29 May 2009

Aqua Bounty Technologies
(“Aqua Bounty” or “the Company”)

Preliminary Results Statement for the year ended 2008

Aqua Bounty Technologies, Inc. (AIM: ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, announces today the Companyǿs preliminary financial results for 2008.

Highlights:

- net loss of US$6.7 million for year ended 31 December 2008 (2007: US$6.9 million loss);
- strategic review completed, resulting in a restructuring of the Company with expected annual cost savings of US$2 million in 2009;
- decision made to concentrate resources on bringing AquAdvantage® salmon to market;
- release made by the FDA of guidance on the regulation of genetically engineered animals providing important step forward;
- completion of a successful FDA inspection of the Companyǿs broodstock hatchery in Canada;
- balance in cash and marketable securities at year end of US$10.6 million (2007: US$16.8 million), and
- CN$2.9 million grant from ñAtlantic Innovation Fundò started after the year end.

Chairman’s Statement

During the first half of 2008, the Board undertook an examination of the prospects for the Company's products and research projects and concluded that it should concentrate resources on completing the regulatory process for AquAdvantage® salmon. It also decided to complete the current stage of development of VpX, the shrimp viral blocker. After further review of the investment necessary to bring VpX to market, it was decided to focus all of the Company's efforts on AquAdvantage® salmon.

Although the result for the year ended 31 December 2008, at a net loss of US$6.7 million was little changed on 2007 (US$6.9 million loss), it included a substantial restructuring of the company incurring a charge of US$1.1 million. The decision in May to withdraw from the IMS product had the effect of reducing revenue, but operating expenses have been cut from an annualized rate of US$7.4 million in the first half of the year down to an annualized rate of US$5.0 million in the second half of 2008. Cash use for the year was US$6.3 million (2007, US$6.6 million). The balance in cash and marketable securities at year end amounted to US$10.6 million.

Good progress has been made with the U.S. Food and Drug Administration (FDA) for the New Animal Drug Application (NADA). After an inspection of the Companyǿs hatchery and procedures by the FDA in October, the facility was classified as acceptable for the purposes of producing the Companyǿs AquAdvantage® salmon. The final documents supporting the NADA have been submitted since the year end. In addition, a project to produce AquAdvantage® salmon for a commercial market test is underway and the first salmon are expected to reach harvest weight in late 2009. The Company continues to be encouraged by the progress of the regulatory process and anticipates a successful conclusion in time for the production of market weight salmon and pilot commercialization at the end of 2009. Plans for the production of saleable AquAdvantage® salmon eggs are underway.

In January the company was awarded a CN$2.9 million "Atlantic Innovation Fund" grant to produce genetically sterile Atlantic salmon, which is anticipated to be an improvement over current methods used to achieve reproductive sterility. This would create an opportunity for a ñsecond generationò product and may also have application in other fish species. This award from the Atlantic Canada Opportunities Agency is payable over five years and is a contribution towards the cost of the existing project (CN$4.5 million).

Outlook:

The restructuring that was implemented in 2008 is expected to reduce the Company's operating loss to US$5.0 million in 2009. Cash usage will be within this amount. The Company is planning a limited commercial production of AquAdvantage® salmon eggs in the last quarter of 2009 which will, if FDA approval is granted, be sold to the first commercial producers during the last weeks of the year and in the first quarter of 2010. Plans will be laid for substantially greater production of eggs in the 2010 spawning season. Work to develop AquAdvantage® salmon further for commercial application and also extend the technology to other species will be undertaken when prospects permit the required investment.

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Aqua Bounty Technologies, Inc.

CONSOLIDATED BALANCE SHEETS

As at December 31

	2008	2007
Assets		
Current assets:		
Cash and cash equivalents	**$ 2,501,322**	$ 3,646,434
Marketable securities (Note 6)	**8,052,867**	13,186,505
Accounts receivable (Note 4)	**114,597**	146,752
Accounts receivable ï officers (Note 15)	**-**	15,299
Due from related parties (Note 15)	**-**	4,652
Investment tax credit receivable	**84,366**	219,396
Prepaid expenses and other (Note 9)	**207,747**	583,726
Total current assets	**10,960,899**	17,802,764
Property and equipment (Note 7)	**1,403,632**	1,883,831
Patents (Note 8)	**89,099**	218,108
Licenses (Note 8)	**7,500**	19,716
Other assets (Note 9)	**401,184**	129,022
Total assets	**$ 12,862,314**	$ 20,053,441
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	**$ 808,303**	$ 1,142,169
Due to related parties (Note 15)	**-**	4,652
Current portion of long-term debt (Note 11)	**67,875**	93,707
Total current liabilities	**876,178**	1,240,528
Deferred rent	**21,082**	12,488
Long-term debt (Note 11)	**2,641,523**	3,357,562
Commitments and Contingencies (Note 14)		
Stockholdersô equity (Note 12):		
Common stock, $0.001 par value, 100,000,000 shares authorized; 50,216,597 (2007 ï 49,899,386) shares outstanding	**50,217**	49,899
Additional paid-in capital	**64,240,439**	63,998,628
Accumulated other comprehensive loss	**(292,799)**	(587,665)
Accumulated deficit	**(54,674,326)**	(48,017,999)
Total stockholdersô equity	**9,323,531**	15,442,863
Total liabilities and stockholdersô equity	**$ 12,862,314**	$ 20,053,441

See accompanying notes.

