14 May 2010

AquaBounty Technologies
(“AquaBounty” or “the Company”)

Preliminary Results for the year ended 31 December 2009

AquaBounty Technologies, Inc. (AIM: ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, announces the Companyôs preliminary financial results for the year ended 31 December 2009.

Financial and operational summary:

- Net loss of US$4.8 million (2008: US$6.7 million net loss)
- Fully diluted net loss per share of US$0.10 (2008: US$0.13)
- Cash and marketable securities at 31 December 2009 amounted to US$5.7 million (2008: US$10.6 million)
- Completion of all outstanding FDA submissions and requests for information
- Completion of a successful FDA inspection of the Companyôs production facility
- Performance of AquAdvantage® Salmon (ñAASò) in commercial market test met expectations

Ron Stotish, Chief Executive Officer of AquaBounty, stated: ñThe year was a mixed one for AquaBounty. The benefits of the reorganization and restructuring conducted in 2008 came through in the year and we decreased our net loss. We completed our submission to the FDA and are currently going through the process of gaining approval for our AAS product, which we had hoped to achieve before the end of 2009. The Board understands that it is the novel nature of the product that has extended the timescale rather than the emergence of any new regulatory difficulty.

ñLooking ahead, we are hopeful that the FDA process will move to a satisfactory conclusion and we are preparing the Company for when it occurs. Preparations are in hand to deal with the marketing issues that will arise upon approval. The Company has also put together plans to support commercial trials in several countries and to produce the required increase in commercial egg output.ò

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Chairman's Statement:

The year was characterized by the Company consolidating the business following the reorganization and restructuring program carried out in 2008, in order to preserve cash and focus on completing the FDA approval process for the AquAdvantage® Salmon product. As a result of the cost reduction and reorganization, the net loss for 2009 was reduced as planned to $4.8 million (2008: $6.7 million). Cash used was $4.9 million (2008: $6.3 million), leaving $5.7 million in cash and marketable securities at 31 December 2009.

Update on FDA approval

The focus of managementŝ efforts during 2009 has been to secure approval from the U.S. Food and Drug Administration (ñFDAò) for AAS. All remaining technical submissions and requests for further information were completed during the year and AquaBountyŝ facilities, including the trial production unit, were inspected by the authorities and passed fit for purpose.

Since the year end, in March 2010, the FDA issued the conclusion of its review of the AAS ñClaim Validationò study and indicated that the remaining sections would be issued in due course. The Company has received letters from the Center for Veterinary Medicine (ñCVMò) advising that they have all the necessary answers for three out of the total of seven parts of their examination of the application. This recent letter indicates acceptance of the AAS product claim or efficacy. The Company believes that the reviews for the remaining four parts of the examination are very nearly complete. Management has worked constructively with CVMŝ reviewers to answer all questions and is confident of a successful outcome in the near future.

Following formal acceptance of the remaining four technical sections, it is expected that CVM will announce the holding of a Veterinary Medical Advisory Committee meeting on AAS as the next step in their formal process for the approval of the product.

The delay, however, has meant that AquAdvantage® Salmon eggs from the 2009 spawning, which were available for commercial trials if approval had been forthcoming, have been discarded. The next spawning will occur in the fourth quarter of 2010, which will produce a batch of AAS eggs for trials and for sale in early 2011.

Update on commercial market test

The 20,000 fish in the commercial market test unit have performed in accordance with expectations. The AquAdvantage® Salmon have grown at twice the rate of the control group. At 365 days, the AAS weighed 1340 grams compared to 663 grams for the traditional salmon and they should reach a weight of 4 kilos in 698 days, which would be 1.4 years before the control group. The fish thrive in the contained, fresh water system. In addition, a trial to test less expensive types of feed has shown that further economies in production are possible.

Relationships have been developed with producers and authorities in several countries who have appropriate production resources and are interested in testing the product once it has received FDA approval. Plans to expand capacity for the production of eggs will be put in place as soon as approval is granted. At the same time, research and development work continues to prepare the next generation of the product and the project to produce a genetically sterile salmon is proceeding to plan.

Outlook

The Company continues to do everything in its power to assist the FDA in the approval process. In parallel, preparations are in hand to deal with the marketing issues that will arise upon approval. The Company has also put together plans to support commercial trials in several countries and to plan the required increase in commercial egg production. Limited development of next generation product is underway and this will be accelerated after the first approval is granted.

