14 May 2008

Aqua Bounty Technologies
("Aqua Bounty" or "the Company")

Preliminary Results Statement for the year ended 2007

Aqua Bounty Technologies, Inc. (AIM: ABTX), a biotechnology company focused on enhancing productivity in the aquaculture market, announces today an update on the Companyȇs financial results for 2007.

Highlights:

- Net loss of $6.9 million for year ended 31 December 2007 (2006: $8.1 million loss);
- Operational review completed resulting in expected annual cost savings of approximately $2 million after 2008;
  - changes made to the board of directors with appointment of new CEO and appointment of Elliot Entis as Vice-Chairman;
  - decision to concentrate resources on bringing AquAdvantage Salmon and VpX to market;
  - IMS marketing and registration efforts to be scaled back;
  - shrimp development work to be focused on VpX, the AquAdvantage Viral Blocker; and
- Balance in cash and marketable securities at year end of $16.8 million (2006: $23.3 million).

Chairman's Statement

In a trading statement issued on 27 February, the Company reported that due to difficulties in obtaining regulatory approvals, revenues in the second half of 2007 would be lower than expected, that action was being taken to reduce expenses and a strategic review of the business had been initiated. As a result of the review, Dr. Ron Stotish, previously the Companyȇs Vice President of Research and Regulatory Affairs, has been appointed President and Chief Executive Officer of Aqua Bounty and a director of the Company. Elliot Entis will continue to provide the Company with the benefit of his experience in the industry as an executive director of the Company and will take on the title of Vice-Chairman. He will continue to represent the Company in public affairs related to the development of AquAdvantage Salmon and Trout.

During its review, the Board examined the profiles of its various projects to identify those with the most favourable investment characteristics, taking into account the Companyȇs existing resources. The Board concluded that the Company should concentrate its resources on completing the regulatory process for AquAdvantage Salmon and in bringing this product to market, and complete the next stage of development of VpX, the AquAdvantage viral blocker. To ensure that it has adequate funding for these projects, the Company will reduce its activity in its other shrimp products. The Shrimp IMS product, although initially promising, encountered significant problems in the field and has experienced regulatory delays. Supplies will be maintained for existing distributors. The resulting reduction in operating expenditures and cash usage is expected to be about $2.0 million per year, beginning in 2009.

The result for the year ended December 31, 2007 is a net loss of $6.9 million (2006, $8.1 million loss). Without new sales and with the ending of the research grant from the National Institute of Science and Technologies, revenue declined. The apparent expense reduction was the result of a decrease in stock compensation charges versus 2006. Cash expenditures increased with the strengthening of the sales team in anticipation of IMS regulatory approval and sales development; this will now be reversed. The balance in cash and marketable securities at year end amounted to $16.8 million.

AquAdvantage Salmon

The project to produce sufficient salmon for a commercial market test in 2009 is under way and on track with the first stocks being reared. Provided import approval has been granted and depending on the harvest weight selected, the first fish to market are expected in the first quarter of 2009. The Company is encouraged by the progress of the regulatory process and anticipates a successful conclusion to coincide with the proposed test market.

Outlook

The cost of implementing the restructuring will limit the cost savings in 2008. However, expenses and cash usage are expected to be lower than those in 2007. Also, by year end, the cost structure will permit the projected expense reductions in 2009. The Company anticipates further progress with AquAdvantage salmon and VpX development, and looks forward to reporting progress throughout the year.

The following information relating to Ron Stotish is provided in compliance with the provisions of Rule 17 of the AIM Rules:

Full name and age: Ronald L. Stotish, age 59.

Present directorships: AquaBounty Technologies, Inc.

Directorships during the past five years: None.

Mr. Stotish has not been a director of any company which has been wound up or placed in administration or receivership.

Mr. Stotish holds no shares in the Company.

There are no further disclosures to be made in respect of Mr. Stotish under the provisions of paragraph g of Schedule Two of the AIM Rules for Companies.

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Notes to Editors

About Aqua Bounty

- The Company is headquartered in Waltham, Massachusetts, USA. It has research facilities in San Diego, California and Prince Edward Island, Canada.

- Aqua Bounty has launched health and diagnostic products for the prevention and control of shrimp diseases and is developing new products to increase productivity and profitability in commercial fish farming. The Company's integrated approach to aquatic health management means that Aqua Bounty is well positioned to capitalise on the rapidly growing US$60 billion per annum aquaculture industry.

