the fiscal year ended June 30, 2006, the Company completed the sale of 200,000 shares of our series A preferred stock for \$1,500,000 cash. In February 2006, Arizcan converted the 200,000 shares of preferred stock into 15,000,000 shares of the Company's restricted common stock. Upon conversion, Arizcan held approximately 67% of our issued and outstanding common stock.

During the fiscal year ended June 30, 2006, the Company loaned \$1,686,570 to BioAgra through a series of secured, 7.5% promissory notes, which were due over a period from June 30, 2006 through October 31, 2006. On June 26, 2006, the Company agreed to combine all of the promissory notes and accrued interest of \$40,257 into a \$1,726,827 secured, 7.5% promissory note with payments to be made monthly starting October 31, 2006. Through October 31, 2007, the entire loan balance is classified as a non-current asset at June 30, 2006 as BioAgra has not generated cash flow since its inception. The funds were loaned to facilitate BioAgra's

15

completion of its first production line and to support operations as product is sold. The promissory note is collateralized by all equipment, furnishings, present and future accounts, collateral securing such accounts, tangible and intangible personal property and any proceeds from any of the foregoing located on BioAgra's premises. Additionally, the promissory note is to be paid in full prior to any disbursements being made to the members of the joint venture. At June 30, 2006, interest of \$1,064 was accrued. During the quarter ended September 30, 2006, the Company has advanced an additional \$191,250 to BioAgra.

During the fiscal year ended June 30, 2005, the Company loaned \$314,000 to a unrelated third party and received a payment of \$50,000, which included interest of \$11,442 during the same period. During the fiscal year ended June 30, 2005, the Company loaned Intercell \$35,000. In March 2005, Intercell filed for protection under Chapter 11 of the US Bankruptcy Code. The Company has recorded a provision for this note receivable of \$35,000.

During the fiscal year ended June 30, 2005, in connection with an investment in BioAgra, the Company advanced Xact Resources International \$405,000 to be used for the purchase of a 50% equity interest in BioAgra, LLC. for \$1.5 million cash. The purchase was completed in August 2005.

During the fiscal year ended June 30, 2005, the Company received \$112,800 (net of \$7,200 of offering costs) in connection with the exercise of warrants for 1,200,000 shares of the Company's common stock.

During the fiscal year ended June 30, 2005, the Company received \$41,000 in exchange for an unsecured 5% note payable from Mr. Metzinger, an officer and director of the Company. In August 2005, the note was paid in full.

During the fiscal year ended June 30, 2005, the Company received \$150,000 in exchange for an unsecured 15% per quarter, note payable from an unrelated third party. In connection with the note the Company issued 2,000,000 shares of its restricted common stock (1,000,000 shares were issued in June 2005 and the remaining 1,000,000 shares were issued in July 2005) with a relative fair value of \$81,718, to be amortized over the term of the note. The note was repaid in full in September 2005.

Edgar Filing: Vyta Corp - Form 10KSB

During the fiscal year ended June 30, 2005, the Company received \$25,000 in exchange for an unsecured %8 per annum note payable, from an unrelated third party. In connection with the note the Company issued 1,500,000 shares of its restricted common stock (issued in July 2005) with a relative value of \$21,428, to be amortized over the term of the note. The note was paid in full in August 2005.

During the year ended June 30, 2006, the Company did not have any significant operations, and management of the Company spent a majority of the fiscal year, restructuring the Company and raising additional funds for the BioAgra investment. During the 2007 fiscal year the Company intends to continue its efforts to aid BioAgra with the continuing development of its sales, nationally and internationally in other animal feed markets, such as the equine and the swine markets.

The Company intends to raise additional funds to support operations of the Company during the 2007 fiscal year. Such funds are to be raised through a private offering of preferred stock, the terms of which are in the process of being finalized.

16

To the extent the Company's operations are not sufficient to fund the Company's capital requirements the Company may enter into a revolving loan agreement with financial institutions or attempt to raise capital through the sale of additional capital stock or through the issuance of debt. At the present time the Company does not have a revolving loan agreement with any financial institution nor can the Company provide any assurance that it will be able to enter into any such agreement in the future or be able to raise funds through the further issuance of debt or equity in the Company.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the statement of operations based on their fair value. SFAS No. 123(R) will be effective for the Company beginning with the first fiscal quarter of the fiscal year ending June 30, 2007. As the company currently has no un-vested options, the implementation of this standard is not expected to have an immediate impact on the Company's financial position and results of operations.

In February 2006, the FASB issued SFAS 155, Accounting for Certain Hybrid Financial Instruments, which amends SFAS 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125. SFAS 155 will be effective for the Company for all financial instruments issued or acquired after the beginning its fiscal year ending June 30, 2008. We have not yet evaluated and determined the likely effect of SFAS 155 on our future financial statements.