The Board is aware that the Company will need to raise further funds to cover expenditures beyond April 2011. In this regard, the Board intends to commence plans for an equity financing shortly and will update the market in due course.

R J Clothier

AquaBounty Technologies, Inc.

CONSOLIDATED BALANCE SHEETS

As at December 31	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,197,260**	$ 2,501,322
Marketable securities (Note 6)	**4,496,700**	8,052,867
Accounts receivable (Note 4)	**159,706**	114,597
Investment tax credit receivable	**21,072**	84,366
Loan receivable (Note 5)	**185,484**	-
Prepaid expenses and other assets (Note 9)	**199,660**	207,747
Total current assets	**6,259,882**	10,960,899
Property and equipment (Note 7)	**1,419,487**	1,403,632
Patents (Note 8)	**103,622**	89,099
Licenses (Note 8)	**5,625**	7,500
Other assets (Note 9)	**393,481**	401,184
Total assets	**$ 8,182,097**	$ 12,862,314
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	**$ 490,834**	$ 808,303
Current portion of long-term debt (Note 11)	**60,272**	67,875
Total current liabilities	**551,106**	876,178
Deferred rent	**22,750**	21,082
Long-term debt (Note 11)	**3,206,541**	2,641,523
Commitments and Contingencies (Note 14)		
Stockholders' equity (Note 12):		
Common stock, $0.001 par value, 100,000,000 shares authorized; 50,370,443 (2008 - 50,216,597) shares outstanding	**50,370**	50,217
Additional paid-in capital	**64,453,204**	64,240,439
Accumulated other comprehensive loss	**(591,517)**	(292,799)
Accumulated deficit	**(59,510,357)**	(54,674,326)
Total stockholders' equity	**4,401,700**	9,323,531
Total liabilities and stockholders' equity	**$ 8,182,097**	$ 12,862,314

See accompanying notes.

AquaBounty Technologies, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31		2009		2008
Revenues and grants:				
Product sales	$	-	$	56,800
Development grants and other		-		44,699
		-		101,499
Costs and expenses:				
Cost of goods		-		39,664
Sales and marketing		**812,001**		691,731
Research and development		**1,659,897**		2,343,377
General and administrative		**2,244,682**		2,777,191
Stock based compensation		**207,545**		242,129
Restructuring charge (Note 16)		-		1,070,318
		4,924,125		7,164,410
Operating loss		**(4,924,125)**		(7,062,911)
Interest income, net		**88,094**		406,584
Net loss	$	**(4,836,031)**	$	(6,656,327)
Basic and diluted net loss per share	$	**(0.10)**	$	(0.13)
Weighted average number of common shares - basic and diluted		**50,293,520**		50,057,992

See accompanying notes.

AquaBounty Technologies, Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended December 31, 2008 and 2009

	Common Stock Issued and Outstanding	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
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
Issuance of options			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
Net loss					**(4,836,031)**	**(4,836,031)**
Foreign currency translation				**(238,341)**		**(238,341)**
Unrealized losses on marketable securities				**(60,377)**		**(60,377)**
Total comprehensive loss						**(5,134,749)**
Conversion of outstanding receivable to equity			**5,373**			**5,373**
Issuance of common stock for compensation	**153,846**	**153**	**16,415**			**16,568**
Issuance of options			**190,977**			**190,977**
Balance at December 31, 2009	**50,370,443**	**$50,370**	**$64,453,204**	**($591,517)**	**($59,510,357)**	**$4,401,700**

See accompanying notes.