- The Company plans to launch AquAdvantage Viral Blocker in 2009, an effective preventative control against the lethal and widespread White Spot Syndrome Virus ('WSSV'). WSSV can appear suddenly, can kill entire shrimp stocks within 72 hours and has been responsible for significant pre-harvest losses to shrimp stocks in the 1990s, including over US$1 billion of shrimp stock damage in the Americas alone.

- Aqua Bounty is also developing fast growing strains of breeds of fin fish which grow faster than traditional broodstock, known as AquAdvantage™ fish. This AquAdvantage™ fish are capable of reducing growth to maturity time by as much as 50 per cent, resulting in substantial productivity gains for commercial fish farmers. The Company expects commercial launch in 2009.

- By reducing the time to harvest by 40% or more, AquAdvantage technology has the potential to achieve major cost reductions, while increasing output for producers in the $4 billion per year salmon industry. Since work so far indicates that the technology is transferrable to most other farm-raised fish species, the Company envisages extending AquAdvantage technology to several additional species in the midterm.

- Commercial aquaculture, the controlled cultivation and harvest of aquatic plants and animals, is the most rapidly growing segment of the agricultural industry, accounting for more than US$60 billion in sales in 2003. While land-based agriculture is increasing at 2 per cent to 3 per cent per year, aquaculture has been growing at an annual rate of approximately 9 per cent since 1970. (Source: FAO).

Aqua Bounty Technologies, Inc.

CONSOLIDATED BALANCE SHEET

As at December 31

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	**$ 3,646,434**	$ 5,300,833
Marketable securities (Note 6)	**13,186,505**	18,084,246
Accounts receivable (Note 4)	**146,752**	278,970
Accounts receivable ï officers (Note 16)	**15,299**	15,229
Due from related parties (Note 16)	**4,652**	37,225
Investment tax credit receivable	**219,396**	86,532
Prepaid expenses and other	**583,726**	110,025
Total current assets	**$ 17,802,764**	$ 23,913,060
Property and equipment (Note 7)	**1,883,831**	1,527,944
Patents (Note 8)	**218,108**	218,859
Licenses (Note 8)	**19,716**	23,750
Other assets	**129,022**	86,842
Total assets	**$ 20,053,441**	$ 25,770,455
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities (Note 10)	**$ 1,142,169**	$ 756,906
Due to related parties (Note 16)	**4,652**	2,668
Current portion of long-term debt (Note 12)	**93,707**	89,974
Total current liabilities	**$ 1,240,528**	$ 849,548
Deferred rent	**12,488**	-
Long-term debt (Note 12)	**3,357,562**	2,937,221
Commitments and Contingencies (Note 15)		
Stockholdersô equity (Note 13):		
Common stock, $.001 par value, 100,000,000 shares authorized; 49,899,386 (2006 ï 49,797,333) shares outstanding	**49,899**	49,797
Additional paid-in capital	**63,998,628**	63,585,762
Accumulated other comprehensive loss	**(587,665)**	(488,078)
Accumulated deficit	**(48,017,999)**	(41,163,795)
Total stockholdersô equity	**$ 15,442,863**	$ 21,983,686
Total liabilities and stockholdersô equity	**$ 20,053,441**	$ 25,770,455

See independent auditors' report and accompanying notes.

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31

	2007	2006
Revenues and grants:		
Product sales	**$ 282,088**	$ 225,769
Research and development grants	**10,000**	416,912
	$ 292,088	$ 642,681
Costs and expenses:		
Cost of goods	**197,841**	89,766
Sales & marketing	**1,088,221**	401,249
Research and development	**2,480,785**	3,535,255
General & administrative	**4,402,277**	4,532,576
	$ 8,169,124	$ 8,558,846
Operating loss	**$(7,877,036)**	$(7,916,165)
Interest income (expense), net	**1,022,832**	(141,878)
Net Loss	**$(6,854,204)**	$(8,058,043)
Basic and diluted net loss per share	**$ (0.14)**	$ (0.19)
Weighted average number of common shares – basic and diluted	**49,870,500**	43,542,334

See independent auditors' report and accompanying notes.