In June 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement No. 109, (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, Accounting for Income Taxes. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return that results in a tax benefit. Additionally, FIN 48 provides guidance on

Edgar Filing: Vyta Corp - Form 10KSB

de-recognition, income statement classification of interest and penalties, accounting in interim periods, disclosure, and transition. This interpretation is effective for the Company for its fiscal year ending June 30, 2008. The Company has not yet evaluated the effect that the application of FIN 48 may have, if any, on its future results of operations and financial condition.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to deferred revenues; depreciation or fixed assets, valuation of intangible assets such as our intellectual property, financing operations, currency valuations and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes that the following are some of the more significant accounting policies and methods used by the Company:

- stock based compensation;
- value of long-lived assets;
- equity method investments;
- international operations;
- revenue recognition and deferred revenue;
- litigation; and
- contractual obligations.

Stock-based compensation

SFAS No. 123, Accounting for Stock Based Compensation, defines a fair-value-based method of accounting for stock-based employee compensation plans and transactions in which an entity issues its equity instruments to acquire goods or

17

services from non-employees, and encourages but does not require companies to record compensation cost for stock-based employee compensation plans at fair value.

The Company has chosen to account for employee stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25 (APB No. 25), Accounting for Stock Issued to Employees, and related interpretations. Accordingly, employee compensation cost for stock options is measured as the excess, if any, of the estimated fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123(R), Share-Based Payment, which addresses the accounting for share-based payment transactions. SFAS No. 123(R) eliminates the ability to account for share-based compensation transactions using APB 25, and generally requires instead that such transactions be accounted and recognized in the

Edgar Filing: Vyta Corp - Form 10KSB

statement of operations based on their fair value. SFAS No. 123(R) will be effective for the Company beginning with the first fiscal quarter of the fiscal year ended June 30, 2007. Depending upon the number of and terms of options that may be granted in future periods, the implementation of this standard could have a significant impact on the Company's financial position and results of operations in future periods.

Valuation of long-lived assets

The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors the Company considers important which could trigger an impairment review include negative projected operating performance by the Company and significant negative industry or economic trends. The Company does not believe that there has been any impairment to long-lived assets as of June 30, 2006.

Equity method investments

Entities where the Company can exercise significant influence, but not control, are accounted for under the equity method of accounting. Whether or not the Company exercises significant influence with respect to a company depends on an evaluation of several factors including, among others, representation on the company's board of directors and ownership level, generally 20% to 50% interest in the voting securities of the company including voting rights associated with the Company's holdings in common, preferred and other convertible instruments in the company. Under the equity method of accounting, the Company's share of the earnings or losses of these companies is included in the equity income (loss) section of the consolidated statements of operations.

A loss in value of an investment that is other than a temporary decline is recognized as a charge to operations. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

International operations

The Company's foreign equity investee (ExypnoTech) operations are located in Germany. ExypnoTech transactions are conducted in currencies other than the U.S. dollar, (the currency into which the subsidiaries' historical financial statements have been translated) primarily the Euro. As a result, the Company is exposed to adverse movements in foreign currency exchange rates. In addition, foreign political and economic environment, trade barriers, managing foreign operations and potentially adverse tax consequences. Any of these factors could have a material

18

adverse effect on the Company's financial condition or results of operations in the future.

Revenue recognition and deferred revenue

The Company's revenue recognition policy is significant because future revenue could be a key component of its results or operations. Revenue results are difficult to predict, and any shortfall in revenue or delay in recognizing revenue could cause operating results to vary significantly.

Litigation

Edgar Filing: Vyta Corp - Form 10KSB

The Company is involved in certain legal proceedings, as described in Item 3 of this report and Note 9 to the consolidated financial statements included in this report.

The Company intends to vigorously prosecute these legal proceedings and does not believe the outcome of these proceedings will have a material adverse effect on the financial condition, results of operations or liquidity of the Company. However, it is too early at this time to determine the ultimate outcome of these matters.

Contractual obligations

For more information on the Company's contractual obligations on operating leases, refer to Note 9 of the consolidated financial statements included in this report. At June 30, 2006, the Company's commitments under these obligations were as follows:

	OPERATING LEASES	

Year ending June 30,		
2007	\$	39,822
2008		38,211
2009		39,415
2010		40,618
2011		20,761

	\$	178,827
		=====

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements and related financial information required to be filed are indexed on page F-1 and are incorporated herein.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8A. CONTROLS AND PROCEDURES

As of the end of the period covered by this Annual Report on Form 10-KSB, the Company carried out an evaluation, under the supervision and with the participation of the Company's President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon such evaluation, such officers have concluded that the Company's disclosure controls and procedures are

effective as of the end of the period covered by this annual report on Form 10-KSB in alerting them, on a timely basis, to material information relating to the Company required to be included in the Company's periodic SEC filings and to ensure that information required to be disclosed in the Company's periodic SEC

Edgar Filing: Vyta Corp - Form 10KSB

filings is accumulated and communicated to the Company's management, including its President and Chief Financial Officer, to allow timely decisions regarding required disclosure.