Aqua Bounty Technologies, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31

	2008	2007
Revenues and grants:		
Product sales	**$ 56,800**	$ 282,088
Research development grants and other	**44,699**	10,000
	101,499	292,088
Costs and expenses:		
Cost of goods	**39,664**	197,841
Sales and marketing	**691,731**	1,077,384
Research and development	**2,343,377**	2,435,630
General and administrative	**2,777,191**	4,055,301
Stock based compensation	**242,129**	402,968
Restructuring charge (Note 16)	**1,070,318**	-
	7,164,410	8,169,124
Operating loss	**(7,062,911)**	(7,877,036)
Interest income (expense), net	**406,584**	1,022,832
Net Loss	**$(6,656,327)**	$(6,854,204)
Basic and diluted net loss per share	**$ (0.13)**	$ (0.14)
Weighted average number of common shares – basic and diluted	**50,057,992**	49,870,500

See accompanying notes.

Aqua Bounty Technologies, Inc.
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2007 and 2008

	Common Stock Issued and Outstanding	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at December 31, 2006	49,797,333	$49,797	$63,585,762	($488,078)	($41,163,795)	$21,983,686
Net loss					(6,854,204)	(6,854,204)
Foreign currency translation				(139,200)		(139,200)
Unrealized gains on marketable securities				39,613		39,613
Total comprehensive loss						(6,953,791)
Exercise of options for common stock	10,000	10	9,990			10,000
Exercise of options for common stock - cashless	59,795	60	(60)			-
Issuance of common stock for compensation	32,258	32	20,129			20,161
Stock based compensation			382,807			382,807
Balance at December 31, 2007	49,899,386	49,899	63,998,628	(587,665)	(48,017,999)	15,442,863
Net loss					**(6,656,327)**	**(6,656,327)**
Foreign currency translation				**277,463**		**277,463**
Unrealized gains on marketable securities				**17,403**		**17,403**
Total comprehensive loss						**(6,361,461)**
Exercise of options for common stock - cashless	**256,605**	**257**	**(257)**			**-**
Issuance of common stock for compensation	**60,606**	**61**	**19,869**			**19,930**
Stock based compensation			**222,199**			**222,199**
Balance at December 31, 2008	**50,216,597**	**$50,217**	**$64,240,439**	**($292,799)**	**($54,674,326)**	**$9,323,531**

See accompanying notes.

Aqua Bounty Technologies, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31

	2008	**2007**
Operating activities		
Net loss	**$(6,656,327)**	$(6,854,204)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**312,329**	232,462
Stock-based compensation	**242,129**	402,968
Loss on disposal of assets	**146,616**	-
Amortization of premium on marketable securities	**(231,464)**	(629,814)
Changes in operating assets and liabilities:		
Accounts receivable	**26,346**	132,218
Accounts receivable ï officers	**15,299**	(70)
Due from related parties	**8,340**	32,573
Investment tax credit receivable	**107,118**	(132,864)
Prepaid expenses and other	**127,542**	(452,572)
Accounts payable and accrued liabilities	**(298,104)**	385,263
Due to related parties	**(3,888)**	1,984
Net cash used in operating activities	**(6,204,064)**	(6,882,056)
Investing activities		
Purchases of equipment	**(99,016)**	(336,309)
Purchases of marketable securities	**(17,193,492)**	(31,127,541)
Maturities of marketable securities	**22,576,589**	36,694,709
Payment of patent costs	**(19,172)**	(13,799)
Other	**(42,280)**	(63,309)
Net cash provided by investing activities	**5,222,629**	5,153,751
Financing activities		
Repayment of long-term debt	**(89,350)**	(97,333)
Proceeds from exercise of stock options and warrants	**-**	10,000
Net cash used in financing activities	**(89,350)**	(87,333)
Effect of exchange rate changes on cash and cash equivalents	**(74,327)**	161,239
Net decrease in cash and cash equivalents	**(1,145,112)**	(1,654,399)
Cash and cash equivalents at beginning of year	**3,646,434**	5,300,833
Cash and cash equivalents at end of year	**$ 2,501,322**	$ 3,646,434

Supplemental cash flow information		
Interest paid in cash	**$ 16,124**	$ 22,542

See accompanying notes.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

1. NATURE OF BUSINESS AND ORGANIZATION

Nature of Business

Aqua Bounty Technologies, Inc. (the ñParentò or the ñCompanyò) was incorporated in December 1991 in the State of Delaware for the purpose of conducting research and development of the commercial viability of a group of proteins commonly known as antifreeze proteins (AFPs). In 1996, the Parent obtained the exclusive licensing rights for a gene construct (transgene) used to create a breed of farm-raised Atlantic salmon that exhibit growth rates substantially faster than traditional salmon.

Aqua Bounty Canada, Inc. (the ñCanadian Subsidiaryò) was incorporated in January 1994 in Canada for the purpose of establishing a commercial biotechnology laboratory to produce antifreeze proteins and to conduct research and development programs related to the commercialization of cryopreservatives and the antifreeze gene construct.

Aqua Bounty Pacific, Inc. (the ñU.S. Subsidiaryò) was incorporated in September 2002 in the State of California for the purpose of developing products for the shrimp aquaculture industry, including therapeutics, vaccines and genetically improved brood stock. In October 2006, the U.S. Subsidiary was merged into the Parent and ceased to operate as a separate legal entity.

Aqua Bounty Panama, S. de R.L. (the ñPanama Subsidiaryò) was incorporated in May 2008 in Panama for the purpose of conducting commercial trials of the Companyôs AquAdvantage salmon.