Aqua Bounty Technologies Inc.
Consolidated Statements of Changes in Stockholders' Equity
Years Ended December 31, 2006 and 2007

	Preferred Stock Issued and Outstanding	Par Value	Common Stock Issued and Outstanding	Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at December 31, 2005	13,309,607	$133,096	21,311,634	$21,312	$29,801,420	($531,008)	($33,105,752)	($3,680,932)
Net loss							(8,058,043)	(8,058,043)
Foreign currency translation						36,987		36,987
Unrealized gains on marketable securities						5,943		5,943
Total comprehensive loss								(8,015,113)
Conversion of preferred stock to common	(13,309,607)	(133,096)	13,309,607	13,310	119,786			-
Exercise of warrants for common stock			983,593	984	768,265			769,249
Exercise of options for common stock			195,545	195	13,160			13,355
Issuance of common stock related to preferred stock conversion			125,000	125	(125)			-
Issuance of warrants					639,712			639,712
Conversion of notes payable into common stock			1,173,048	1,173	2,367,699			2,368,872
Issuance of common stock for compensation			6,196	6	15,876			15,882
Issuance of common stock at initial public offering			12,692,710	12,692	32,491,363			32,504,055
Initial public offering costs					(5,053,361)			(5,053,361)
Issuance of options					2,421,967			2,421,967
Balance at December 31, 2006	-	$ -	49,797,333	$49,797	$63,585,762	($488,078)	($41,163,795)	$21,983,686
Net loss							**(6,854,204)**	**(6,854,204)**
Foreign currency translation						**(139,200)**		**(139,200)**
Unrealized gains on marketable securities						**39,613**		**39,613**
Total comprehensive loss								**(6,953,791)**
Exercise of options for common stock			**10,000**	**10**	**9,990**			**10,000**
Exercise of options for common stock - cashless			**59,795**	**60**	**(60)**			**-**
Issuance of common stock for compensation			**32,258**	**32**	**20,129**			**20,161**
Issuance of options					**382,807**			**382,807**
Balance at December 31, 2007	**-**	**$ -**	**49,899,386**	**$49,899**	**$63,998,628**	**($587,665)**	**($48,017,999)**	**$15,442,863**

See independent auditors' report and accompanying notes.

Aqua Bounty Technologies, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31

	2007	2006
Operating activities		
Net loss	**$ (6,854,204)**	$(8,058,043)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	**232,462**	243,641
Stock-based compensation	**402,968**	2,437,849
Accretion of secured promissory notes	**-**	33,411
Interest on conversion of notes payable		1,041,029
Amortization of premium on marketable securities	**(629,814)**	(208,075)
Unrealized gains on marketable securities	**(39,613)**	(5,943)
Changes in operating assets and liabilities:		
Accounts receivable	**132,218**	(78,218)
Accounts receivable ï officers	**(70)**	20,049
Due from related parties	**32,573**	(29,095)
Contributions receivable	**-**	3,209
Investment tax credit receivable	**(132,864)**	188,851
Prepaid expenses and other	**(452,572)**	(96,172)
Accounts payable and accrued liabilities	**385,263**	(1,025,234)
Due to related parties	**1,984**	(36,708)
Net cash used in operating activities	**$ (6,921,669)**	$(5,569,449)
Investing activities		
Purchases of equipment	**(336,309)**	(247,825)
Purchases of marketable securities	**(31,127,541)**	(29,120,228)
Maturities of marketable securities	**36,734,322**	11,250,000
Payment of patent costs	**(13,799)**	(77,294)
Other	**(63,309)**	(57,794)
Net cash provided by (used in) investing activities	**$5,193,364**	$(18,253,141)
Financing activities		
Payment of long-term debt	**(97,333)**	(115,370)
Proceeds from notes payable to stockholders	**-**	36,000
Payment of convertible promissory notes	**-**	(417,000)
Payment of stockholders loans	**-**	(500,000)
Payment of initial public offering costs	**-**	(3,476,060)
Proceeds from issuance of common stock	**-**	32,504,055
Proceeds from exercise of stock options and warrants	**10,000**	782,604
Net cash (used in) provided by financing activities	**$ (87,333)**	$28,814,229
Effect of exchange rate changes on cash and cash equivalents	**161,239**	62,301
Net (decrease) increase in cash and cash equivalents	**$ (1,654,399)**	$ 5,053,940
Cash and cash equivalents at beginning of year	**5,300,833**	246,893
Cash and cash equivalents at end of year	**$ 3,646,434**	$ 5,300,833

See independent auditors' report and accompanying notes.