There was no change to the Company's internal controls over financial reporting during the fiscal quarter ended June 30, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

FINANCIAL EXPERT

The Company's Board of Directors does not have a designated Financial Expert, as defined by the SEC, due to factors including the Company's operational status, and the limited number of transactions, accounts and balances that the Company maintains. In addition, the estimates of cost that the Company would be required to incur in identifying and designating a Financial Expert are deemed not to be in the best interest of the Company.

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers, directors and significant employees of the Company are as follows:

NAME AND AGE -----	POSITION -----	PERIOD -----
Paul H. Metzinger (67)	Director, President, and Chief Executive Officer, Manager & Vice President of BioAgra	December 1998 to present August 15, 2006 to present
Dr. Herbert J. Neuhaus (45)	Director, Former Executive Vice President of Technology & Marketing	January 1999 to present
Kristi J. Kampmann (33)	Chief Financial Officer, Secretary Chief Financial Officer, BioAgra	October 1999 to present February 1998 to present August 15, 2006 to present
Dr. Robert Shaw (66)	Director	October 2000 to present
John Hoback (66)	Director	April 2002 to present

The directors hold office until the next annual meeting of shareholders and until their successors have been duly elected and qualified. The Board of Directors elects the officers at its annual meeting immediately following the shareholders annual meeting and hold office until they resign or are removed from office. There are no family relationships that exist between any director, executive officer, significant employee or person nominated or chosen by the Company to become a director or executive officer. The Company has established audit, incentive compensation and nominating committees, consisting of the independent directors.

BIOGRAPHICAL INFORMATION ON OFFICERS, DIRECTORS AND SIGNIFICANT EMPLOYEES

PAUL H. METZINGER. Mr. Metzinger was President and Chief Executive Officer of the Company from February 26, 1998 to May 6, 1998 and has served in that same capacity from December 1, 1998 to present. He has been a director of the Company since February 26, 1998. He has served as a Manager and Vice President of BioAgra since August 15, 2005. He served as the General Manager of NanoPierce Card from January 2000 to June 2003. In addition, he served as the President, Chief Executive Officer and a Director of Intercell International Corporation from June 1996 to October 2003 and from September 30, 2004 to March 16, 2005. Prior to becoming a director and officer of the Company and Intercell International Corporation, Mr. Metzinger served as Intercell's General Counsel and practiced securities law in Denver, Colorado for over 32 years. Mr. Metzinger received his J.D. degree in 1967 from Creighton University Law School and his L.L.M. from Georgetown University in 1969.

On March 16 2005, Intercell International Corporation filed for protection under the Chapter 11 of the United States Bankruptcy Code. In April 5, 2006, the United States Bankruptcy Court for the District of Colorado, dismissed the Chapter 11 bankruptcy proceedings.

HERBERT J. NEUHAUS, PH.D. Dr. Neuhaus has been the Executive Vice President of Marketing and Technology and a Director of the Company since January 1, 1999. He has been the President and Chief Executive Officer of NanoPierce Connection since January 2002. Dr. Neuhaus previously served as the Managing Director of Particle Interconnect Corporation from August 18, 1997 to November 1, 1997. From August 1989 to August 1997, he was associated with the Electronic Material Venture Group in the New Business Development Department of Amoco Chemical Company, Naperville, Illinois. While associated with Amoco Chemical Company he held among other positions: Business Development Manger/Team Leader; Project Manager --High Density Interconnect; Product Manager MCM Products and as a research scientist.

Dr. Neuhaus received his Ph.D. degree in Physics from the Massachusetts Institute of Technology, Cambridge, Massachusetts in 1989 and his BS in Physics from Clemson University, Clemson, South Carolina in 1980.

KRISTI J. KAMPMANN. Ms. Kampmann was appointed the Chief Financial Officer of the Company on October 15, 1999. Ms. Kampmann has been Secretary of the Company since February 1998. Ms. Kampmann has served as a manager of ExypnoTech, LLC since June 2004. She has served as the Chief Financial Officer of BioAgra since August 15, 2005. She has served as the Chief Financial Officer of Intercell International Corporation since October 1, 2003 and as Secretary of Intercell International Corporation since July 28, 1999. Since June 1997, she has been the administrative assistant to the Chief Executive Officer and Chief Financial Officer; in addition, during the same period she served in the same capacity to the Chief Executive Officer of Intercell. From April 1996 to June 1997, she served as a paralegal and administrative assistant for Paul H. Metzinger, P.C. Ms. Kampmann received an MBA from the University of Colorado, Denver in December 2001. Ms. Kampmann graduated from the Denver Paralegal Institute in 1996 and received a B.A. from the University of Minnesota in Morris in 1995, majoring in Political Science with a minor in Business Management.

On March 16 2005, Intercell International Corporation filed for protection under the Chapter 11 of the United States Bankruptcy Code. In April 5, 2006, the United States Bankruptcy Court for the District of Colorado, dismissed the Chapter 11 bankruptcy proceedings.

