

September 29, 2008

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

**Interim results for the six months ended 30 June 2008**

Aqua Bounty Technologies, Inc. (ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, announces its interim results for the six months ended 30 June 2008.

- Completed a strategic review of the business.
- Implemented a restructuring of the Company to focus resources on AquAdvantage Fish.
- Commenced a project for growing AquAdvantage Salmon on a commercial farm for harvest in 2009.
- FDA released its guidance on the regulation of genetically engineered animals.

Ronald Stotish, Chief Executive Officer, commented, “Aqua Bounty addressed a number of critical issues in the first half of 2008, restructuring our business, and clarifying our strategic objectives. Despite a setback due to an accident in our production facility, we have continued to make significant progress in our AquAdvantage Salmon project. We believe the changes we have made will allow us to successfully commercialize this exciting new product.”

In response to the FDA’s release of its guidance on the regulation of genetically engineered animals, Dr. Stotish added that “We believe this is a critical step forward in establishing a credible and rigorous process to regulate this technology and help make the considerable benefits of our products available to society.”

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## **Chairman's Statement**

During the first half of 2008, the Board of Aqua Bounty completed its strategic review of the Company with the conclusion that its resources should be concentrated on developing the AquAdvantage Fish. It was decided that the difficulties encountered in commercializing Shrimp IMS, coupled with the cash required to continue development and sales of three separate products, was no longer a viable strategy. The Board concluded that the Company should concentrate its efforts on completing the regulatory process for AquAdvantage Salmon and preparing to bring this product to market.

## **Financial Review**

Total revenues reported for the first half of 2008 were lower than the first half of 2007, reflecting both the difficulty that the Company has encountered in marketing Shrimp IMS and the decision to discontinue development of this line. Operating expenses, excluding stock-based compensation and restructuring charges, were similar at \$3.6 million. The loss on this basis was \$3.2 million (2007: \$2.7 million). However, including restructuring charges of \$0.9 million, the net loss for the six months was \$4.2 million (2007: \$3.0 million). Cash used in operations for the first half totaled \$4.0 million (2007: \$3.0 million).

The restructuring of our operations, which was implemented during May and June, will reduce the Company's use of cash during the second half of 2008 to \$2.5 million. The expectation for 2009 is for total operating expenses to be less than \$6.0 million (2007: \$8.0 million).

## **Shrimp IMS**

Revenues from the sales of Shrimp IMS were extremely disappointing during the first half of 2008. Price pressure on the retail value of shrimp, coupled with increasing costs for shrimp feed, has forced farmers to cut production costs wherever possible. In this financial climate, the inability of Shrimp IMS to consistently show economic value in either field trials or farm use has caused demand for the product to drop dramatically. Although Aqua Bounty has substantially cut its IMS development and sales activity, the Company has continued to supply the product to existing distributors for customers who request it.

## **VPX: White Spot Viral Inhibitor**

White Spot Virus remains the most lethal and economically destructive disease for the shrimp farming industry. AquAdvantage Viral Blocker (VpX) is a potentially valuable product which will not suffer the regulatory hurdles of IMS and is likely to be less costly. Our efforts are presently focused on improving the manufacturing process and completing dose response studies. Considerable work remains to be completed before we can bring this product to market in any significant volume and it may be that Aqua Bounty does not have the resources to

complete this task alone. Nevertheless, the potential value that VpX offers the shrimp farming industry warrants further effort.

### **AquAdvantage Salmon**

Our efforts to bring the first harvest of AquAdvantage Salmon to market in early 2009 were set back when damage caused by a storm at night cut off the water supply to our facility. We have implemented corrective action, and will restock the farm with this year's spawn. We expect to be able to market these fish in the fourth quarter of 2009. The Company has made continued progress in the regulatory process and anticipates a successful conclusion in advance of the proposed test market.

On 18 September, the US Food and Drug Administration released for public comment the much awaited draft guidance on the regulation of genetically engineered animals, entitled "The Regulation of Genetically Engineered (GE) Animals Containing Heritable rDNA Constructs." This guidance provides a framework for both GE animals and products made from them to reach the market. Aqua Bounty is encouraged by this action, and looks forward to working with the FDA and other stakeholders to make available the benefits of this technology to industry and consumers worldwide.

### **Outlook**

The cost of implementing the restructuring will restrict the cost savings for Aqua Bounty in 2008. Despite this, total spending for the year as a whole is expected to be slightly lower than in 2007. More importantly, by year end, the cost structure will permit the projected expense and cash reductions in 2009. At this level of cash burn, Aqua Bounty expects its funds to take the company at least into 2011 before revenues need to cover costs. Should AquAdvantage Salmon be approved in sufficient markets, the company's present production facilities have the capacity for substantial sales, which would make a significant contribution.