Aqua Bounty Technologies, Inc.

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

Year ended December 31	**2007**	2006
Supplemental cash flow information		
Non-cash financing and investing activities		
Conversion of notes payable to common stock	-	$2,368,872

See independent auditors' report and accompanying notes.

Notes to Consolidated Financial Statements

December 31, 2007

1. NATURE OF BUSINESS AND ORGANIZATION

Nature of Business

Aqua Bounty Technologies, Inc. (the ñParentò) 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 salmon that are expected to exhibit growth rates substantially faster than natural growth rates.

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 late 2004, the U.S. Subsidiary commenced sales of the Companyõs first commercial product which is designed to increase the growth rate and disease resistance of shrimp. In October 2006, the U.S. Subsidiary was merged into the Parent and ceased to operate as a separate legal entity.

Initial Public Offering

In March 2006, the Company completed an initial public offering (ñIPOò or ñOfferingò) on the Alternative Investment Market (ñAIMò) of the London Stock Exchange (ñLSEò). In connection with the IPO, the Company sold 12,692,710 shares of common stock at a price of $2.56 (1.48 GBP (Great Britain Pounds)) which generated gross proceeds of $32,504,055. Costs incurred in connection with the IPO totaled approximately $4,413,649, resulting in gross proceeds of $28,090,406.

Basis of Consolidation

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

Aqua Bounty Technologies, Inc.

Notes to Consolidated Financial Statements

December 31, 2007

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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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. 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, 2007 and 2006 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.

Notes to Consolidated Financial Statements

December 31, 2007

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 (SRED) 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 Companyὂs 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. Depreciation is computed using the straight-line method over the estimated useful lives of the assets for buildings and leasehold improvements and the declining balance method for all other assets.

Notes to Consolidated Financial Statements

December 31, 2007

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

The estimated useful lives and percentages for declining balance utilized are as follows:

Building	25 years
Laboratory equipment	30 percent
Office furniture and equipment	20 percent
Leasehold improvements	3 years or the term of the lease, if shorter
Vehicle	30 percent

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.

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 period. Basic net loss is based solely on the number of common shares outstanding during the period. 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 common share.

Stock-Based Compensation

On January 1, 2006, the Company adopted 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) supersedes the Companyôs previous accounting under Accounting Principles Board (ñAPBò) Opinion No. 25, *Accounting for Stock Issued to Employees* (ñAPB 25ò), which was utilized for all periods prior to January 1, 2006.

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Companyôs 2006 fiscal year. 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 expense over the requisite service period in the Companyôs statement of operations.

The Company used the Black-Scholes option-pricing model (Black-Scholes) as its method of valuation under SFAS 123(R) in 2007. 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 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.

Notes to Consolidated Financial Statements

December 31, 2007

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

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.

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (ñFASBò) 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 is evaluating the potential impact of the implementation of SFAS 159 on its financial position and results of operations.

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 is evaluating the potential impact of the implementation of SFAS 157 on its financial position and results of operations.

In June 2006, FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109* (the ñInterpretationò). The Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterpriseӘs financial statements in accordance with FASB Statement No. 109, ñAccounting for Income Taxes.ò The Interpretation 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. The Interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation is effective for fiscal years beginning after December 15, 2006. On December 31, 2007, 2004 and 2005 are the tax years that remain subject to examination by major tax jurisdictions and 2006 and 2007 are tax years with filing of tax returns due. There is no cumulative effect of the change on retained earnings in the statement of financial position as of January 1, 2007, the date of adoption and there are no unrecognized tax benefits at the beginning and at the end of the accounting period. All material tax positions are concluded as ñhighly certainò. Management does not expect any significant increase or decrease to the unrecognized tax benefits within 12 months of December, 2007.

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.

Financial Instruments

The carrying amounts of the Companyôs financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, notes payable to shareholders and certain long- term debt approximate their fair values as of December 31, 2007. As further described in Note 12, 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 $76,920 (2006- $22,335).

5. CONTRIBUTIONS RECEIVABLE

The Canadian Subsidiary has periodically received funding commitments from various Canadian local, regional and federal government agencies (Note 12).