Edgar Filing: Vyta Corp - Form 10KSB

DR. ROBERT SHAW. Dr. Shaw has been a director of the Company since October 31, 2000. Dr. Shaw currently is an Assistant Professor of Physics at Farleigh Dickinson University where he has served on the faculty since September 1988. Dr. Shaw also performs professional research in his academic areas of specialty, and has held, among others, the positions of Research Chemist at the American Cyanamid Research Laboratories, Stamford; Senior Research Physicist at Exxon Research and Engineering Company; Manager of New Business Development at Exxon Enterprises, Exxon Corporation, New York, NY; and President of Robert Shaw Associates, Inc., Chatham, NJ.

21

Dr. Shaw received his Ph.D. in Solid State Physics from Cambridge University, Cambridge, England. He was among the first to conduct academic research on electronic conduction mechanisms in amorphous semiconductors. He received a B.S. in Inorganic Chemistry with a minor in Nuclear Physics from North Carolina State University, Raleigh, NC.

JOHN HOBACK. Mr. Hoback has been a director of the Company since April 2002. Mr. Hoback currently serves as the President of Z&H Enterprises Solutions, Ltd., which position he has held since 2000. Among other positions, Mr. Hoback was the Director of Marketing and Sales of CTS from 1999 to 2000 and was the Venture Manager of Electronics with Amoco Chemical from 1988 to 1999.

CODE OF ETHICS

The Company in January 2004 adopted a Code of Ethics that applies to the Chief Executive Officer, Chief Financial Officer, Controller, Principal Accounting Officer and those employees performing similar functions.

22

ITEM 10 EXECUTIVE COMPENSATION

The following table sets forth certain information concerning compensation paid by the Company to the Chief Executive Officer and the Company's three most highly compensated executive officers for the fiscal years ended June 30, 2006, 2005 and 2004 (the "Named Executive Officers"):

		SUMMARY COMPENSATION TABLE						
		ANNUAL COMPENSATION			LONG TERM COMPENSA			
					AWARDS			
NAME & PRINCIPAL POSITION	YEAR	SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSA TION	RESTRICTED STOCK AWARDS (\$)	SECURITIES UNDERLYING OPTIONS/ SARS (#)	L	PAY (
Paul H. Metzinger, Director, President & CEO(1)	2006	\$ 105,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	2005	\$ 136,785	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	2004	\$ 114,583	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Dr. Herbert J. Neuhaus,	2006	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Edgar Filing: Vyta Corp - Form 10KSB

Director, Ex. VP	2005	\$	-0-	\$	-0-	\$	-0-	\$	-0-	\$
of Technology &	2004	\$	16,668	\$	-0-	\$	-0-	\$	-0-	\$
Marketing, (2)										
Kristi J.	2006	\$	78,125	\$	-0-	\$	-0-	\$	-0-	\$
Kampmann, Chief	2005	\$	80,625	\$	-0-	\$	-0-	\$	-0-	\$
Financial	2004	\$	37,492	\$	-0-	\$	-0-	\$	-0-	\$
Officer &										
Secretary (3)										

(1) Paul Metzinger has served as President & CEO since December 1998. He is compensated pursuant to a written Employment Agreement, dated March 15, 2004 at an annual salary of \$150,000. Over the three year period Mr. Metzinger has taken salary cuts when necessary.

(2) Dr. Neuhaus has served as the Executive Vice President of Technology and Marketing since January 1999. He served as the President and CEO of NanoPierce Connection from January 2002 to September 2003. He was compensated pursuant to a written Employment Agreement, dated January 2002 at an annual salary of \$200,000. This employment agreement was terminated in September 2003 and Dr. Neuhaus is no longer a paid employee of the Company and/or its subsidiaries.

(3) Kristi Kampmann has served as the Chief Financial Officer since October 1999. She is compensated pursuant to a written Employment Agreement, dated March 15, 2004. During the year ended June 30, 2005, Ms. Kampmann received a gross monthly salary of \$7,500 for 7 months, in March 2005 it was reduced to \$6,250 per month.

The foregoing compensation table does not include certain fringe benefits made available on a nondiscriminatory basis to all Company employees such as group health insurance, dental insurance, long-term disability insurance, vacation and sick leave. In addition, the Company makes available certain non-monetary benefits to its executive officers with a view to acquiring and retaining qualified personnel and facilitating job performance. The Company considers such benefits to be ordinary and incidental business costs and expenses. The aggregate value of such benefits in the case of each executive officer listed in the above table, which cannot be precisely ascertained but which is less than 10% of the cash compensation paid to each such executive officer, is not included in such table.

23

OPTION/SAR GRANTS TABLE

There were no grants of stock options to the Company's executive officers during the fiscal year ended June 30, 2006.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION/SAR VALUES

The following table provides information relating to the exercise of stock options during the fiscal year ended June 30, 2006 by the Company's executive officers and the 2006 fiscal year-end value of unexercised options.