Basis of Consolidation

The consolidated financial statements include the accounts of Aqua Bounty Technologies, Inc. and its wholly owned subsidiaries, Aqua Bounty Canada, Inc. and Aqua Bounty Panama, S. de R.L. The entities are collectively referred to herein as the ñCompanyò. All inter-company transactions and accounts have been eliminated upon consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Comprehensive Income (Loss)

The Company follows SFAS No. 130, *Reporting Comprehensive Income,* which establishes standards for reporting and displaying comprehensive income (loss) and its components as part of its full set of financial statements. Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) includes foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities.

Foreign Currency Translation

The functional currency of the Company is the US Dollar. The functional currency of the Canadian Subsidiary is the Canadian Dollar and the functional currency of the Panama Subsidiary is the US Dollar. In accordance with SFAS No. 52, *Foreign Currency Translation*, the balance sheet accounts of the Canadian Subsidiary are translated at the exchange rates in effect at the balance sheet date. The income statement accounts are translated at the average rate for the year. Net translation gains or losses are adjusted directly to a separate component of other comprehensive income (loss) within stockholdersô equity.

Cash Equivalents and Available-for-Sale Securities

Cash equivalents and short-term marketable securities primarily consist of money market funds, asset-backed securities, corporate obligations, and U.S. government agency obligations. The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash equivalents, which consist primarily of money market funds, are stated at cost, which approximates market value.

The Company accounts for its short-term marketable securities in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* (SFAS 115). The Company determines the appropriate classification of marketable securities at the time of purchase and reevaluates such designation at each balance sheet date. All of the Companyôs marketable securities at December 31, 2008 and 2007 have been classified as ñavailable-for-sale.ò Available-for-sale securities are reported at fair value, with the unrealized gains and losses reported in accumulated other comprehensive income (loss). The fair value of these securities is based on quoted market prices.

The cost of available-for-sale securities is adjusted for the amortization of premiums and the accretion of discounts to maturity. Realized gains and losses, and declines in value, if any, that are determined to be other-than-temporary on available-for-sale securities are reported in interest and investment income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment Tax Credit Receivable

The Scientific Research and Experimental Development (ñSREDò) program is a Canadian federal tax incentive program designed to encourage Canadian businesses to conduct research and development in Canada. Under the SRED program, the Canadian Subsidiary is eligible to receive a refundable tax credit in an amount equal to fifteen percent (15%) of qualified research and development expenditures. The Company records an investment tax credit receivable as qualified costs are incurred and recognizes the credit as a reduction in the amount of the expenditures to which it relates.

Inventories

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market value. Management regularly reviews inventory balances and evaluates whether product obsolescence or lack of market demand require an adjustment to net realizable value. The Company does not believe its inventory is subject to rapid technological change or obsolescence. However, the actual utilization of existing inventory may differ from the Companyôs estimates.

Intangible Assets

Patent costs consist primarily of legal and filing fees incurred to file patents on proprietary technology developed by the Company. Patent costs are amortized on a straight-line basis over twenty years beginning with the issue date of the applicable patent. Licensing fees are capitalized and expensed over the term of the licensing agreement.

Property and Equipment

Property, equipment and leasehold improvements are carried at cost, except for those owned by the Canadian Subsidiary, which records such assets net of any Canadian government grants received. In October 2008, the Company adopted a new depreciation policy to ensure a consistent pattern of benefit consumption among its various asset groups. Straight-line depreciation was adopted for all asset classes.

The estimated useful lives are as follows:

	New Policy	Old Policy
Building	25 years	25 years
Laboratory equipment	7 years	30 percent (declining balance)
Office furniture and equipment	3 years	20 percent (declining balance)
Leasehold improvements	3 years or lease term	3 years or lease term
Vehicle	3 years	30 percent (declining balance)

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Long-lived Assets

The Company tests long-lived assets (which include property and equipment, intangibles and other assets) for impairment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable. Indicators of potential impairment include damage or obsolescence; plans to discontinue use or restructure; and poor financial performance compared with original plans. If indicators of impairment are present, a long-lived asset is tested for recoverability by comparing the carrying amount of the asset to the related estimated undiscounted future cash flows expected to be derived from the asset. If the expected cash flows are less than the carrying amount of a long-lived asset, then the long-lived asset is considered to be impaired and the carrying amount of the asset is written down to its fair value, based on the related estimated discounted future cash flows.

Revenue Recognition

The Company records revenue from the sale of product upon shipment. Research and development grant revenue primarily consists of funding received from U.S. and Canadian government agencies under which the Company conducts research and development activities. The Company records revenue from these funding agreements when it incurs reimbursable costs or otherwise meets the conditions under which it becomes eligible to receive the funding.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the financial reporting and income tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse. A valuation allowance is established to reduce net deferred tax assets to the amount expected to be realized. The Company adopted FIN No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* in 2007, which 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. All material tax positions are concluded as ñhighly certain.ò The Company does not expect any significant increase or decrease to the unrecognized tax benefits within 12 months of December 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Net Loss Per Share

Basic and diluted net loss per share available to common stockholders has been calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Basic net loss is based solely on the number of common shares outstanding during the year. Fully diluted net loss per share includes the number of shares of common stock issuable upon the exercise of warrants and options with an exercise price less than the fair value of the common stock. Since the Company is reporting a net loss for all periods presented, all potential common shares are considered anti-dilutive and are excluded from the calculation of diluted net loss per share.

Stock-Based Compensation

The Company follows SFAS No. 123 (revised 2004), *Share-Based Payment* (ñSFAS 123(R)ò), which requires the measurement and recognition, based on estimated fair values, of all share-based payment awards, including stock options, made to employees and directors.

SFAS 123(R) requires that the fair value of share-based payment awards be estimated on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service period in the Companyôs consolidated statement of operations.