The Company was awarded a grant from the National Institute of Science and Technology (NIST), a federal agency of the United States, in September 2003. The grant was made under NISTôs Advanced Technology Program which provides funding to support the development of early-stage, innovative technologies. The scope of work and budget incorporated into the award covers a three year period with the total amount of federal funding targeted at $528,417, $600,867, and $550,716 for the twelve month contract periods ending September 30, 2004, 2005 and 2006 respectively. The Company was required to contribute in direct costs a total of $149,167, $169,619, and $155,462 during the same periods, respectively. During 2006, the Company recognized $416,912 in contributions. The program concluded in 2006.

6. MARKETABLE SECURITIES

The following is a summary of marketable securities at December 31, 2007:

	Cost	**Gross unrealised gains**	**2007 estimated fair value**	**2006 estimated fair value**
Corporate bonds due in 91 ï 365 days	$9,898,196	$40,036	$9,938,232	$14,839,507
Corporate bonds due in 90 days or less	846,513	1,335	847,848	1,595,325
Asset backed securities due in one year or less	3,238,824	4,186	3,243,010	1,746,100
Guaranteed investment contract	5,263	-	5,263	1,498,639
Total marketable securities	$13,988,796	$45,557	$14,034,353	$19,679,571
Marketable securities included in cash and cash equivalents	846,513	1,335	847,848	1,595,325
Marketable securities	$13,142,283	$44,222	$13,186,505	$18,084,246

6. MARKETABLE SECURITIES (cont'd)

Interest income of $1,051,598 (2006 - $991,848), unrealized gains of $44,222 (2006 - $6,215), and unrealized losses of nil (2006 - $272) were recognized during 2007. The unrealized gains on investments in corporate bonds and asset-backed securities at December 31, 2007 were generated from 22 and 4 securities, respectively.

7. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are summarized as follows:

	2007	2006
Land	$ 102,699	$ 87,416
Building	1,493,315	1,271,088
Laboratory equipment	1,676,334	1,318,808
Office furniture and equipment	645,660	434,573
Leasehold improvements	225,824	163,335
Vehicle	11,203	9,536
	$ 4,155,035	$ 3,284,756
Less accumulated depreciation	2,271,204	1,756,812
	$ 1,883,831	$ 1,527,944

8. PATENTS AND LICENSES

The Company has capitalized a total of $435,858 related to patents. Amortization expense for 2007 was $14,550 (2006 - $76,634). Estimated amortization expense for 2008 is $29,549 and $27,938 per year for each of the next four years. Accumulated amortization at December 31, 2007 was $217,750 (2006 - $203,200).

The Company has capitalized a total of $45,000 related to licenses. Amortization expense for 2007 was $4,034 (2006 - $3,125). Estimated amortization expense for each of the next five years is $3,125 per year. Accumulated amortization at December 31, 2007 was $25,284 (2006 - $21,250).

9. DEFERRED OFFERING COSTS

The Company incurred certain direct costs, principally fees billed by professional service providers, totaling $3,476,060 in 2006 (2005 - $937,589) prior to completion of the IPO. Following completion of the IPO, the total deferred offering costs of $4,413,649 were recognized as a direct offset to paid in capital. In 2006, the Company issued 507,708 warrants to one of the placement agents associated with the IPO. The warrants are exercisable at $2.56 (1.48 GBP) per share of common stock and expire in March 2011. The fair value of these warrants totaled $639,712 and was recognized as a direct offset to paid in capital in 2006.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include the following at December 31, 2007 and 2006:

	2007	2006
Accounts payable	$ 277,674	$ 344,376
Accrued payroll including vacation	511,647	110,384
Accrued taxes	10,750	-
Accrued research and development costs	64,445	74,343
Accrued professional fees	192,151	227,803
Accrued other	85,502	-
	$ 1,142,169	$ 756,906

11. NOTES PAYABLE TO SHAREHOLDERS

Prior to completing its IPO in March 2006, the Company consistently secured debt financing from shareholders to support its operations. These notes generally had extended maturity dates ranging between one and two years from the date of issuance. All outstanding notes payable to shareholders were either converted into shares of common stock or repaid prior to or following completion of the Company's IPO in March 2006.