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FY-END	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FY-END (\$)
			EXERCISABLE/UNEXERCISABLE	EXERCISABLE/UNEXERCISABLE

Edgar Filing: Vyta Corp - Form 10KSB

Paul H. Metzinger	0	0	90,000/0	\$72,000/0
Dr. Herbert J. Neuhaus	0	0	67,500/0	\$54,000/0
Kristi J.Kampmann	0	0	10,000/0	\$8,000/0

(1) The average of the closing bid and asked price of the Common Stock on June 30, 2006 (\$0.80) was used to calculate the option value.

EMPLOYMENT AGREEMENTS

On March 15, 2004, the Company entered into an employment agreement with Paul H. Metzinger to serve as President and Chief Executive Officer of the Company. The employment agreement with Mr. Metzinger expires March 14, 2008. Pursuant to his employment agreement, the Company agreed to pay Mr. Metzinger an annual salary of \$150,000. In March 2005, Mr. Metzinger took a salary cut to receive an annual salary of \$105,000.

On March 15, 2004, the Company entered into an employment agreement with Kristi J. Kampmann to serve as the Chief Financial Officer of the Company. The employment agreement with Ms. Kampmann expires on March 14, 2008. Pursuant to her employment agreement, the Company agreed to pay Ms. Kampmann an annual salary of \$30,000. During the year ended June 30, 2005, Ms. Kampmann received a salary increase for an annual salary of \$90,000, but in March 2005 took a salary cut to receive an annual salary of \$75,000.

In connection with the Employment Agreements, generally, the Company or the employee may terminate the Employment Agreement at any time with or without cause. In the event the Company terminates an Employment Agreement for cause or the employee terminates his or her Employee Agreement without cause, all of such employee's rights to compensation would cease upon the date of such termination. If the Company terminates an Employment Agreement without cause, the such employee terminates his or her Employment Agreement for cause, or in the event of a change in control, the Company is required to pay to such employee all compensation and other benefits that would have accrued and/or been payable to that employee during the full term of the Employment Agreement.

24

A change of control is considered to have occurred when, as a result of any type of corporate reorganization, execution of proxies, voting trusts or similar arrangements, a person or group of persons (other than incumbent officers, directors and principal shareholders of the Company) acquires sufficient control to elect more than a majority of the Company's Board of Directors, acquires 50% or more of the voting shares of the Company, or the Company adopts a plan of dissolution or liquidation. The Employment Agreement also include a non-compete and nondisclosure provisions in which each employee agrees not to compete with or disclose confidential information regarding the Company and its business during the term of the Employment Agreement and for a period of one year thereafter.

COMPENSATION PURSUANT TO PLANS

STOCK OPTION PLANS. The Company has two Stock Option Plans. As of June 30, 2006, 311,127 options are outstanding under the 1998 Compensatory Stock Option Plan and 87,000 options are outstanding under the 2000 Compensatory Stock Option

Edgar Filing: Vyta Corp - Form 10KSB

Plan, for a total of 398,127 options are outstanding. A total of 398,127 options are exercisable at June 30, 2006, under these plans. During the fiscal year ended June 30, 2006, the Company did not grant any options. The Company has reserved 375,000 shares of common stock for issuance under the 1998 Compensatory Stock Option Plan. In January 2002, the Company's Board of Directors passed a resolution closing the 1998 Compensatory Stock Option Plan for issuance of new options. The Company has reserved 250,000 shares of common stock for issuance under the 2000 Compensatory Stock Option Plan.

During the fiscal year ended June 30, 2006, there was no action taken to reprice any options held by any officers, directors or employees.

COMPENSATION OF DIRECTORS

The Company holds quarterly meetings of the board of directors. Although the Company does not have any standard arrangements pursuant to which our directors are compensated for any services provided as a director or for attendance at meetings of the board of directors, if the financial situation of the Company is adequate, the Company compensates directors \$1,000 per meeting, plus reasonable travel expenses.

During the fiscal year ended June 30, 2006, the officers and directors were not compensated for attendance at board meetings.

25

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCK HOLDER MATTERS

BENEFICIAL OWNERSHIP

The following table sets forth certain information regarding the beneficial ownership of outstanding shares of the Company's common stock as of June 30, 2006 on a fully diluted basis, by (a) each person known by the Company to own beneficially 5% or more of the outstanding shares of common stock, (b) the Company's directors, Chief Executive Officer and executive officers whose total compensation exceeded \$100,000 for the last fiscal year, and (c) all directors and executive officers of the Company as a group.