AquaBounty Technologies, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31	**2009**	**2008**
Operating activities		
Net loss	**$ (4,836,031)**	$ (6,656,327)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**328,348**	312,329
Stock-based compensation	**207,545**	242,129
Loss on disposal of assets	**-**	146,616
Amortization of discount (premium) on marketable securities	**44,093**	(231,464)
Changes in operating assets and liabilities:		
Accounts receivable	**(37,865)**	26,346
Accounts receivable - officers	**-**	15,299
Due from related parties	**(8,463)**	8,340
Investment tax credit receivable	**71,405**	107,118
Prepaid expenses and other assets	**65,165**	127,542
Accounts payable and accrued liabilities	**(336,097)**	(298,104)
Due to related parties	**(96,583)**	(3,888)
Net cash used in operating activities	**(4,598,483)**	(6,204,064)
Investing activities		
Purchases of equipment	**(132,434)**	(99,016)
Purchases of marketable securities	**(6,779,141)**	(17,193,492)
Maturities of marketable securities	**10,231,655**	22,576,589
Payment of patent costs	**(38,443)**	(19,172)
Other	**(18,667)**	(42,280)
Net cash provided by investing activities	**3,262,970**	5,222,629
Financing activities		
Repayment of long-term debt	**(73,608)**	(89,350)
Net cash used in financing activities	**(73,608)**	(89,350)
Effect of exchange rate changes on cash and cash equivalents	**105,059**	(74,327)
Net decrease in cash and cash equivalents	**(1,304,062)**	(1,145,112)
Cash and cash equivalents at beginning of year	**2,501,322**	3,646,434
Cash and cash equivalents at end of year	**$ 1,197,260**	$ 2,501,322

Supplemental cash flow information		
Interest paid in cash	**$ 11,464**	$ 16,124

See accompanying notes.

1. NATURE OF BUSINESS AND ORGANIZATION

Nature of Business

AquaBounty 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 that are substantially faster than traditional salmon.

AquaBounty 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.

AquaBounty 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 AquaBounty Technologies, Inc. and its wholly owned subsidiaries, AquaBounty Canada, Inc. and AquaBounty Panama, S. de R.L. The entities are collectively referred to herein as the ñCompany.ò All inter-company transactions and balances have been eliminated upon consolidation.

Basis of Presentation

These consolidated financial statements have been prepared on a going concern basis in accordance with U.S. Generally Accepted Accounting Principles. The going concern basis of presentation assumes that the corporation will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Companyôs ability to continue as a going concern is largely dependent on the Companyôs success in obtaining approval from the U.S. Food and Drug Administration (ñFDAò) for its AquAdvantage Salmon product and obtaining additional equity financing to fund its operations.

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.

Comprehensive Income (Loss)

The Company displays comprehensive income (loss) and its components as part of its full set of consolidated 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. 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 Marketable Securities

Cash equivalents and marketable securities primarily consist of money market funds, 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 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, 2009 and 2008 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.

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

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.

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.

Loan Receivable

The Company was awarded a grant in January 2009 by the Atlantic Canada Opportunities Agency (ñACOAò) to conduct research and development in Canada. Under this program, the Company can receive contributions from ACOA equal to sixty-nine percent (69%) of qualified research and development expenditures. Any funds received from ACOA must be repaid in the form of royalties on any products that are commercialized out of this research project. The Company records a loan receivable as qualified costs are incurred and submitted for reimbursement, and recognizes the credit as an increase to its long-term debt.

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. Trademark costs are capitalized with no amortization as they have an indefinite life.

Property and Equipment

Property and equipment are carried at cost, except for those owned by the Canadian Subsidiary, which records such assets net of any related 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.

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

The Company now depreciates all asset classes over their useful lives.

Building	25 years
Laboratory equipment	7 years
Office furniture and equipment	3 years
Leasehold improvements	3 years or lease term
Vehicle	3 years

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 sales when the product is shipped to a customer, provided: the Company has not retained any significant risks of ownership or future obligations with respect to the product shipped; the selling price is fixed and determinable; and collectability is reasonably assured.

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 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 2009.

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 measures and recognizes all share-based payment awards, including stock options made to employees and directors, based on estimated fair values. The fair value of share-based payment awards are 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 Companyǿs consolidated statement of operations. The Company used the Black-Scholes option-pricing model (Black-Scholes) as its method of valuation in 2009. 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 using the Black-Scholes option-pricing model 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

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.

Recent Accounting Pronouncements

On January 1, 2009, the Company adopted EITF 07-1, *Accounting for Collaborative Arrangements*, as codified in ASC 808, Collaborative Arrangements. The scope of this guidance is limited to collaborative arrangements where no separate legal entity exists and in which the parties are active participants and are exposed to significant risks and rewards that depend on the success of the activity. The provisions of ASC 808 are effective for fiscal years beginning on or after December 15, 2008, and companies are required to apply the provisions through retrospective application to all collaborative arrangements existing at adoption as a change in accounting principle. The adoption of ASC 808 did not have a material impact on the Companyǿs financial position or results of operations, and did not result in additional disclosures.