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December 31, 2007

12. LONG-TERM DEBT

The current terms and conditions of long-term debt outstanding at December 31, 2007 and 2006 are as follows:

	2007	2006
EPEI loan in the amount of C$300,000, bearing interest at 7.50% and being repaid in monthly installments of principal and interest of C$3,543 through 2013.	$221,592	$210,208
EPEI loan in the amount of C$300,000, bearing interest at 7.25% and being repaid in monthly installments of principal and interest of C$2,072, and maturing in November 2009.	45,218	56,411
ACOA loan in the amount of C$151,382, non-interest bearing provided all payments are made as due, payable in quarterly installments of C$7,569 beginning August 2003 through May 2008.	15,320	39,121
ACOA loan in the amount of C$250,000, non-interest bearing provided all payments are made as due, payable in monthly installments of C$2,315 beginning January 2005 through December 2013.	168,660	167,490
TPC funding in the total amount of C$2,964,900 repayable in the form of royalties on revenues generated from the sale of transgenic-based growth enhanced fin-fish commercial products in an amount equal to 5.2% of gross sales, provided that 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.	3,000,479	2,553,965
	$3,451,269	$3,027,195
Less current portion	93,707	89,974
	$3,357,562	$2,937,221

Future maturities of long-term debt are as follows:

	Amount
2008	$ 93,707
2009	79,851
2010	59,858
2011	141,258
2012	387,806
Thereafter	2,688,789
	$3,451,269

12. LONG-TERM DEBT (cont'd)

Enterprise PEI

Enterprise PEI (EPEI) 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 Companyôs 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 (ACOA) 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 (TPC) 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 $3,000,479 which is currently presented as being repayable beginning in 2011. 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 2011. In addition, the Company will have no further repayment obligations after June 30, 2014 even if the total amount of $3,000,479 has not been repaid as of such date.

13. 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.

Convertible Preferred Stock

In connection with the completion of its IPO, the Company issued 13,309,607 shares of common stock as a result of the conversion on a one for one basis of 13,309,607 shares of the Preferred Stock then 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, 2007, the Company has reserved 7,700,153 shares of common stock for the exercise of options and warrants.

Recent Issuances

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.

In 2006, the Company received proceeds of $769,249 in connection with the exercise of warrants to purchase 983,593 shares of common stock.

In 2006, the Company received proceeds of $13,355 in connection with the exercise of options to purchase 195,545 shares of common stock.

On March 20, 2006, the Company completed its IPO on the AIM Market of the LSE. In connection with the IPO, the Company sold 12,692,710 shares of common stock at a price of $2.56 (1.48 GBP) which generated gross proceeds of $32,504,055 (18,785,214 GBP). Cash expenses incurred in connection with the IPO totaled $4,413,649, resulting in net proceeds to the Company of $28,090,406.

13. STOCKHOLDERS ' EQUITY (cont'd)

In 2006, the Company issued 6,196 shares of common stock as part of the compensation package for the Chairman of the Board of Directors. The Company recorded a charge of $15,882 in connection with the issuance.

In 2006, the Company issued 366,732 shares of common stock in connection with the conversion of Secured Notes then outstanding, totaling $250,000 in principal amount and $36,814 of accrued interest. The principal and accrued interest was converted into common stock at a conversion price of $0.78.

In 2006, the Company issued 806,316 shares of common stock in connection with the conversion of Secured Convertible Promissory Notes then outstanding, totaling $1,041,029. The principal amount was converted into common stock at a conversion price that was equal to 50% of the price that common shares were sold for in the IPO.

In 2006, the Company issued 13,309,607 shares of common stock in connection with the conversion of all shares of Preferred Stock then outstanding on a one for one basis.

Warrants

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

	Number of Warrants	**Weighted-Average Exercise Price**
Outstanding at December 31, 2005	2,817,912	$0.76
Issued	507,708	2.56
Exercised	(983,593)	0.78
Outstanding at December 31, 2006	2,342,027	$1.15
Issued	-	-
Exercised	-	-
Outstanding at December 31, 2007	2,342,027	$1.15

At December 31, 2007, warrants outstanding and information regarding their exercise price and expiration were 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
836,429	$0.72	2012
2,342,027	$1.15	

13. STOCKHOLDERS ' EQUITY (cont'd)

Recent Issuances

In 2006, upon the completion of its IPO, the Company issued 507,708 warrants to one of the placement agents associated with the IPO (Note 9).

In 2006, the Company received proceeds of $769,249 in connection with the exercise of warrants to purchase 983,593 shares of common stock.