R J Clothier  
Chairman

**Aqua Bounty Technologies, Inc.**

**CONSOLIDATED BALANCE SHEETS**

	at June 30,	
	2008	2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,576,521	\$ 2,809,626
Marketable securities	10,291,471	17,479,226
Accounts receivable	68,477	203,153
Accounts receivable - officers	-	15,229
Investment tax credit receivable	234,619	154,990
Prepaid expenses and other	683,395	635,737
Total current assets	\$ 13,854,483	\$ 21,297,961
Property and equipment	1,789,761	1,684,703
Patents	163,939	223,180
Licenses	17,699	21,733
Other assets	148,673	101,678
Total assets	\$ 15,974,555	\$ 23,329,255
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,232,039	\$ 840,519
Current portion of long-term debt	92,712	100,250
Total current liabilities	\$ 1,324,751	\$ 940,769
Deferred rent	\$ 21,747	\$ -
Long-term debt	3,203,203	3,169,577
Commitments and Contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value, 100,000,000 shares authorized; 50,155,992 (2007 - 49,867,127) shares outstanding	50,156	49,867
Additional paid-in capital	64,120,079	63,908,982
Accumulated other comprehensive loss	(560,949)	(540,771)
Accumulated deficit	(52,184,432)	(44,199,169)
Total stockholders' equity	\$ 11,424,854	\$ 19,218,909
Total liabilities and stockholders' equity	\$ 15,974,555	\$ 23,329,255

**Aqua Bounty Technologies, Inc.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Six Months Ended June 30,	
	2008	2007
<b>Revenues and grants:</b>		
Product sales	\$ 63,387	\$ 275,189
Development grants and other	37,820	-
	\$ 101,207	\$ 275,189
<b>Costs and expenses:</b>		
Cost of goods	31,419	160,456
Sales & marketing	479,947	476,248
Research & development	1,404,636	1,172,423
General & administrative	1,658,465	1,744,474
Stock based compensation	121,707	313,290
Restructuring charge	861,508	-
	\$ 4,557,682	\$ 3,866,891
<b>Operating loss</b>	<b>\$ (4,456,475)</b>	<b>\$ (3,591,702)</b>
<b>Interest income, net</b>	<b>\$ 290,042</b>	<b>\$ 556,328</b>
<b>Net Loss</b>	<b>\$ (4,166,433)</b>	<b>\$ (3,035,374)</b>
<b>Basic and diluted net loss per share</b>	<b>\$ (0.08)</b>	<b>\$ (0.06)</b>
Weighted average number of common shares - basic and diluted	50,027,689	49,805,307

**Aqua Bounty Technologies, Inc.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
Net loss	\$ (4,166,433)	\$ (3,035,374)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	184,022	90,554
Stock-based compensation	121,707	313,290
Loss on disposal of fixed assets	665	-
Amortization of premium on marketable securities	(178,934)	(364,742)
Unrealized gains on marketable securities	-	(8,390)
Write-off of affiliate receivables	-	34,557
Changes in operating assets and liabilities:		
Accounts receivable	74,335	75,817
Accounts receivable - officers	15,299	-
Due from related parties	(3,062)	-
Investment tax credit receivable	(22,173)	(68,458)
Prepaid expenses and other	(100,228)	(98,595)
Accounts payable and accrued liabilities	98,642	83,615
Due to related parties	579	-
<b>Net cash used in operating activities</b>	<b>\$ (3,975,581)</b>	<b>\$ (2,977,726)</b>
<b>Investing activities</b>		
Purchases of equipment	(72,959)	(116,098)
Purchases of marketable securities	(9,470,695)	(18,602,725)
Maturities of marketable securities	12,513,310	19,725,104
Payment of patent costs	(7,280)	(3,748)
Other	(19,500)	(441,954)
<b>Net cash provided by investing activities</b>	<b>\$ 2,942,876</b>	<b>\$ 560,579</b>
<b>Financing activities</b>		
Payment of long-term debt	(53,332)	(48,699)
Proceeds from exercise of stock options and warrants	-	10,000
<b>Net cash used in financing activities</b>	<b>\$ (53,332)</b>	<b>\$ (38,699)</b>
Effect of exchange rate changes on cash and cash equivalents	16,124	(35,361)
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (1,069,913)</b>	<b>\$ (2,491,207)</b>
Cash and cash equivalents at beginning of year	3,646,434	5,300,833
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,576,521</b>	<b>\$ 2,809,626</b>