

25 September 2012

AquaBounty Technologies, Inc.
(“AquaBounty” or “the Company”)

Interim results for the six months ended 30 June 2012

AquaBounty 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 2012.

Ron Stotish, Chief Executive Officer of AquaBounty, commented:

“It has been two years since the public hearings in September 2010 where the FDA stated that our AquaAdvantage[®] Salmon was safe as food, safe to the fish and safe to the environment. In May 2012, we were encouraged when the FDA Commissioner was quoted as saying that they would very soon publish the Environmental Assessment (“EA”) – the final key event prior to the granting of approval of our application. Four months later, the EA has not yet been published.

“The Company has not been provided any update on the status of the application by the FDA. As previously reported, AquaBounty has received acceptance letters for all of the major technical sections of its application. We therefore believe that reasons other than the science-based evaluation of the application are impeding its approval. We are frustrated and disappointed in the delay, and we feel that the FDA and the U.S. administration have a responsibility to inform us why they have not yet released the EA and moved forward our application.

“We continue to pursue all avenues and remain confident that, were approval to be received, the market potential for this product and AquaBounty’s other biotechnology-based solutions would be substantial.”

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Financial and operational summary

- Raised \$2.0 million via a placing of shares with existing shareholders
- Implemented a reorganization to reduce operating costs by 30%, providing sufficient funds until early 2013
- Net loss reduced to \$2.4 million (H1 2011: \$2.8 million), including a restructuring charge of \$0.1 million
- Cash and marketable securities at 30 June 2012 were \$1.6 million (31 December 2011: \$1.6 million)
- U.S. Senate rejected an amendment demanding further study of AquaAdvantage[®] Salmon (“AAS”) as a pre-requisite for the U.S. Food and Drug Administration (“FDA”) granting approval

FDA approval

In AquaBounty’s preliminary results announcement of 29 May 2012, the Company stated that it believed the next stage in the approval process for its New Animal Drug Application (“NADA”) would be the publication by the FDA of an Environmental Assessment (“EA”) for AAS, followed by a period for public comment, which would occur imminently. This expectation was supported by public assurances from the Commissioner of the FDA. The Company regrets to report that the publication of the EA has not occurred and it has not been informed of the status of its NADA. AquaBounty continues to pursue its approval and to prepare for entering the commercialization phase once granted.

On 24 May 2012, the U.S. Senate defeated an amendment that would have required the National Oceanic and Atmospheric Administration to conduct an additional study into the environmental and economic impact of AAS before the FDA could grant approval. The amendment, which was filed by Senator Lisa Murkowski (R-Alaska) on 17 May 2012, received only 46 of the requisite 60 votes for it to be adopted. The Company believes the rejection of this amendment demonstrates the Senate’s support for the FDA and the understanding that Congress should not intervene in the federal agency’s scientific process of approving applications.

Financial review

On 22 March 2012, AquaBounty completed a limited fundraising of \$2.0 million by means of an equity placing to certain existing shareholders. In conjunction with this transaction, the Company implemented a restructuring of its operations to reduce costs by 30%, including the spin-off and sale of its research group to Tethys Ocean, B.V., AquaBounty’s largest shareholder. The new funding, combined with the reduction in costs, will allow the Company to continue operations until early 2013.

Consequently, operating expenses for the six month period were slightly lower at \$2.4 million (H1 2011: \$2.8 million), which includes a restructuring charge of \$0.1 million. Cash used in the first half of 2012 was significantly lower than the comparable period in 2011 at \$1.8 million (H1 2011: \$2.4 million). AquaBounty ended the first half of 2012 with cash and marketable securities of \$1.6 million (31 December 2011: \$1.6 million).

Outlook

The Company continues to pursue the approval of its New Animal Drug Application. Whilst it has not been informed of the status of its application, AquaBounty is hopeful that progress will be made. The Board is conscious, however, that the Company's cash resources will need to be supplemented before year-end and is currently considering options for raising further working capital, subject to shareholders' approval.

