Aqua Bounty Technologies, Inc.
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

Aqua Bounty Technologies, Inc. (AIM: ABTX), a biotechnology company that develops products to manage health and increase productivity in the fast-growing aquaculture sector, announces its interim results for the six months ended 30 June 2006.

Chairman's Statement

This is Aqua Bounty's first interim report as a listed company and covers the first half of 2006, being the combination of our final quarter as a privately held corporation and our first quarter as a public company. We are pleased to report that the Company has made encouraging progress in this brief period.

The balance sheet has been greatly strengthened by the funds provided by our new shareholders who participated in the initial public offering in March. This is now being used to strengthen the management team, build the sales structure in key territories and develop products in the pipeline. Although recent sales activities have not yet begun to be reflected in the results, I am pleased to report that most of our strategic milestones are being achieved as planned.

The net loss of $5.8 million (2005: $1.8 million) includes two large non-recurring, non-cash charges totalling $3.8 million (see Note 6). Operating expenses have risen by 42% to $ 2.6 million for the half year (2005: $1.8 million) and mainly reflect recent increases in marketing, regulatory compliance and R&D. Sales of $50,037 (2005: $291,607) have been affected by a reduction in Shrimp IMS sales to our distributor in Mexico who has drawn down inventories purchased last year in anticipation of expansion into Brazil, where product registration has been delayed due to revisions of the local regulations. Overall Directors' expectations for sales potential remain on track, albeit with approximately a six to nine month delay in revenue receipts primarily due to regulatory requirements and the necessity for commercial field trials in each new territory. Recent commercial introductions in Ecuador and Peru have been made and sales have been initiated in these territories. In general, Shrimp IMS sales have a seasonal cycle, with the second half contributing to the majority of annual revenues.

Progress has been made in strengthening the management team and establishing alliances in our target markets:

- We have submitted IMS Registration packages to ten major shrimp producing countries where rapid approvals are likely: two in Asia (Indonesia, Malaysia) and eight in Latin America (Belize, Colombia, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Venezuela). The identification of commercial partners in each of these territories has begun and extensive field trials to be paid for by the prospective licensees are expected for the fourth quarter.
- Two new sales executives have been appointed and have started work in South America and Asia. They have established new distributor agreements for IMS in Ecuador and are negotiating contracts for distribution in Panama and Brazil.
- Commercial-level field trials of IMS continue to demonstrate its efficacy. Most recently, a controlled trial in Ecuador at the national demonstration site (CENAIM) resulted in improved survival of between 27% and 47%, and an average increase in profitability of 32% for farmers.

- The company has been selected by the Fisheries Inspection and Veterinary Agency of the Government of Vietnam to supply shrimp disease diagnostic kits to its national laboratory network with initial sales generated in the second quarter.

Development work on products in the pipeline includes the following:

- Final food safety and molecular characterization studies for *AquAdvantage* advanced hybrid salmon have been submitted to the US Food and Drug Administration following the Agency's review of previously submitted studies. We consider this encouraging progress by the Agency toward completing its review of AquAdvantage Salmon.
- Development of ABT's second shrimp health product, the White Spot Virus inhibitor VPX, continues with a commercial-size field trial scheduled for November per anticipated schedule.
- A major new shrimp bio-assay facility has been added to our San Diego laboratory complex, enabling simultaneous optimization studies for shrimp health products that previously could only be developed consecutively.
- Two additional scientists have been added to the product development team, specifically to work on salmon antifungals and antimicrobials for which the Company has received a grant.

Aqua Bounty's near-term commercial focus remains firmly fixed on creating an effective structure to market our products and ensure good quality control procedures by our distributors. In the shrimp industry, this generally requires a period of several months between the identification of a distributor and the onset of commercial sales; with the interim devoted to local field demonstration trials and ensuring that the active ingredient (IMS) is properly added to the shrimp feed.

Expenditures for the year are expected to be in line with plans made at the beginning of the year. The funds currently available amount to US$25.8 million and it is worth noting that 80% of the long term debt is repayable only in the form of royalties from the sale of certain fin-fish products. Revenues for the year will be highly dependent on the rate at which the procedures described above are satisfactorily completed. Excluding the non-cash charges, net operating loss for the year and the net cash outflow are not anticipated to differ significantly from the Directors' expectations at the beginning of the year.