The Company used the Black-Scholes option-pricing model (Black-Scholes) as its method of valuation under SFAS 123(R) in 2008. This fair value is then amortized on a straight-line basis over the requisite service period which is generally the vesting period.

Non-employee stock-based compensation is accounted for in accordance with SFAS 123(R) and Emerging Issues Task Force 96-18, *Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring or in Conjunction with Selling, Goods or Services*. In such cases, the Black-Scholes option-pricing model is used to determine the fair value of warrants or options awarded to non-employees with the fair value of such issuances expensed over the period of service.

Segment Information

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for the manner in which companies report information about operating segments in their financial statements. The Company makes operating decisions based upon the performance of the enterprise as a whole and utilizes the consolidated financial statements for decision-making purposes. The Company operates in one business segment which focuses on providing biotechnology-based products to the aquaculture industry.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recent Accounting Pronouncements

In April 2008, the Financial Accounting Standards Board (ñFASBò) issued FSP 142-3, *Determination of the Useful Life of Intangible Assets.* This staff position amends the factors that should be considered in determining the useful life of an intangible asset. FSP 142-3 is effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to assets acquired after the implementation date. The Company is evaluating the potential impact of the implementation of FSP 142-3 on its financial position and results of operations.

In May 2008, FASB issued FAS 162, *The Hierarchy of Generally Accepted Accounting Principles.* FAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements. The Company does not expect the implementation of FAS 162 to have a significant impact on its financial position or results of operations.

In February 2007, FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company has completed its evaluation of SFAS 159 and has chosen not to adopt this optional policy.

In September 2006, FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company has completed its evaluation of SFAS 157 and has adopted the policy. The Company classifies its financial assets and liabilities into the following three categories: based on quoted prices in active markets, based on significant observable inputs, and based on significant unobservable inputs. The adoption of SFAS 157 has not had a significant impact on the Companyŏs financial position or results of operations.

3. RISKS AND UNCERTAINTIES

The Company is subject to risks and uncertainties common in the biotechnology and aquaculture industries. Such risks and uncertainties include, but are not limited to: (i) results from current and planned product development studies and trials; (ii) decisions made by the FDA or similar regulatory bodies in other countries with respect to approval and commercial sale of any of the Companyŏs proposed products; (iii) the commercial acceptance of any products approved for sale and the Companyŏs ability to manufacture, distribute and sell for a profit any products approved for sale; (iv) the Companyŏs ability to obtain the necessary patents and proprietary rights to effectively protect its technologies; and (v) the outcome of any collaborations or alliances entered into by the Company.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

3. RISKS AND UNCERTAINTIES (cont'd)

Concentration of Credit Risk

Financial instruments that subject the Company to a concentration of credit risk consist of cash and cash equivalents, marketable securities and accounts receivable. The risk with respect to cash and cash equivalents and marketable securities is minimized by maintaining deposits and securities at federally insured institutions. The risk with respect to accounts receivable is minimized by the creditworthiness of the Companyôs customers and the Companyôs credit and collection policies. The Company performs periodic credit evaluations of its customersô financial condition and generally does not require collateral.

Financial Instruments

The carrying amounts of the Companyôs financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and certain long-term debt, approximate their fair values as at December 31, 2008. As further described in Note 11, the Companyôs debt obligations to Technology Partnerships Canada are repayable in the form of royalties on the sale of certain products; however, the obligation terminates on June 30, 2014 even if the debt has not been fully repaid as of that date. Based on these terms, the fair value of the Companyôs long-term debt due to Technology Partnerships Canada is not determinable. The fair value of marketable securities is based on quoted market prices.

Foreign Sales

The Company presently sells therapeutic and diagnostic products to the aquaculture industry. Substantially all of the Companyôs product revenues are derived from sales to foreign customers, principally in South America. All of these sales transactions are denominated in the United States dollar to mitigate any foreign currency exchange risks. However, the Company is not able to predict the effect of political, geographical and other related risks upon future operating results.

4. ACCOUNTS RECEIVABLE

Accounts receivable amounts are net of allowances for doubtful accounts which totaled $67,541 (2007- $76,920).

5. CONTRIBUTIONS RECEIVABLE

The Canadian Subsidiary has periodically received funding commitments from various Canadian local, regional and federal government agencies (Note 11).

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

6. MARKETABLE SECURITIES

The following is a summary of marketable securities at December 31, 2008:

	Cost	Gross Unrealized Gains	2008 Fair Value	2007 Fair Value
Corporate bonds due in 91 - 365 days	$7,791,488	$62,143	$7,853,631	$ 9,938,232
Corporate bonds due in 90 days or less	500,050	817	500,867	847,848
Asset backed securities due in one year or less	-	-	-	3,243,010
Guaranteed investment contract	199,236	-	199,236	5,263
Total marketable securities	8,490,774	62,960	8,553,734	14,034,353
Less marketable securities included in cash and cash equivalents	500,050	817	500,867	847,848
Marketable securities	$7,990,724	$62,143	$ 8,052,867	$13,186,505

Interest income of $431,971 (2007 - $1,051,598) and unrealized gains of $62,143 (2007 - $44,222) were recognized during 2008. The unrealized gains on investments in corporate bonds at December 31, 2008 were generated from 22 securities.

7. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized as follows:

	2008	2007
Land	$ 82,910	$ 102,699
Building	1,215,596	1,493,315
Laboratory equipment	1,423,057	1,676,334
Office furniture and equipment	535,657	645,660
Leasehold improvements	247,461	225,824
Vehicle	9,044	11,203
Total property and equipment	3,513,725	4,155,035
Less accumulated depreciation	(2,110,093)	(2,271,204)
Property and equipment	$ 1,403,632	$ 1,883,831

8. PATENTS AND LICENSES

The Company has capitalized a total of $455,022 related to patents. During 2008, the Company wrote-off $173,985 in capitalized patent costs (NBV of $119,667) as part of a business restructuring. Amortization expense for 2008 was $28,506 (2007 - $14,550). Estimated amortization expense for each of the next four years is $21,531. Accumulated amortization at December 31, 2008 was $191,938 (2007 - $217,750).

The Company has capitalized a total of $45,000 related to licenses. During 2008, the Company wrote-off $15,000 in capitalized license costs (NBV of $8,362) as part of a business restructuring. Amortization expense for 2008 was $3,854 (2007 - $4,034). Estimated amortization expense for each of the next four years is $1,875. Accumulated amortization at December 31, 2008 was $22,500 (2007 - $25,284).

	2008	**2007**
Patents, gross	$ 455,022	$ 435,858
Less write-offs	(173,985)	-
Less accumulated amortization	(191,938)	(217,750)
Patents	$ 89,099	$ 218,108
Licenses, gross	$ 45,000	$ 45,000
Less write-offs	(15,000)	-
Less accumulated depreciation	(22,500)	(25,284)
Licenses	$ 7,500	$ 19,716

9. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets include the following at December 31, 2008 and 2007:

	2008	**2007**
Prepaid insurance	$ 71,139	$ 49,677
Prepaid supplies	3,401	382,227
Prepaid professional services and fees	25,299	84,078
Prepaid rent and lease deposits	107,908	44,728
Consignment inventory	-	23,016
Prepaid expenses and other	$ 207,747	$ 583,726
Prepaid rent ï long term	$ 244,076	$ -
Trademarks	157,108	129,022
Other assets	$ 401,184	$ 129,022

9. PREPAID EXPENSES AND OTHER ASSETS (cont'd)

In 2008, the Company established a subsidiary in Panama for the purpose of conducting commercial field trials of one of its products. The Company has entered into a lease agreement with a local farmer for use of his land for a term of five years commencing October 1, 2008. Under the terms of the lease, the Company agreed to pay for improvements to the site in lieu of rent. For the year ended December 31, 2008, the Company had incurred $309,558 in expense for the site improvements. These costs are being amortized to rent expense over the term of the lease.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following at December 31, 2008 and 2007:

	2008	2007
Accounts payable	$ 100,946	$ 277,674
Accrued payroll including vacation	437,151	511,647
Accrued taxes	9,130	10,750
Accrued research and development costs	45,000	64,445
Accrued professional fees	184,863	192,151
Accrued other	31,213	85,502
Accounts payable and accrued liabilities	$ 808,303	$ 1,142,169

11. LONG-TERM DEBT

The current terms and conditions of long-term debt outstanding at December 31, 2008 and 2007 are as follows:

Loan Source	Amount	Interest Rate	Monthly Payment	Maturity Date	2008	2007
EPEI loan	C$300,000	6.657%	C$3,738	Dec. 2013	$ 155,544	$ 221,592
EPEI loan	C$300,000	7.143%	C$2,072	Nov. 2009	18,065	45,218
ACOA loan	C$151,382	0%	Repaid	May 2008	-	15,320
ACOA loan	C$250,000	0%	C$2,315	Dec. 2013	113,465	168,660
TPC funding	C$2,964,900	0%	Royalties	Jun. 2014	2,422,324	3,000,479
Total debt					2,709,398	3,451,269
Less: current portion					67,875	93,707
Long-term debt					$ 2,641,523	$ 3,357,562

11. LONG-TERM DEBT (cont'd)

Future repayments of long-term debt are as follows:

	Amount
2009	$ 67,875
2010	84,171
2011	209,660
2012	315,785
2013	487,084
Thereafter	1,544,823
	$2,709,398

Enterprise PEI

Enterprise PEI (ñEPEIò) is a provincial government agency which provides funding to promote the growth and development of companies within the Province of Prince Edward Island. In July 1998, the Canadian Subsidiary received an EPEI loan commitment in the amount of C$300,000. In August 2003, the Canadian Subsidiary secured another EPEI loan in the amount of C$300,000 but did not borrow any funds under this loan until 2004. The Canadian Subsidiary has used the proceeds of this loan to expand a fish hatchery and purchase related equipment necessary to operate the hatchery. Each term loan is collateralized by a demand note executed by the Canadian Subsidiary. In addition, the loans collectively provide additional collateralization including fixed or floating liens on substantially all of the Companyøs assets, including land, building and fixtures, accounts receivable and inventory, as well as an assignment of fire insurance.

Atlantic Canada Opportunities Agency

The Atlantic Canada Opportunities Agency (ñACOAò) is a Canadian government agency which provides funding to support the development of businesses and to promote employment in the Atlantic region of Canada. The Company has used the proceeds from these loans to expand a fish hatchery and purchase related equipment necessary to operate the hatchery.

Technology Partnership Canada

Technology Partnership Canada (ñTPCò) is a Canadian government agency which provides funding to promote economic growth and create jobs in Canada. In November 1999, TPC agreed to provide funding up to C$2,964,900 to support the Canadian Subsidiaryøs efforts to develop commercial applications of its transgenic growth enhanced fin-fish technology. Funding under the TPC funding agreement was completed in 2003.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

11. LONG-TERM DEBT (cont'd)

The balance owing to TPC includes $2,422,324 which is currently presented as being repayable beginning in 2010. This amount is repayable to TPC in the form of royalties on revenues generated from the sale of transgenic-based growth enhanced fin-fish commercial products. Such amounts will be repayable earlier if such product sales commence prior to 2010. In addition, the Company will have no further repayment obligations after June 30, 2014 even if the total amount of $2,422,324 has not been repaid as of such date.