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

In August 2009, the Financial Accounting Standards Board (ñFASBò) issued ASU 2009-05, *Measuring Liabilities at Fair Value*. This update provides amendments to ASC 820 for the fair value measurement of liabilities. ASU 2009-05 provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value of such liability using one or more of the techniques prescribed by the update. This standard is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of ASU 2009-05 did not have a material impact on the Companyôs financial position or results of operations.

In April 2008, FASB 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 was effective for fiscal years beginning after December 15, 2008 and is to be applied prospectively to assets acquired after the implementation date. The adoption of FSP 142-3 did not have a material impact on the Companyôs financial position or 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 adoption of FAS 162 did not have a significant impact on the Companyôs 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 Companyôs proposed products; (iii) the commercial acceptance of any products approved for sale and the Companyôs ability to manufacture, distribute and sell for a profit any products approved for sale; (iv) the Companyôs 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.

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.

3. RISKS AND UNCERTAINTIES (cont'd)

Financial Instruments

The carrying amounts of the Company's 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, 2009. As further described in Note 11, the Company's 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 Company's 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 sells products to the aquaculture industry. Substantially all of the Company's 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 nil in 2009 (2008 - $67,541).

5. LOAN RECEIVABLE

The Canadian Subsidiary has periodically received funding commitments from various Canadian local, regional and federal government agencies (Note 11). The balance receivable was received subsequent to year end.

6. MARKETABLE SECURITIES

The following is a summary of marketable securities at December 31, 2009 and 2008:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	2009 Fair Value	2008 Fair Value
Guaranteed investment contract	$ 13,690	$ -	$ -	**$ 13,690**	$ 199,236
Corporate bonds due in 90 days or less	-	-	-	**-**	500,867
Corporate bonds due in 360 days or less	4,228,646	3,728	(69)	**4,232,305**	7,853,631
Corporate bonds due over 360 days	251,781	-	(1,076)	**250,705**	-
Total marketable securities	4,494,117	3,728	(1,145)	**4,496,700**	8,553,734
Securities included in cash equivalents	-	-	-	**-**	(500,867)
Marketable securities	$ 4,494,117	$ 3,728	$ (1,145)	**$ 4,496,700**	$ 8,052,867

Interest income of $107,064 (2008 - $431,971) and gross unrealized gains and losses of $3,728 and $1,145, respectively (2008 - $62,143 and nil) were recognized in the statement of operations during 2009.

7. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized as follows:

	2009	2008
Land	**$ 96,732**	$ 82,910
Building	**1,418,245**	1,215,596
Laboratory equipment	**1,630,004**	1,423,057
Office furniture and equipment	**594,346**	535,657
Leasehold improvements	**373,158**	247,461
Vehicle	**38,292**	9,044
Gross property and equipment	**$ 4,150,777**	$ 3,513,725
Less: accumulated depreciation	**(2,731,290)**	(2,110,093)
Net property and equipment	**$ 1,419,487**	$ 1,403,632

8. PATENTS AND LICENSES

The following is a summary of patents and licenses at December 31, 2009 and 2008:

		2009		2008
Patents, gross	**$**	**493,465**	$	455,022
Less accumulated amortization		**(389,843)**		(365,923)
Patents, net	**$**	**103,622**	$	89,099
Licenses, gross	**$**	**45,000**	$	45,000
Less accumulated amortization		**(39,375)**		(37,500)
Licenses, net	**$**	**5,625**	$	7,500

Patent amortization expense for 2009 was $23,920 (2008 - $28,506). Estimated amortization expense for each of the next four years is $24,857. License amortization expense for 2009 was $1,875 (2008 - $3,854). Estimated amortization expense for each of the next three years is $1,875.

9. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets include the following at December 31, 2009 and 2008:

		2009		2008
Prepaid insurance	**$**	**39,913**	$	71,139
Prepaid supplies		**13,794**		3,401
Prepaid professional services		**28,609**		25,299
Prepaid rent and deposits, short-term		**111,969**		107,908
Equity investments		**5,375**		-
Prepaid expenses	**$**	**199,660**	$	207,747
Trademarks	**$**	**181,149**	$	157,108
Prepaid rent and deposits, long-term		**190,704**		244,076
Other (Note 15)		**21,628**		-
Other assets	**$**	**393,481**	$	401,184

In 2008, the Company established a subsidiary in Panama for the purpose of conducting commercial field trials of one of its products. The Company entered into a land lease agreement 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. The Company incurred costs of $346,735 for the site improvements during 2008. 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, 2009 and 2008:

	2009	2008
Accounts payable	**$ 143,651**	$ 100,946
Accrued payroll including vacation	**199,704**	437,151
Accrued professional fees	**105,803**	184,863
Accrued research and development costs	**25,000**	45,000
Accrued other	**11,943**	31,213
Accrued taxes	**4,733**	9,130
Accounts payable and accrued expenses	**$ 490,834**	$ 808,303

11. LONG-TERM DEBT

The current terms and conditions of long-term debt outstanding at December 31, 2009 and 2008 are as follows:

Loan Source and Amount	Interest Rate	Monthly Payment	Maturity Date	2009	2008
EPEI loan 9803 - C$300,000	6.657%	C$3,738	Dec. 2013	**$ 149,285**	$ 155,544
EPEI loan 0301 - C$300,000	7.143%	C$2,072	Nov. 2009	**-**	18,065
ACOA loan - C$250,000	0%	C$2,315	Dec. 2013	**105,901**	113,465
ACOA AIF Grant - C$194,591 (Note 5)	0%	Royalties	None	**185,484**	-
TPC funding - C$2,964,900	0%	Royalties	Jun. 2014	**2,826,143**	2,422,324
Total debt				**$ 3,266,813**	$ 2,709,398
Less: current portion				**(60,272)**	(67,875)
Long-term debt				**$ 3,206,541**	$ 2,641,523

Future repayments of long-term debt are as follows:

	Amount
2010	$ 60,272
2011	144,834
2012	199,493
2013	236,343
Thereafter	2,625,871
Total debt	$ 3,266,813

11. LONG-TERM DEBT (cont’d)

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. This loan was paid off in 2009. 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. This loan is scheduled to be paid off in December 2013. The loan is collateralized by a demand note executed by the Canadian Subsidiary. In addition, the loan provides additional collateralization including fixed or floating liens on substantially all of the Companyôs assets, including land, building and fixtures, and accounts receivable, 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 this loan to expand a fish hatchery and purchase related equipment necessary to operate the hatchery. The loan is scheduled to be paid off in December 2013. In January 2009, the Company was awarded a grant from ACOA to provide a contribution towards the funding of a research and development project. The total amount available under the award is C$2,871,900 which can be claimed over a five-year period. All amounts claimed by the Company must be repaid in the form of a 10% royalty on any products that are commercialized out of this research project, until the loan is fully paid (Note 14). During 2009, the Company submitted a claim for C$194,591.

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 Subsidiaryôs efforts to develop commercial applications of its transgenic growth enhanced fin-fish technology. Funding under the TPC funding agreement was completed in 2003. The balance owing to TPC includes $2,826,143 which is currently presented as being repayable beginning in 2011. This amount is repayable to TPC in the form of a 5.2% royalty on revenues generated from the sale of transgenic-based growth enhanced fin-fish commercial products (Note 14). In addition, the Company will have no further repayment obligations after June 30, 2014 even if the total amount of $2,826,143 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. At December 31, 2009 the Company had nil shares (2008 ï nil) of preferred stock and 50,370,443 shares (2008 ï 50,216,597) of common stock, issued and outstanding.

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, 2009, the Company has reserved 10,251,988 shares of common stock for the exercise of options and warrants.

Recent Issuances

In 2009, the Company issued 153,846 shares of common stock as part of the compensation package for the Chairman of the Board of Directors. The Company recorded a charge of $16,568 in connection with the issuance.

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.