R J Clothier

Aqua Bounty Technologies, Inc.
Consolidated Balance Sheets
June 30, 2006 and 2005

	June30, 2006 (unaudited)	June30, 2005 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$10,726,879	$ 133,585
Short term investments	15,110,812	-
Accounts receivable	58,366	113,798
Due from officers and related parties	44,942	33,261
Prepaid expenses and other	737,933	193,902
Total current assets	26,678,932	474,546
Property and equipment, net	1,504,642	1,442,961
Other assets	337,599	268,558
Total assets	$28,521,173	$2,186,065
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable and accrued expenses	$794,339	$1,171,258
Notes payable to shareholders	-	2,137,563
Due to related parties	2,096	38,611
Current portion of long-term debt (Note 3)	96,434	120,220
Total current liabilities	892,869	3,467,652
Long-term debt (Note 3)	3,091,371	2,912,700
Stockholders' equity (deficit) (Note 4)		
Common stock, $.001 par value, 80,000,000 shares authorized; 49,791,136 and 12,442,252 shares outstanding at June 30, 2006 and 2005, respectively	49,791	12,442
Convertible preferred stock, $.01 par value, 40,000,000 shares authorized; 13,309,604 shares outstanding at June 30, 2005, aggregate liquidation value $9,569,492	-	133,096
Additional paid-in capital	63,895,811	23,530,095
Accumulated other comprehensive loss	(484,385)	(436,007)
Accumulated deficit	(38,924,284)	(27,433,913)
Total stockholders' equity (deficit)	24,536,933	(4,194,287)
Total liabilities and stockholders' equity (deficit)	$ 28,521,173	$2,186,065

Aqua Bounty Technologies, Inc.

Consolidated Statements of Operations

For the six months ended June 30, 2006 and 2005

	Six Month Period Ending June 30, 2006 (unaudited)	Six Month Period Ending June 30, 2005 (unaudited)
Revenues and grants:		
Sales of product (Note 2)	**$50,037**	**$291,607**
Research and development grants	**228,266**	**195,028**
Total revenues and grants	**278,303**	**486,635**
Costs and expenses:		
Cost of goods	**20,870**	**129,414**
Sales and marketing	**104,773**	**78,047**
Research and development	**1,267,749**	**1,107,320**
General and administrative expense	**1,170,249**	**494,280**
Stock-based compensation expense (Note 5)	**2,747,582**	**15,500**
Total costs and expenses	**5,311,223**	**1,824,561**
Operating loss (Note 6)	**(5,032,920)**	**1,337,926**
Interest expense, net (Note 4)	**785,612**	**487,803**
Net loss	**$(5,818,532)**	**$(1,825,729)**
Basic and diluted net loss per share	**($ 0.17)**	**$(0.15)**
Weighted average number of common shares - basic and diluted	**33,741,918**	**12,442,252**

Aqua Bounty Technologies, Inc.
Consolidated Statement of Cash Flows
June 30, 2006 and 2005

	Six months ending June 30, 2006 (unaudited)	Six months ending June30, 2005 (unaudited)
Operating activities		
Net loss	$ (5,818,532)	$ (1,825,729)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	85,590	74,749
Stock and warrant compensation	2,747,582	15,500
Accretion of discount on notes to shareholders	33,410	277,109
Imputed interest on notes to shareholders	1,077,843	-
Changes in operating assets and liabilities:		
Accounts receivable	143,023	(77,133)
Due from officers and related parties	6,155	(19,052)
Other assets	(340,707)	83,550
Accounts payable and accrued expenses	(1,036,011)	308,397
Net cash used in operating activities	(3,101,647)	(1,162,609)
Investing activities		
Purchase of short term investments	(15,110,812)	-
Purchases of equipment	(66,981)	(14,167)
Payment of patent costs	(60,112)	(24,538)
Payment of license costs	(10,000)	-
Payment of offering costs	(3,475,790)	-
Other	(9,956)	(2,832)
Net cash used in investing activities	(18,733,651)	(41,537)
Financing activities		
Payment of long term debt	(70,407)	(70,436)
Proceeds from notes payable to shareholders	36,000	1,301,000
Payment of notes payable to shareholders	(917,000)	-
Investment tax credit receivable	(90,413)	(49,305)
Proceeds from issuance of common stock	32,504,056	-
Proceeds from exercise of stock options and warrants	782,603	-
Notes from related parties	(37,274)	17,393
Net cash provided by financing activities	32,207,565	1,198,652
Effect of exchange rate changes on cash	107,719	(29,206)
Net increase (decrease) in cash and cash equivalents	10,479,986	(34,700)
Cash and cash equivalents, beginning of period	246,893	168,285
Cash and cash equivalents, end of period	$10,726,879	133,585

Aqua Bounty Technologies

Notes to the Financial Statements

1. Basis of Presentation

   The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States of America for interim financial information. Accordingly, these financial statements do not include all of the information and footnotes required in accordance with GAAP for complete financial statements.