12. STOCKHOLDERS' EQUITY

The Company is presently authorized to issue up to 140 million shares of stock, of which 40 million is authorized as preferred stock and 100 million as common stock.

Common Stock

The holders of the common shares are entitled to one vote for each share held at all meetings of stockholders. Dividends and distribution of assets of the Company in the event of liquidation are subject to the preferential rights of any outstanding preferred shares. At December 31, 2008, the Company has reserved 10,045,219 shares of common stock for the exercise of options and warrants.

Recent Issuances

In 2008, the Company issued 60,606 shares of common stock as part of the compensation package for the Chairman of the Board of Directors. The Company recorded a charge of $19,930 in connection with the issuance.

In 2008, the Company issued 256,605 shares of common stock in connection with the cashless exercise of options to purchase 276,728 shares of common stock.

In 2007, the Company issued 32,258 shares of common stock as part of the compensation package for the Chairman of the Board of Directors. The Company recorded a charge of $20,161 in connection with the issuance.

In 2007, the Company received proceeds of $10,000 in connection with the exercise of options to purchase 10,000 shares of common stock.

In 2007, the Company issued 59,795 shares of common stock in connection with the cashless exercise of options to purchase 75,000 shares of common stock.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

12. STOCKHOLDERS ' EQUITY (cont'd)

Warrants

The following table summarizes information about the number of warrants outstanding:

	Number of Warrants	Weighted-Average Exercise Price
Outstanding at December 31, 2006	2,342,027	$1.15
Issued	-	-
Exercised	-	-
Outstanding at December 31, 2007	2,342,027	$1.15
Issued	-	-
Exercised	-	-
Outstanding at December 31, 2008	2,342,027	$1.15

At December 31, 2008, warrants outstanding and information regarding their exercise price and expiration are as follows:

Warrants Outstanding	Weighted-Average Exercise Price Per Share	Expiration Date
115,000	$0.78	2009
349,659	0.78	2010
1,040,940	1.65	2011
836,428	0.72	2012
2,342,027	$1.15	

Stock Options

Unless otherwise indicated, options issued to employees, Members of the Board of Directors, and non-employees are vested over one to three years and are exercisable for a term of ten years from the date of issuance.

In 1998, the Company established a stock option plan (ñthe Planò). The Plan provides for the issuance of incentive stock options to employees of the Company and nonqualified stock options and awards of restricted and direct stock purchases to directors, officers, employees and consultants of the Company.

12. STOCKHOLDERS' EQUITY (cont'd)

The following table summarizes stock-based compensation costs recognized in the Companyôs consolidated statement of operations for the years ended December 31, 2008 and 2007:

	2008	2007
Research and development	$ 33,650	$ 45,155
Sales and marketing	16,322	10,837
General and administrative	192,157	346,976
Total stock-based compensation	$ 242,129	$ 402,968

The fair market values of stock options granted to employees, Members of the Board of Directors and non-employees during 2008 and 2007 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	2008	2007
Expected volatility	72% - 95%	94%
Risk-free interest rate	2.0% - 4.2%	5.1%
Expected dividend yield	0%	0%
Expected life (in years)	5.0 ï 7.0	5.0

The risk-free interest rate is estimated using the Federal Funds interest rate for a period that is commensurate with the expected term of the awards. The expected dividend yield is zero because the Company has never paid a dividend and does not expect to do so for the foreseeable future. The expected life was based on a number of factors including vesting provisions, exercise price relative to market price, and expected volatility. The Company believes that all groups of employees demonstrate similar exercise and post-vesting termination behavior, and therefore, does not stratify employees into multiple groups. The expected volatility was estimated using a combination of the Companyôs historical price volatility since its IPO and the average historical volatility of comparable public companies with an expected term consistent with that of the Company.

12. STOCKHOLDERS' EQUITY (cont'd)

Employee & Board of Directors Options:

The Company's option activity under the Plan is summarized as follows:

	Number of Options	Weighted-Average Exercise Price
Outstanding at December 31, 2006	4,945,001	$0.25
Issued	986,000	0.79
Exercised	(85,000)	0.29
Expired	(150,000)	0.77
Outstanding at December 31, 2007	5,696,001	$0.33
Issued	2,236,000	0.35
Exercised	(276,728)	0.03
Expired	(365,000)	0.42
Outstanding at December 31, 2008	7,290,273	$0.33
Exercisable at December 31, 2008	4,697,607	$0.32

The following table summarizes information about options outstanding and exercisable at December 31, 2008:

Weighted-Average Price of Outstanding Options	Number of Options Outstanding	Weighted-Average Remaining Estimated Life (in years)	Number of Options Exercisable	Weighted-Average Price of Outstanding and Exercisable Options
$0.01	462,273	2.1	462,273	$0.01
$0.14	90,000	10.0	-	$0.14
$0.20	3,605,000	3.4	3,605,000	$0.20
$0.32	1,590,000	9.4	-	$0.32
$0.33	96,000	9.5	-	$0.33
$0.34	90,000	6.3	-	$0.34
$0.42	600,000	9.0	-	$0.42
$0.60	90,000	5.3	90,000	$0.60
$0.65	381,000	8.5	254,334	$0.65
$1.00	100,000	0.8	100,000	$1.00
$2.50	186,000	2.2	186,000	$2.50
	7,290,273		4,697,607	$0.32

12. STOCKHOLDERS' EQUITY (cont'd)

The weighted average fair value of employee and Board of Directors stock options granted in 2008 was $0.35 (2007 - $0.79). The total intrinsic value of options exercised in 2008 was $8,302 (2007 - $24,650).