NAME, ADDRESS & NATURE OF BENEFICIAL OWNER	TITLE OF CLASS	AMOUNT	PERCENT OF CLASS (7)
The Paul H. Metzinger Trust Paul H. Metzinger, President & CEO, Director 370 17th Street, Suite 3640 Denver, CO 80202	Common Stock	191,585(1)	0.64%
The Cheri L. Metzinger Trust Cheri L. Metzinger, Wife of Paul H. Metzinger 3236 Jellison Street Wheatridge, CO 80033	Common Stock	191,585(2)	0.64%
Dr. Herbert J. Neuhaus, Director, 770 Maroonglen Court	Common Stock	67,500(3)	0.23%

Edgar Filing: Vyta Corp - Form 10KSB

Colorado Springs, CO 80906

Kristi J. Kampmann, Chief Financial Officer & Secretary 370 17th Street, Suite 3640 Denver, CO 80202	Common Stock	10,955 (4)	0.04%
Dr. Robert E. Shaw, Director 8 Nicklaus Court Florham Park, NJ 07932	Options to purchase Common Stock	20,000 (5)	0.07%
John Hoback, Director 20 White Heron Lake East Stroudsburg, PA 18301	Options to purchase Common Stock	20,000 (6)	0.07%
Arizcan Properties, Ltd. 77 S. Adams, Suite 906 Denver, CO 80219	Common Stock	8,827,631 (7)	29%
All Officers & Directors as a Group (5 persons)	Common Stock	305,040 (8)	1.02%

(1) Includes 43,640 common shares held directly and beneficially; 57,945 common shares that Mr. Metzinger owns beneficially through his wife and options held by Mr. Metzinger consisting of options to purchase 15,000 shares exercisable at \$10.40 per share and options to purchase 75,000 shares exercisable at \$6.50 per share.

(2) Cheri L. Metzinger is the wife of Mr. Paul H. Metzinger, the Chief Executive Officer and President of the Company. This includes 57,945 shares held directly and beneficially and -common shares and 90,000 common shares subject to options owned beneficially by her husband.

(3) Based on options to purchase 25,000 shares exercisable at \$42.50 per share, options to purchase 5,000 shares exercisable at \$55.00 per share, options to purchase 12,500 shares exercisable at \$10.40 per share and options to purchase 25,000 shares exercisable at \$4.00 per share.

(4) Based on 955 common shares and options to purchase 5,000 shares exercisable at \$16.80 per share, options to purchase 2,500 shares exercisable at \$10.40 per share and options to purchase 2,500 shares exercisable at \$6.50 per share.

(5) Based on options to purchase 12,500 shares exercisable at \$19.40 per share, options to purchase 2,500 shares exercisable at \$13.40 per share, and options to purchase 5,000 shares exercisable at \$40.00 per share.

(6) Based on options to purchase 15,000 shares exercisable at \$14.00 per share and options to purchase 5,000 shares exercisable at \$14.00 per share.

(7) Based on 8,327,631 shares of common shares, of which 2,500,000 shares are held under warrant by an unrelated third party.

(8) Based on 22,643,512 shares of common stock issued and outstanding on June 30, 2006, assuming exercise of all 398,127 presently exercisable options, exercise of 6,953,632 outstanding warrants, and the issuance of 832,290 shares reserved in the Harvest Court Litigation there would be 29,995,271 shares outstanding. Mr. Metzinger's and Mrs. Metzinger's stock ownership are not duplicated in this computation.

Edgar Filing: Vyta Corp - Form 10KSB

The following table provides information as of June 30, 2006 regarding compensation plans (including individual compensation arrangements) under which shares of our common stock are authorized for issuance. No class of our securities other than our common stock or options to purchase our common stock is authorized for issuance under any of our equity compensation plans.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (C)
Equity compensation plans approved by security holders	0	-	0
Equity compensation plans not approved by security holders(1)	398,127	\$22.00	226,173
Total	398,127	\$22.00	226,173

(1) The material features of the plans not approved by the security holders are described herein under "ITEM 10-EXECUTIVE COMPENSATION-Compensation Pursuant to Plans."

27

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In December 2005 and January 2006, Mr. Metzinger and Ms. Kampmann agreed to cancel certain options held by them.

In June 2005, Mr. Metzinger loaned the Company \$41,000, in exchange for an unsecured 5% note payable due December 31, 2005. In August 2005, the Company paid the outstanding principal balance of this note and all accrued interest thereon in full.

In March 2004, the Company entered into employment agreements, as previously discussed, with Mr. Metzinger, the President and Chief Executive Officer and a Director of the Company, and with Ms. Kampmann, the Chief Financial Officer and Secretary of the Company.

PART IV

ITEM 13. EXHIBITS

The following documents are filed as a part of this Report.

(i) Financial Statements. See Index to Financial Statements and

Edgar Filing: Vyta Corp - Form 10KSB

Schedule on page F-2 of this Report.

(ii) Exhibits. The following is a complete list of exhibits filed as part of this Form 10-KSB. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-B.