   The consolidated financial statements include the accounts of Aqua Bounty Technology, Inc. and its wholly owned subsidiaries, Aqua Bounty Canada, Inc. and Aqua Bounty Pacific, Inc. The entities are collectively referred to herein as the “Company”. All inter-company transactions and accounts have been eliminated upon consolidation.

2. Sales of Product

   Under the terms of the agreement with one of its distributors, the Company receives additional revenue based on the sales price of product sold to the customers of the distributor. The Company has estimated that these additional amounts totaled approximately $32,000 for the six months ended June 30, 2006. However, these amounts were not recognized as revenue in the Company’s Statement of Operations pending formal confirmation of the amounts with the distributor.

3. Long Term Debt

   Long-term debt represents amounts due to various Canadian government agencies. Approximately $2.5 million of the balance is repayable in the form of royalties on revenues generated from the sale of transgenic-based growth enhanced finfish commercial products.

4. Stockholders’ Equity (Deficit)

   In March 2006, the Company completed an initial public offering (“IPO”) on the Alternative Investment Market (“AIM Market”) of the London Stock Exchange (“LSE”). In connection with the IPO, the Company sold 12,692,712 shares of common stock at a price of US$2.56 - £1.48 (Great Britain Pounds) which generated gross proceeds of $32,504,056 (£18,785,214). Costs incurred in connection with the IPO totaled $4,377,174, resulting in net proceeds to the Company of $28,126,882.

   During the period from October 2005 through January 2006, the Company entered into promissory note agreements with certain of its shareholders under which it borrowed a total of $1,041,029. These promissory notes were referred to as the IPO Notes because they were designed to provide working capital until the Company was able to complete its IPO. The terms provided that the IPO Notes would not bear interest but that the principal amount would be 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 connection with the IPO, the outstanding principal amount of $1,041,029 was converted into 806,326 shares of common stock. The Company recognized a non-cash interest charge of

$1,041,029 in the period ended June 30, 2006 representing the discounted value at which the IPO notes were converted into common stock.

5. Accounting for Stock-Based Compensation

Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 123(R), *"Share-Based Payment"* ("SFAS123R") using the modified prospective method under which the provisions of SFAS 123R are only applied to the consolidated financial statements on a prospective basis. Accordingly, the prior period results have not been restated. Under the fair value provisions of SFAS 123R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as an expense over the requisite service period or the expected performance period. Prior to the adoption of SFAS 123R, employee stock-based compensation was accounted for on an intrinsic value basis pursuant to Accounting Principles Board Opinion No. 25, *"Accounting for Stock Issued to Employees",* and related interpretations. Non-employee stock-based compensation is accounted for on a fair value basis in accordance with SFAS No. 123, Accounting for Stock Based Compensation, and related pronouncements.

In March 2006, commensurate with the completion of its IPO, the Company entered into an agreement with Elliot Entis, its Chief Executive Officer and Kurt Klimpel, 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, Aqua Bounty Pacific, 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 connection with the transaction, the Company recorded a non-cash stock-based compensation charge of $1,990,583 based upon application of the Black-Scholes valuation model, as required by US GAAP.

Non-cash stock compensation charges totaled $2,747,582 and $15,500 for the six months ended June 30, 2006 and 2005, respectively.

6. Non-Recurring and Non-Cash Expenses

As further described in Notes 4 and 5, the Company's operating results for the six months ended June 30, 2006 include certain non-recurring and non-cash expenses. The effect of those non-recurring and non-cash expenses is as follows:

Net loss for the six months ended June 30, 2006, as reported	$ (5,818,532)
Non-cash interest expense (see Note 4)	1,041,029
Non-cash stock compensation expense (see Note 5)	2,747,582
Net loss for the six months ended June 30, 2006, as adjusted for non-recurring and non-cash expenses	$ (2,029,650)