Looking ahead, were AquaBounty to receive FDA approval, the Company's growth prospects would be significant. Aquaculture continues to grow more rapidly than other food-producing sectors. According to the United Nations Food and Agriculture Organization, 82% of global fish stocks are overexploited, depleted or endangered. With world population and demand for fish protein increasing, sources of supply are under ever increasing pressure. The Company believes that biotechnology-based solutions, such as its AAS, can assist in overcoming this shortfall by enabling a new and sustainable production system. As a result, the potential market for AAS and other AquaBounty products is substantial.

AquaBounty Technologies, Inc.
CONSOLIDATED BALANCE SHEETS

As at June 30	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,571,263	\$ 1,989,057
Marketable securities	14,008	1,821,435
Other receivables	15,250	49,992
Prepaid expenses and other assets	207,409	258,593
Total current assets	1,807,930	4,119,077
Property, plant and equipment	1,143,039	1,355,780
Definite lived intangible assets	65,357	86,704
Indefinite lived intangible assets	191,800	191,800
Other assets	38,964	108,311
Total assets	\$ 3,247,090	\$ 5,861,672
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 439,182	\$ 512,787
Current portion of long-term debt	67,944	68,555
Total current liabilities	507,126	581,342
Deferred rent	-	7,456
Long-term debt, net of current portion	1,674,463	3,993,376
Total liabilities	2,181,589	4,582,174
Stockholders' equity:		
Common stock, \$0.001 par value, 200,000,000 shares authorized; 102,058,838 (2011 - 68,554,382) shares outstanding	102,059	68,554
Additional paid-in capital	71,521,645	69,584,326
Accumulated other comprehensive loss	(643,784)	(783,165)
Accumulated deficit	(69,914,419)	(67,590,217)
Total stockholders' equity	1,065,501	1,279,498
Total liabilities and stockholders' equity	\$ 3,247,090	\$ 5,861,672

AquaBounty Technologies, Inc.**CONSOLIDATED STATEMENTS OF OPERATIONS**

Six months ended June 30	2012	2011
Costs and expenses:		
Sales and marketing	\$ 317,837	\$ 353,419
Research and development	924,706	1,081,432
General and administrative	1,032,438	1,325,124
Restructuring costs	93,780	-
Total costs and expenses	2,368,761	2,759,975
Operating loss	(2,368,761)	(2,759,975)
Interest income (expense), net	(4,996)	825
Net loss	\$ (2,373,757)	\$ (2,759,150)
Basic and diluted net loss per share	\$ (0.03)	\$ (0.04)
Weighted average number of common shares - basic and diluted	90,966,215	68,360,746

AquaBounty Technologies, Inc.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Six months ended June 30	2012	2011
Operating activities		
Net loss	\$ (2,373,757)	\$ (2,759,150)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	132,784	105,403
Share-based compensation	112,247	133,464
Amortization of discount on marketable securities	(8)	57,757
Loss on write-off of laboratory assets	5,775	-
Changes in operating assets and liabilities:		
Other receivables	99,671	56,524
Prepaid expenses and other assets	22,828	15,100
Accounts payable and accrued liabilities	(58,927)	(152,180)
Net cash used in operating activities	(2,059,387)	(2,543,082)
Investing activities		
Purchases of equipment	(22,435)	(34,702)
Purchases of marketable securities	(124,993)	(511,428)
Maturities of marketable securities	125,077	2,247,593
Payment of patent costs	(14,304)	(14,354)
Net cash provided by (used in) investing activities	(36,655)	1,687,109
Financing activities		
Repayment of long-term debt	(33,849)	(33,327)
Proceeds from issuance of debt	329,208	294,107
Proceeds from the issuance of common stock, net	1,742,478	-
Proceeds from exercise of stock options	-	3,873
Net cash provided by financing activities	2,037,837	264,653
Effect of exchange rate changes on cash and cash equivalents	(1,512)	3,188
Net decrease in cash and cash equivalents	(59,717)	(588,132)
Cash and cash equivalents at beginning of year	1,630,980	2,577,189
Cash and cash equivalents at end of period	\$ 1,571,263	\$ 1,989,057