EXHIBIT NO.	DESCRIPTION
2	Agreement dated February 26, 1998, by and among the Company, Particle Interconnect Corporation and Intercell Corporation (4)
2.02	Application and Development Agreement, dated April 15, 1999, by and among the Company and Multitape & Co., GmbH, KG. (2)
2.03	Technology Cooperation Agreement, dated May 17, 1999, by and among the Company and Meinen, Zeigel & Co. (2)
2.04	Technology Development Agreement, dated June 11, 1999, by and among the Company and ORGA Kartensysteme, GmbH. (2)
2.05	Agreement-In-Principle, dated May 18, 1999, by and among the Company and Cirrex Corporation. (2)
4.01	The Articles of Incorporation of the Company (3)
4.02	Amendment to the Articles of Incorporation of the Company filed with the Nevada Secretary of State on March 20, 2002 (3)
4.03	Amendment to Articles of Incorporation filed with the Nevada Secretary of State on March 20, 2002
4.04	Certificate of Designation of Rights and Preferences of the Series A Preferred Stock (4)
4.05	Certificate of Designation of Rights and Preferences of the Series B Preferred Stock (5)
4.06	Certificate of Designation of Rights and Preferences of the Series C Preferred Stock (5)
4.07	Form of Common Stock Certificate (3)
4.08	The Amended and Restated By-laws of the Company (6)
10.01	Employment Agreement, dated March 15, 2004, between Paul H. Metzinger and the Company (7)
28	
10.02	Employment Agreement, dated March 15, 2004, between Kristi J. Kampmann and the Company (7)
10.03	Operating Agreement, dated August 15, 2005, between the Company and Xact Resources International, Inc. for BioAgra, LLC. (8)
21	Subsidiaries of the Company (1)
23	Consent of Independent Registered Public Accounting Firm (1)
31	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act (1)
32	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act (1)

(1) Filed herewith.

(2) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1999.

(3) Incorporated by reference to the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1998.

(4) Incorporated by reference to the Company's Current Report on Form 8-K, dated February 26, 1998.

(5) Incorporated by reference to the Company's Current Report on Form 8-K, dated July 23, 1998.

(6) Incorporated by reference to Amendment No. 1 to the Company's Annual Report on Form 10-KSB for the fiscal year ended June 30, 2003.

(7) Incorporated by reference to the Company's Quarterly Report on Form 10-QSB

Edgar Filing: Vyta Corp - Form 10KSB

for the fiscal quarter ended March 31, 2004.

(8) Incorporated by reference to the Company's Current Report on Form 8-K, dated August 12, 2005.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The aggregate fees billed and expected to be billed by GHP Horwath, P.C. (previously known as Gelfond Hochstadt Pangburn, P.C.), the Company's independent registered public accounting firm, for professional services in the fiscal years ended June 30, 2006 and 2005 are as follows:

Services Rendered	2006	2005
Audit Fees	\$ 84,350	\$50,660
Audit Related Fees	0	0
All Other Fees	0	0

The engagement of the Company's independent registered public accounting firm was approved by the Company's audit committee prior to the start of the audit for the fiscal year ended June 30, 2006.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VYTA CORP
(a Nevada corporation)

Date: October 12, 2006

By: /s/ Paul H. Metzinger

Paul H. Metzinger, Director, Chief Executive Officer & President

Date: October 12, 2006

By: /s/ Kristi J. Kampmann

Kristi J. Kampmann, Chief Financial Officer & Chief Accounting Officer

In accordance with the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: October 12, 2006

By: /s/ Paul H. Metzinger

Edgar Filing: Vyta Corp - Form 10KSB

Paul H. Metzinger, Director, Chief
Executive Officer & President

Date: October 12, 2006

By: /s/ Herbert J. Neuhaus

Herbert J. Neuhaus, Director &
Executive Vice-President of
Technology & Marketing

Date: October 12, 2006

By: /s/ Robert Shaw

Robert Shaw, Director

Date: October 12, 2006

By: /s/ John Hoback

John Hoback, Director

30

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION
15(D) OF THE EXCHANGE ACT BY NON-REPORTING ISSUERS

No annual report covering the Company's fiscal year ended June 30, 2006,
nor any proxy material, has been sent to security holders of the Company.

31

VYTA CORP AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page

Report of Independent Registered Public Accounting Firm	F-1
Consolidated Financial Statements:	
Consolidated Balance Sheet - June 30, 2006	F-2
Consolidated Statements of Operations - Years ended June 30, 2006 and 2005	F-3
Consolidated Statements of Comprehensive Loss - Years ended June 30, 2006 and 2005	F-4
Consolidated Statements of Changes in Shareholders' Equity - Years ended June 30, 2006 and 2005	F-5
Consolidated Statements of Cash Flows - Years ended June 30, 2006 and 2005	F-8
Notes to Consolidated Financial Statements	F-10

Edgar Filing: Vyta Corp - Form 10KSB

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Vyta Corp
Denver, Colorado

We have audited the accompanying consolidated balance sheet of Vyta Corp (formerly known as Nanopierce Technologies, Inc.) and subsidiaries (the "Company") as of June 30, 2006, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the years in the two-year period ended June 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Vyta Corp and subsidiaries as of June 30, 2006, and the results of their operations and their cash flows for each of the years in the two-year period ended June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company reported a net loss applicable to common shareholders of approximately \$3,908,000, substantially all derived from its equity in development stage net losses of its principal investee, a 50% joint venture whose ability to continue as a going concern is in substantial doubt, and significant cash outflows from operations, for the year ended June 30, 2006, and an accumulated deficit of approximately \$26,037,000 as of June 30, 2006. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters, which do not include any direct revenue-producing activities in the foreseeable future, are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ GHP HORWATH, P.C.

