



NEPTUNE
technologies & bioresources

Third Quarterly Report
Ending February 28, 2007

EXECUTIVE ANALYSIS ON THE FINANCIAL SITUATION AND PRODUCTION RESULTS / EXECUTIVE COMMENTS AND ANALYSIS

This analysis is presented in order to provide the reader with an overview of the changes to the financial situation for Neptune Technologies & Bioresources Inc. ("Neptune" or "the Company") between May 31, 2006 and February 28, 2007. It also includes a comparison between the operational results, treasury flow and financial situation for the 3-month period ending February 28, 2007 and those from the 3-month period ending February 28, 2006.

This analysis, completed on April 19, 2007, must be read in conjunction with the Company's audited and consolidated financial statements as at May 31, 2006, presented in the last annual report. Neptune financial statements were produced in accordance with Generally Accepted Accounting Principles (GAAP). Company results are published in Canadian dollars. All amounts appearing in this executive analysis are in Canadian dollars, unless otherwise indicated.

OVERVIEW

Neptune's third quarterly report ending February 28, 2007 was dedicated to the marketing of its products in North America and Asia. Neptune also deployed development initiatives in the European and Australian market. To accomplish this, the Company participated in various tradeshows to promote its products and increase its presence in new markets to favour its growth. Neptune also maintains its new commercial approach aimed at building strategic alliances with potential partners in the nutraceuticals, functional and medical food markets, as well as the biopharmaceutical market.

During this last quarter, Neptune realised constant progresses in its negotiations with potential partners in the functional and biopharmaceutical markets.

The Company still capitalizes on the results of its clinical research and benefits to this day from scientific results that demonstrate the benefits of Neptune Krill Oil (NKO™) on various human conditions, such as those relating to skin cancer, premenstrual syndrome, elevated cholesterol levels, inflammation problems and attention deficit and hyperactivity disorder.

During the third quarter of the May 31, 2007 fiscal year-end, the Company generated sales of \$2.90M, as compared to \$1.75M for the quarter ending February 28, 2006, an increase of 66% over last year's corresponding quarter.

PRINCIPAL QUARTERLY FINANCIAL DATA

(In thousands of dollars, except per share data)

Fiscal Year Ending May 31, 2007

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	6,388	1,552	1,947	2,889	
EBITDA ⁽¹⁾	1,568	303	546	719	
Net Loss	1,189	286	449	454	
Loss per Share basic and diluted	0.034	0.008	0.013	0.013	

Fiscal Year Ended May 31, 2006

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	6,912	1,683	1,354	1,745	2,130
EBITDA ⁽¹⁾	1,049	342	245	235	227
Net Earnings (Net Loss)	(886)	(390)	(453)	665	(708)
Profit (Loss) per Share basic and diluted	(0.029)	(0.015)	(0.018)	0.021	(0.023)

Fiscal Year Ended May 31, 2005

	Total	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Sales Figures	4,838	1,117	1,171	1,176	1,374
EBITDA ⁽¹⁾	401	151	119	117	14
Net Loss	1,768	388	503	344	533
Loss per Share basic and diluted	0.069	0.015	0.020	0.013	0.021

⁽¹⁾ The EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is presented for information purposes only and represents a financial performance measurement tool mostly used in financial circles. Because there is no standard method endorsed by Canadian GAAP requirements, the results may not be compared to similar measurements presented by other public companies. Neptune obtains its EBITDA measurement by adding to net earnings, financial expenses, amortizations, income taxes and losses on exchange incurred during the fiscal year. Neptune also excludes the effects of non-monetary transactions recorded in the contributed surplus, such as stock option related compensation, for its EBITDA calculation.

In the third quarter ending February 28, 2007, the Company recorded an EBITDA of \$0.719M compared to \$0.235M in last year corresponding quarter ending February 28, 2006, an increase of 206%. The Company also reported non-cash stock options related compensation of \$0.887M for employees and non-employees for the quarter ending February 28, 2007 for a total of \$1.951M for the first nine month period of the current fiscal year. During the third quarter ending February 28, 2007, the Company has cancelled certain contracts that included stock option to non-employees. By doing so, the Company has significantly reduced for the years to come, the non-cash expenses related to the options granted to non-employees. These non-cash expense also relates to previous options granted as well as the performance related to the increase in the Company's share value. If we were to exclude these non-cash expenses, the Company would have realised a net profit of \$0.762M for the first nine months of the current fiscal year.

TREASURY FLOW AND FINANCIAL SITUATION

Operating Activities

During the third quarter ending February 28, 2007, the Company's operations generated a decrease in liquidities of \$0.377M, compared to a decrease of \$0.010M for the quarter ending February 28, 2006. The decrease of \$0.377 is due in large part to changes in the working capital items from one quarter to the other. The changes to the working capital items for the third quarter ending February 28, 2007 are mainly due to an increase in receivables in the amount of \$1.414M, a decrease in inventories totalling \$0.611M and a decrease in accounts payable amounting to \$0.347M, as compared to the second quarter ending November 30, 2006.

Investment Activities

During the third quarter ending February 28, 2007, the investment activities generated an increase in liquidities of \$0.884M. This increase is mainly due to short term deposits partial cash in for \$0.9760M less fixed and intangible assets additions for a total of \$0.092M.

Financing Activities

During the third quarter ending February 28, 2007, the financing activities generated a decrease in liquidities of \$0.185M. This decrease is mainly due to the reimbursement of the long term debt for an amount of \$0.241M less a small increase related to the issue of new shares following the exercise of stock options net of shares issue expenses for a total amount of \$0.055M.