The following table summarizes non-vested stock option activity during 2008:

	Number of Options	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2006	186,000	$0.87
Issued	986,000	0.60
Vested	(490,167)	0.87
Expired	-	0.00
Non-vested at December 31, 2007	681,833	$0.60
Issued	2,236,000	0.35
Vested	(272,667)	0.63
Expired	(52,500)	0.48
Non-vested at December 31, 2008	2,592,666	$0.35

At December 31, 2008, the balance of unearned stock-based compensation to be expensed in future periods related to unvested share-based awards is $447,294. The period over which the unearned stock-based compensation is expected to be earned is approximately four years.

Recent Issuances

During 2008, the Company granted options to purchase 2,140,000 (2007 - 890,000) shares of common stock to certain executive officers and employees. None of the options granted in 2008 or 2007 have an exercise price less than the fair value of the Companyôs common stock on the date of issuance and accordingly, the Company recognized non-cash stock-based compensation charges of $123,330 (2007 - $330,088) in connection with those grants in 2008. In addition, the Company recognized $64,935 in compensation charges related to options granted in previous years.

In July 2008, the Company issued 96,000 options at an exercise price of $0.33 under the terms of its service agreement with non-executive directors. The Company recognized a non-cash stock-based compensation charge of $10,815 in 2008 for these options which vest over a one-year period. In addition, the Company recognized $23,119 in compensation charges related to options granted in 2007.

Notes to Consolidated Financial Statements

December 31, 2008 and 2007

12. STOCKHOLDERS' EQUITY (cont'd)

During 2007, the Company granted options to purchase 890,000 (2006 - 975,546) shares of common stock to certain executive officers and employees. A total of nil (2006 - 879,546) of the options granted in 2007 have an exercise price less than the fair value of the Company's common stock on the date of issuance and accordingly, the Company recognized non-cash stock-based compensation charges of $330,088 (2006 - $2,323,767) in connection with those grants in 2007.

In June 2007, the Company issued 96,000 options at an exercise price of $0.65 under the terms of its service agreement with non-executive directors. The Company recognized a non-cash stock-based compensation charge of $23,119 in 2007 for these options which vest over a one year period. In addition, the Company recognized $29,600 in compensation charges related to options granted in 2006.

Non-Employee Options:

The Company's option activity is summarized as follows:

	Number of Options	Weighted-Average Exercise Price
Outstanding at December 31, 2006	402,919	$0.25
Granted	10,000	0.20
Outstanding at December 31, 2007	412,919	$0.25
Granted	-	-
Outstanding at December 31, 2008	412,919	$0.25
Exercisable at December 31, 2008	412,919	$0.25

The following table summarizes information about options outstanding and exercisable at December 31, 2008:

Weighted-Average Price of Outstanding Options	Number of Options Outstanding	Weighted-Average Remaining Estimated Life (in years)	Number of Options Exercisable	Weighted-Average Price of Outstanding and Exercisable Options
$0.20	380,000	3.6	380,000	$0.20
$0.78	32,919	0.9	32,919	$0.78
	412,919		412,919	$0.25

No non-employee options were exercised in 2008 or 2007.

12. STOCKHOLDERS' EQUITY (cont'd)

Recent Issuances

Prior to the completion of its IPO, an officer of the Company provided services as a consultant. Under the terms of the agreement with the Company, the officer was granted 170,000 options in 2006 and 10,000 options in 2007 exercisable at $0.20. The Company recorded a non-cash charge of $98,200 in 2006.

13. INCOME TAXES

As at December 31, 2008, the Company has net domestic operating loss carryforwards of approximately $25,000,000 to offset future federal taxable income and federal research and development tax credit carryforwards of approximately $9,000 to offset future federal taxable income, which expires at various times through the year 2028. The future utilization of the net operating loss and tax credit carryforwards, however, may be subject to limitations based on the change in stock ownership rules of Internal Revenue Code Sections 382 and 383. The Company also has foreign net operating loss carryforwards in the amount of approximately $7,200,000 and foreign investment tax credits of approximately $1,800,000 at December 31, 2008, which expire at various times through 2028. Since the Company has incurred only losses from inception and there is uncertainty related to the ultimate use of the loss carryforwards and tax credits, a valuation allowance has been recognized to offset the Companyôs deferred tax assets. Significant components of the Companyôs deferred tax assets and liabilities are as follows:

	2008	2007
Deferred tax assets:		
Net operating loss carryforwards	$ 12,083,263	$11,631,906
Federal research and development tax credit carryforwards	2,048,360	2,641,757
Property and equipment	238,908	188,901
Accounts receivable and other	23,970	180,866
Stock options	1,508,546	2,107,658
Accrued royalties	18,000	24,000
Accrued vacation	104,398	77,324
Capital loss carryforwards	48,744	60,378
Intangible assets	(115,442)	17,921
Total deferred tax assets	15,958,747	16,930,711
Valuation allowance	(15,958,747)	(16,912,189)
Net deferred tax assets	-	18,522
Deferred tax liabilities:		
Other accruals	-	(18,522)
Net deferred tax	$ -	$ -

13. INCOME TAXES (cont'd)

The valuation allowance decreased by $953,442 during 2008, due primarily to the change in net domestic operating loss carryforwards.

14. COMMITMENTS AND CONTINGENCIES

The Company recognizes and discloses commitments when it enters into executed contractual obligations with other parties. The Company accrues contingent liabilities when it is probable that future expenditures will be made and such expenditures can be reasonably estimated.