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 following table summarizes stock-based compensation costs recognized in the Companyôs consolidated statement of operations for the year ended December 31, 2007 and 2006:

	2007	2006
Research and development	$45,155	$987,546
Sales andmarketing	10,837	-
General administrative	346,976	1,450,303
Total	$402,968	$2,437,849

The fair market values of stock options granted to employees, Board of Directors and non-employees during 2007 and 2006 were measured on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	2007	2006
Expected volatility	94%	50%
Risk free interest rate	5.1%	4.7%
Expected dividend yield	0%	0%
Expected lives (in years)	5.0	3.5-4.0

13. STOCKHOLDERS' EQUITY (cont'd)

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 Companyǿs 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.

As part of the requirements of SFAS 123(R), the Company is required to estimate potential forfeitures of stock grants and adjust compensation cost accordingly. The estimate of forfeitures will be adjusted over the requisite service period to the extent that actual forfeitures differ from such estimates. Changes in estimated forfeitures will be recognized through a cumulative adjustment in the period of change and will also impact the amount of stock compensation expense to be recognized in future periods.

Employee & Board of Directors Options:

The Companyǿs option activity under the Plan is summarized as follows:

	Number of Options	Weighted-Average Exercise Price
Outstanding at December 31, 2005	4,270,000	$0.25
Issued	975,546	0.26
Exercised	(195,545)	0.07
Expired	(105,000)	0.43
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
Exercisable at December 31, 2007	5,014,168	$0.29

13. STOCKHOLDERS ' EQUITY (cont'd)

The following table summarizes information about options outstanding and exercisable at December 31, 2007:

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	714,001	2.6	714,001	$0.01
$0.20	3,840,000	4.3	3,840,000	$0.20
$0.60	90,000	6.3	-	$0.60
$0.65	706,000	9.5	114,167	$0.65
$1.00	160,000	0.3	160,000	$1.00
$2.50	186,000	2.7	186,000	$2.50
	5,696,001		5,014,168	$0.29

The weighted average fair value of employee and Board of Directors stock options granted in 2007 was $0.79 (2006 - $2.38). The total intrinsic value of options exercised in 2007 was $24,650 (2006 - $379,084).

The following table summarizes non-vested stock option activity during 2007:

	Number of Options	Weighted-Average Grant-Date Fair Value
Non-vested at December 31, 2005	195,000	$0.63
Issued	975,546	2.35
Vested	(984,546)	2.29
Expired	-	0.00
Non-vested at December 31, 2006	186,000	$0.87
Issued	681,833	0.60
Vested	(186,000)	0.87
Expired	-	0.00
Non-vested at December 31, 2007	681,833	$0.60

At December 31, 2007, the balance of unearned stock-based compensation to be expensed in future periods related to unvested share-based awards is $199,038. The period over which the unearned stock-based compensation is expected to be earned is approximately five years.

13. STOCKHOLDERS ' EQUITY (cont'd)

Recent Issuances

During 2007, the Company granted options to purchase 980,000 (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.

In March 2006, commensurate with the completion of its IPO, the Company entered into an agreement with its Chief Executive Officer and its Chief Scientific Officer. Under the terms of the agreement, each officer agreed to exchange their options to purchase 1,800 shares of its U.S. Subsidiary at an exercise price of $0.20 per share for options to purchase 387,273 shares of the Company at an exercise price of $0.01 per share. In addition, the Company issued 75,000 options at an exercise price of $0.01 pursuant to an employment agreement. The Company recorded non-cash stock-based compensation charges of $1,975,092 related to the issuance to its Chief Executive Officer and its Chief Scientific Officer and $191,250 related to the issuance under the employment agreement.

In 2006, prior to the completion of its IPO, the Company granted 30,000 options at an exercise price of $0.20 and recorded a non-cash stock-based compensation charge of $18,600 related to the issuance. In June 2006, the Company issued 96,000 options at an exercise price of $2.50 under the terms of its service agreement with non-executive directors. The Company recognized a non-cash stock-based compensation charge of $ 52,800 in 2006 for these options which vest over a one year period.