Warrants

The following tables summarize information about the number of warrants outstanding:

	Number of Warrants	Weighted-Avg Exercise Price
Outstanding at December 31, 2007	2,342,027	$1.15
Outstanding at December 31, 2008	2,342,027	$1.15
Expired	(115,000)	0.78
Outstanding at December 31, 2009	2,227,027	$1.16

Warrants Outstanding	Weighted-Avg Exercise Price	Expiration Date
349,659	$0.78	2010
1,040,940	1.65	2011
836,428	0.72	2012
2,227,027	$1.16	

12. STOCKHOLDERS' EQUITY (cont'd)

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. The Plan limits the net cumulative number of share awards that can be issued to 10% of the outstanding shares of the Company.

The following table summarizes stock-based compensation costs recognized in the Companyôs consolidated statement of operations for the years ended December 31, 2009 and 2008:

	2009	2008
Research and development	**$ 20,433**	$ 33,650
Sales and marketing	**18,285**	16,322
General and administrative	**168,827**	192,157
Total stock compensation cost	**$ 207,545**	$ 242,129

The fair market values of stock options granted to employees, Members of the Board of Directors and non-employees during 2009 and 2008 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	2009	2008
Expected volatility	**275% - 280%**	72% - 95%
Risk free interest rate	**0.17% - 0.21%**	2.0% - 4.2%
Expected dividend yield	**0%**	0%
Expected lives (in years)	**5.0**	5.0 - 7.0

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 the Companyôs 250-day historical price volatility.

12. STOCKHOLDERS' EQUITY (cont'd)

Employee and Board of Directors Options:

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

	Number of Options	Weighted-Avg Exercise Price
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
Issued	2,920,000	0.11
Exercised	-	0.00
Expired	(2,597,500)	0.45
Outstanding at December 31, 2009	7,612,773	$0.21
Exercisable at December 31, 2009	4,565,273	$0.27

The following table summarizes information about options outstanding and exercisable at December 31, 2009:

Weighted-Avg Price of Outstanding Options	Number of Options Outstanding	Weighted-Avg Remaining Estimated Life (in years)	Number of Options Exercisable	Weighted-Avg Price of Exercisable Options
$0.01	462,273	1.6	462,273	$0.01
$0.10	90,000	9.4	-	$0.10
$0.11	2,920,000	9.5	-	$0.11
$0.20	3,580,000	2.5	3,580,000	$0.20
$0.33	96,000	8.5	96,000	$0.33
$0.42	45,000	8.0	25,000	$0.42
$0.65	273,500	7.5	256,000	$0.65
$1.00	50,000	0.3	50,000	$1.00
$2.50	96,000	1.7	96,000	$2.50
	7,612,773		4,565,273	$0.27

The weighted average fair value of employee and Board of Directors stock options granted in 2009 was $0.11 (2008 - $0.35). The total intrinsic value of options exercised in 2009 was nil (2008 - $8,302). At December 31, 2009, the total intrinsic value of all options outstanding to employees and directors was $1,569,205 (2008 - $2,424,713).

At December 31, 2009, the balance of unearned stock-based compensation to be expensed in future periods related to unvested share-based awards is $303,007. The period over which the unearned stock-based compensation is expected to be earned is approximately three years.

12. STOCKHOLDERS' EQUITY (cont'd)

Recent Issuances

During 2009, the Company granted options to purchase 300,000 (2008 ï 2,140,000) shares of common stock to certain executive officers and employees. None of the options granted in 2009 or 2008 have an exercise price less than the fair value of the Companyõs common stock on the date of issuance and accordingly, the Company recognized non-cash stock-based compensation charges of $7,321 (2008 - $123,330) in connection with those grants in 2009. In addition, the Company recognized $165,835 in compensation charges related to options granted in previous years.

In July 2009, the Company canceled and reissued options to purchase 2,500,000 shares of common stock to four senior executive officers. These options have an exercise price equal to the fair value of the Companyõs common stock on the date of issuance and a three-year vesting period. The Company recognized $418 in compensation charges for the incremental value of the new option grant.

In July 2009, the Company issued 120,000 options (2008 ï 96,000) at an exercise price of $0.11 under the terms of its service agreement with non-executive directors. The Company recognized a non-cash stock-based compensation charge of $6,589 in 2009 (2008 - $10,815) for these options which vest over a one-year period. In addition, the Company recognized $10,814 in compensation charges related to options granted in 2008.