Purchase Commitments

In January 2007, the Company entered into a non-cancelable purchase commitment for certain inventory materials. Under the terms of this agreement, the Company was required to purchase $2.3 million of material in each of 2007 and 2008. The Company was dependent on the supplier of this material as it did not have any other sources from which it could obtain the material. The Companyôs ability to service its customers would be impaired if it was unable to secure the material from this supplier. This material was a principal component of the product which represented 90% and 34% of the Companyôs sales for the years ended December 31, 2007 and 2006, respectively.

In December 2007, the Company renegotiated this purchase commitment to remove the requirement for minimum purchases of $2.3 million in each of 2007 and 2008. In conjunction with the amended terms, the supplier agreed to convert all amounts that the Company had paid in excess of material received to a credit against future orders. This amount totaled $373,098 at December 31, 2007.

In May 2008, the Company restructured its business operations and discontinued the product line associated with this supply agreement. Upon final negotiations with the supplier, the remaining credit balance of $279,048 was returned to the Company.

14. COMMITMENTS AND CONTINGENCIES (cont'd)

Lease Commitments

The Company leases office space and laboratory space under non-cancelable operating leases. Future minimum commitments under its operating leases for the next three years and thereafter are as follows:

Twelve months ended December 31	Amount
2009	$176,407
2010	158,132
2011	80,437
Thereafter	-
	$414,976

Total rent expense under non-cancelable operating leases was $234,181 (2007 - $207,818).

License Agreements

The Company has entered into license agreements with HSC Research and Development, L.P., Genesis Group, Inc. and Research Corporation Technologies, Inc.

The license agreement with HSC Research and Development, L.P. and Genesis Group, Inc. relates to the Company's transgenic fish program. Under this agreement, the Company is required to make an annual royalty payment of $25,000, and revenue-based royalty payments equal to five percent of any gross revenues generated from products that utilize the technology covered under the license agreement. No revenue-based royalty payments have been made to date.

The license agreement with Research Corporation Technologies, Inc. relates to the use of certain technology. Under this agreement, the Company is required to make an annual royalty payment of $10,000 and revenue-based royalty payments equal to two to five percent of net sales of medical or industrial products generated from the utilization of the technology covered under the license agreement. No revenue-based royalty payments have been made to date. The license agreement was terminated in December 2008.

During 2007, the Company entered into an option agreement with the General Hospital Corporation for the exclusive right to negotiate a license agreement for the commercialization of certain technology. Under the agreement, the Company made an option payment of $5,000 and was required to submit a written report of its findings on potential commercialization at the conclusion of the option period. In 2008, the Company completed its review of the commercial viability of the technology and decided not to negotiate a license.

14. COMMITMENTS AND CONTINGENCIE S (cont'd)

Royalty Obligations

The Company is obligated to pay royalties to TPC in an amount equal to 5.2% of gross sales generated from the sale of any growth enhanced transgenic-based fin-fish commercial products. Such royalties are payable until the earlier of (i) June 30, 2014 or (ii) until cumulative royalties of C$5.75 million have been paid. No royalty payments have been made to date.

15. RELATED PARTY TRANSACTIONS

Officers & Employees

In 2008, the Company was repaid in full $15,299 from an officer of the Company.

Related Companies

In 2000, the Company entered into a shared services agreement with A/F Protein, Inc., a related entity. A/F Protein, Inc. and the Company have certain members of the Board of Directors as well as certain shareholders in common. In 2008, pursuant to the agreement, no shared services income was recognized (2007 - $16,625).

As at December 31, 2008 the amount due from A/F Protein, Inc. in relation to the shared service charges was $42,148 (2007 - $42,846). The Company has set up a reserve against the balance owed in the amount of $42,148 (2007 ï $38,194).

At December 31, 2008 the Company owed a balance of nil (2007 - $4,652) to A/F Protein, Inc. related to Canadian government tax credit payments.

Subsidiary Transactions

In 2008, the Company established a subsidiary in Panama for the purpose of conducting commercial field trials for one of its products. The initial costs associated with setting-up and running this subsidiary were paid by the Canadian subsidiary. These costs were then transferred to the Panama subsidiary through the Parent.

16. RESTRUCTURING CHARGE

In May 2008, the Company restructured its operations and ended operating activities related to its shrimp products. In accordance with FASB Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", and FAS 144, "Accounting for the Impairment or Disposal of Long-lived Assets", the Company recorded a $1,070,318 restructuring charge. At December 31, 2008, $280,545 of this amount remained payable.

	Amount
Severance costs	$ 814,781
Patents	119,667
Licenses	8,362
Trademarks	14,195
Receivables	68,842
Inventory	44,471
Total restructuring charge	$ 1,070,318

17. SEGMENT INFORMATION

Geographic information

The following table displays revenue from product sales and long-lived assets by geographic area:

	Revenue [1]		Long-Lived Assets [2]	
	2008	2007	2008	2007
US and Puerto Rico	$ -	$ 427	$ 503,376	$ 713,335
Canada	-	206	1,153,963	1,537,342
Panama	-	-	244,076	-
Mexico	56,800	255,009	-	-
Ecuador	-	-	-	-
Chile	-	10,637	-	-
Vietnam	-	12,549	-	-
Other	-	3,260	-	-
Total	$ 56,800	$282,088	$1,901,415	$2,250,677

[1] Revenue consists of product sales and is attributed to countries based on the location of the customer.

[2] Consists of property and equipment, intangible and other assets, net of accumulated depreciation and amortization. Property and equipment are attributed to countries based on their physical location and intangible and other assets are attributed to countries based on ownership rights.