Non-Employee Options:

The Company's option activity is summarized as follows:

	Number of Options	Weighted-Average Exercise Price
Outstanding at December 31, 2005	232,919	$0.28
Granted	170,000	0.20
Outstanding at December 31, 2006	402,919	$0.25
Granted	10,000	0.20
Outstanding at December 31, 2007	412,919	$0.25
Exercisable at December 31, 2007	412,919	$0.25

13. STOCKHOLDERS' EQUITY (cont'd)

The following table summarizes information about options outstanding and exercisable at December 31, 2007:

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	4.6	380,000	$0.20
$0.78	32,919	1.9	32,919	$0.78
	412,919		412,919	$0.25

The weighted average fair value of non-employee stock options granted in 2006 was $0.56. The total intrinsic values of options exercised in 2006 were nil. No non-employee stock options were exercised in 2007.

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.

14. INCOME TAXES

As of December 31, 2007, the Company has net domestic operating loss carryforwards of approximately $23,000,000 to offset future federal taxable income and federal research and development tax credit carryforwards of approximately $15,000 to offset future federal taxable income, which expires at various times through the year 2027. 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 $8,442,703 and foreign investment tax credits of approximately $2,397,876 at December 31, 2007, which expire through 2013 and 2016, respectively. 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 Companyös deferred tax assets.

Significant components of the Companyös deferred tax assets and liabilities are as follows:

	2007	**2006**
Deferred tax assets:		
Net operating loss carryforwards	$ 11,631,906	$ 9,633,322
Federal research and development tax credit carryforwards	2,641,757	2,419,752
Fixed assets	188,901	136,859
Accounts receivable and other	180,866	147,849
Stock options	2,107,658	1,946,472
Accrued royalties	24,000	24,000
Accrued vacation	77,324	23,545
Capital loss carryforward	60,378	58,481
Intangible assets	17,921	10,930
Total deferred tax assets	$16,930,711	$14,401,210
Valuation allowance	(16,912,189)	(14,382,688)
Net deferred tax assets	$ 18,522	$ 18,522
Deferred tax liabilities:		
Intangible assets	-	-
Other accruals	(18,522)	(18,522)
Net deferred taxes	$ -	$ -

The valuation allowance increased by $2,529,501 during 2007, due primarily to the change in net domestic operating loss carryforwards.

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15. 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 is required to purchase $2.3 million of material in each of 2007 and 2008. The Company is dependent on the supplier of this material as it does not presently have any other sources from which it can 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 is 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.

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
2008	$204,021
2009	165,596
2010	158,132
Thereafter	80,437
	$608,186

Total rent expense under non-cancelable operating leases was $207,818 (2006 - $138,737).

License Agreements

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

15. COMMITMENTS AND CONTINGENCIE S (cont'd)

The license agreement with HSC Research and Development, L.P. and Genesis Group, Inc. relates to the Companyȇs 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.

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 is required to submit a written report of its findings on potential commercialization at the conclusion of the option period.

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 in an amount equal to 5.2% of gross sales. 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.

16. RELATED PARTY TRANSACTIONS

Officers & Employees

At December 31, 2007 the Company is owed $15,299 (2006 - $15,229) from an officer of the Company. The balance has no formal terms of repayment and is non-interest bearing.

In October 2004, the Company borrowed $28,000 from an officer of the Company. Interest at an annual rate of 8% totaled $577 in 2006. The principal amount plus accrued interest was repaid in 2006.

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16. RELATED PARTY TRANSACTIONS (cont'd)

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 2007, pursuant to the agreement, shared services income was $16,625 (2006 - $31,329) which is offset to the applicable expense in general and administrative expenses in the consolidated statements of operations. As at December 31, 2007 the amount due from A/F Protein Inc. in relation to the shared service charges was $42,846 (2006 - $37,225). The Company has set-up a reserve against the balance owed in the amount of $38,194 (2006 ï nil).

At December 31, 2007 the Company owed a balance of $4,652 (2006 - $2,668) to A/F Protein, Inc. related to Canadian government tax credit payments. There are no formal terms of repayment and the amount is non-interest bearing.

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]	
	2007	**2006**	**2007**	**2006**
US and Puerto Rico	$ 427	$ 2,688	$ 713,335	$ 459,447
Canada	206	4,874	1,537,342	1,397,948
Mexico	255,009	147,563	-	-
Ecuador	-	63,857	-	-
Chile	10,637	2,370	-	-
Vietnam	12,549	-	-	-
Other	3,260	4,417	-	-
	$282,088	$225,769	$2,250,677	$1,857,395

[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.