Non-Employee Options:

The Companyõs option activity is summarized as follows:

	Number of Options	Weighted-Avg Exercise Price
Outstanding at December 31, 2007	412,919	$0.25
Issued	-	0.00
Expired	-	0.00
Outstanding at December 31, 2008	412,919	$0.25
Issued	-	0.00
Expired	(19,231)	0.78
Outstanding at December 31, 2009	393,688	$0.22
Exercisable at December 31, 2009	393,688	$0.22

No non-employee options were exercised in 2009 or 2008. At December 31, 2009, the total intrinsic value of all options outstanding to non-employees was $86,705 (2008 - $101,745).

12. STOCKHOLDERS' EQUITY (cont'd)

The following table summarizes information about options outstanding and exercisable at December 31, 2009:

Weighted-Avg Price of Outstanding Options	Number of Options Outstanding	Weighted-Avg Remaining Estimated Life (in years)	Number of Options Exercisable	Weighted-Avg Price of Exercisable Options
$0.20	380,000	2.7	380,000	$0.20
$0.78	13,688	0.1	13,688	$0.78
	393,688		393,688	$0.22

13. INCOME TAXES

As at December 31, 2009, the Company has net domestic operating loss carryforwards of approximately $27,000,000 to offset future federal taxable income and federal research and development tax credit carryforwards of approximately $5,000 to offset future federal taxable income, which expires at various times through the year 2029. 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 $8,000,000 and foreign investment tax credits of approximately $2,000,000 at December 31, 2009, which expire at various times through 2029. 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 Companyę́s deferred tax assets. Significant components of the Companyę́s deferred tax assets and liabilities are as follows:

	2009	2008
Deferred tax assets		
Net operating loss carryforwards	**$ 13,303,679**	$ 12,083,263
Federal research and development tax credit carryforwards	**2,836,796**	2,048,360
Property and equipment	**326,806**	238,908
Accounts receivable and other	**600**	23,970
Stock options	**1,522,134**	1,508,546
Accrued royalties	**-**	18,000
Accrued vacation	**51,099**	104,398
Capital loss carryforwards	**60,071**	48,744
Intangible assets	**(127,263)**	(115,442)
Total deferred tax assets	**17,973,922**	15,958,747
Valuation allowance	**(17,973,922)**	(15,958,747)
Net deferred tax assets	**$ -**	$ -

The valuation allowance increased by $2,015,175 during 2009, 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 raw 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 Company's 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 Company's 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.

Lease Commitments

The Company leases office space and laboratory space under non-cancelable operating leases. Total rent expense under non-cancelable operating leases in 2009 was $225,344 (2008 - $234,181). Future minimum commitments under its operating leases for the next three years and thereafter are as follows:

Full-year ended December 31	Amount
2010	$ 158,132
2011	80,437
2012	-
Thereafter	-
	$ 238,569

14. COMMITMENTS AND CONTINGENCIES (cont'd)

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. In 2008, the Company completed its review of the commercial viability of the technology and decided not to negotiate a license.

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.

The Company is obligated to pay royalties to ACOA in an amount equal to 10.0% of gross sales generated from the sale of any new products that are developed through the research project that is being co-funded by ACOA. This royalty is for the repayment of the funds contributed by ACOA to the Company. The first scheduled repayment is July 21, 2014 and subsequent repayments are due annually until the full balance of the contributed funds is paid.

15. RELATED PARTY TRANSACTIONS

Officers and 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. (ñAFPò), a related entity. AFP and the Company have certain members of the Board of Directors as well as certain shareholders in common. In both 2009 and 2008, pursuant to the agreement, no shared services income was recognized by the Company. During 2009, the Company converted the outstanding receivable balance for 2,162,809 shares of AFP common stock with a fair value of $21,628 and the agreement was terminated.

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. The Company recorded a $1,070,318 restructuring charge. At December 31, 2009, none 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

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

	Revenue		Long-Lived Assets	
	2009	**2008**	**2009**	**2008**
US and Puerto Rico	**$ -**	$ -	**$ 452,985**	$ 503,376
Canada	**-**	-	**1,246,530**	1,153,963
Panama	**-**	-	**222,700**	244,076
Mexico	**-**	56,800	**-**	-
Total	**$ -**	$ 56,800	**$ 1,922,215**	$ 1,901,415

Revenue consists of product sales and is attributed to countries based on the location of the customer. Long-lived assets consist 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.