Denver, Colorado
October 3, 2006

Edgar Filing: Vyta Corp - Form 10KSB

VYTA CORP AND SUBSIDIARIES
 (FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
 Consolidated Balance Sheet
 June 30, 2006

Assets	

Current assets:	
Cash and cash equivalents	\$ 192,360
Prepaid expenses and other	454,214

Total current assets	646,574

Property and equipment:	
Office equipment and furniture	67,107
Less accumulated depreciation	(56,283)

	10,824

Other assets:	
Deposits and other	19,343
Note receivable, equity investee (Note 4)	1,726,827
Investments in equity investees (Note 5)	268,715

	2,014,885

Total assets	\$ 2,672,283
	=====
Liabilities and Shareholders' Equity	

Current liabilities:	
Accounts payable	\$ 78,854
Advances payable, related party (Note 6)	100,000
Accrued liabilities	7,063

Total liabilities (all current)	185,917

Commitments and contingencies (Notes 3,6,7,8 and 9)	
Shareholders' equity (Note 7):	
Preferred stock; \$0.0001 par value; 5,000,000 shares authorized; none issued and outstanding	
Common stock; \$0.0001 par value; 200,000,000 shares authorized; 22,643,512 shares issued and outstanding	2,264
Additional paid-in capital	28,390,883
Accumulated other comprehensive income	130,359
Accumulated deficit	(26,037,140)

Total shareholders' equity	2,486,366

Total liabilities and shareholders' equity	\$ 2,672,283

=====

See notes to consolidated financial statements.

F-2

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
Consolidated Statements of Operations
Years Ended June 30, 2006 and 2005

	2006	2005
	-----	-----
Revenues	\$ -	-
	-----	-----
General and administrative expense	(893,061)	(872,203)
	-----	-----
Loss from operations	(893,061)	(872,203)
	-----	-----
Other income (expense):		
Other income	-	10,618
Interest income, equity investee	72,307	17,672
Extinguishment of liabilities (Note 6)	120,788	-
Equity losses of equity investees (Note 5)	(1,398,202)	(144,323)
Loss on revaluation of derivative warrant liability (Note 7)	(74,295)	-
Interest expense	(235,139)	(9,301)
Interest expense, related party	(219)	(79)
	-----	-----
	(1,514,760)	(125,413)
	-----	-----
Net loss	(2,407,821)	(997,616)
	-----	-----
Beneficial conversion feature, preferred stock (Note 8)	(1,500,000)	-
	-----	-----
Net loss applicable to common shareholders	\$(3,907,821)	(997,616)
	=====	=====
Net loss per share, basic and diluted (Note 1)	\$ (0.30)	(0.22)
	=====	=====
Weighted average number of common shares outstanding (Note 1)	12,984,849	4,544,980
	=====	=====

See notes to consolidated financial statements.

Edgar Filing: Vyta Corp - Form 10KSB

F-3

VYTA CORP AND SUBSIDIARIES
(FORMERLY KNOWN AS NANOPIERCE TECHNOLOGIES, INC.)
Consolidated Statements of Comprehensive Loss
Years Ended June 30, 2006 and 2005

	2006	2005
	-----	-----
Net loss	\$ (2,407,821)	(997,616)
Change in unrealized gain (loss) on securities	59	(379)
Change in foreign currency translation adjustments	7,457	-
	-----	-----
Comprehensive loss	\$ (2,400,305)	(997,995)
	=====	=====

See notes to consolidated financial statements.

F-4

VYTA CORP AND SUBSIDIARIES
Consolidated Statement of Changes in Shareholders' Equity
Years Ended June 30, 2006 and 2005
(Note 1)

	Common stock		Additional	Accumulated	Accumulated
	Shares	Amount	paid-in	other	deficit
	-----	-----	-----	-----	-----
Balances, July 1, 2004	4,503,045	\$ 450	23,753,447	123,222	(22,631,700)
Common stock issued upon exercise of warrants (net of offering costs of \$7,200) (Note 8)	60,000	6	112,794	-	
Common stock issued for deferred consulting costs (Notes 1 and 8)	50,000	5	89,995	-	
Common stock issued with note Payable (Notes 6 and 8)	50,000	5	102,891	-	

Edgar Filing: Vyta Corp - Form 10KSB

Common stock to be issued (Notes 6 and 8)	-	-	250	-	
Net loss	-	-	-	-	(997,61
Other comprehensive loss:					
Change in unrealized gain on securities	-	-	-	(379)	
	-----	-----	-----	-----	-----
Balances, June 30, 2005	4,663,045	\$ 466	24,059,377	122,843	(23,629,31
	=====	=====	=====	=====	=====