Overall, taking the treasury flow into account, the Company increased its cash by 0.367M since November 30, 2006.

Financial Situation

The following table details the important changes to the balance sheets as at February 28, 2007 and May 31, 2006:

Accounts	Increase (Reduction) (In thousands of dollars)	Comments
Cash	509	See cash flow statement
Short term investment	2,574	Placement of part of the financing
Receivables	2,212	Increase in sales and credit terms extension
Inventory	626	Increase in both raw materiel and NKO inventories in order to secure increase in sales and production
Fixes assets	913	Plant acquisition
Accounts payable and accrued liabilities	(249)	Good management of payables
Long term debt	529	Financing of plant acquisition

PRIMARY ANNUAL FINANCIAL RATIOS

	February 28, 2007	May 31, 2006	May 31, 2005
Working Capital Ratio (current assets / current liabilities)	3.92	1.80	1.19
Solvency Ratio (Debt Capital/Shareholder Equity)	0.56	1.26	1.47

[†] including convertible debentures

Most of the Company's financial ratios improved for the quarter ending February 28, 2007, as compared to the year ended May 31, 2006. This was mostly due to the overall real performance of the Company and the issuance of capital stock.

The Company's contractual obligations, including payments due during the next 5 reporting periods and the following ones, are presented in the following table:

(In thousands of dollars)

Required payments per periods

Contractual Obligations	Required Payments per Period				
	Total	Less than one period	2 to 3 periods	4 to 5 periods	More than 5 periods
Long-term Debt*	4,428	985	1,860	927	656
Loans guaranteed by investments in rental contracts**	63	31	29	3	-
Other rental contracts	980	134	291	281	274
Total liabilities	5,471	1,150	2,180	1,211	930

* This amount is not reduced by the assigned to warrants and common shares.

** Including interest fees

Related Party Transactions

The transactions between related parties are described in note 2 "Related Party Transactions" of the Company's financial statements as at February 28, 2007.

Change in Accounting Policies

No changes in accounting policies since May 31, 2006.

Subsequent Events

There were no subsequent events of importance after February 28, 2007.

RISK FACTORS**Financial Risks**

Management intends to continue the careful management of risks relating to exports, foreign exchange, interest rates and sale prices for its merchandise.

The majority of the Company's accounts receivables are 90% guaranteed by insurers. U.S. currency is used for the majority of foreign transactions. For the time being at least, any exchange rate risk to the Company is mainly limited to the variation of the American dollar. Despite the fact that raw material purchases are currently handled in U.S. currency, Management also has the ability to financial instrument to minimize the exchange risk.

Product Liability

The Company acquires a \$5M liability insurance policy to cover civil liability relating to its products on a yearly basis. The Company also maintains a quality-assurance process that is QMP certified by the Canadian Food Inspection Agency (CFIA). Additionally, the Company has obtained *Good Manufacturing Practices* accreditation from Health Canada.

Prospective Statements

This Executive Analysis contains prospective information. Prospective statements include a certain amount of risk and uncertainty, and it is possible that the actual future results of the Company differ somewhat from those predicted. These risks include: the growth in demand for Company products, seasonal variations in customer orders, changes in pricing and availability for raw materials, and changes to economic conditions in Canada, the United-States and Europe (including changes to exchange and interest rates).

The Company based its analysis on the prospective statement information available at the time of drafting. The inclusion of this information should not be considered a declaration by the Company that the predicted results have been achieved.

Additional Information

Updated and additional Company information is available from the SEDAR Website at: <http://www.sedar.com>.

On April 19, 2007, the total number of common shares issued by the Company and in circulation was 36,634,246, and Company common shares were being traded on the TSX stock exchange in Toronto under the listing NTB.

/s/ Henri Harland
President and CEO

/s/ André Godin
Vice-president, Administration & Finance

Neptune Technologies & Bioresources inc.
Interim Consolidated Statement of Earnings
(unaudited)

	Three months ended		Nine months ended	
	2007	February, 28 2006	2007	February, 28 2006
			\$	\$
Sales	2,889,226	1,745,191	6,388,310	4,732,730
Cost of sales and operating expenses (excluding amortization and stock option related compensation)	2,108,677	1,680,499	4,614,078	3,938,293
Stock option related compensation	886,996	123,866	1,950,716	323,008
Research expenses	86,241	76,606	236,251	204,981
Financial expenses	146,299	282,273	429,440	879,173
Amortization	166,362	285,997	477,964	837,357
	3,394,575	2,449,241	7,708,449	6,182,812
Loss before the undernoted	(505,349)	(704,050)	(1,320,139)	(1,450,082)
Interest income	24,346	280	29,215	692
Foreign exchange gain (loss)	26,491	(30,793)	101,699	(127,603)
Gain on settlement of debentures	-	1,400,000	-	1,400,000
Net income (Net loss)	(454,512)	665,437	(1,189,225)	(176,993)
Basic and diluted earning (loss) per share	(0,013)	0,021	(0,034)	(0,006)
Weighted average number of shares outstanding	36,210,089	32,419,020	35,096,076	28,889,419

The accompanying notes are an integral part of the consolidated financial statements.

Neptune Technologies & Bioresources inc.
Interim Consolidated Statement of Deficit
Interim Consolidated Contributed Surplus
(unaudited)

Interim Consolidated Statement of Deficit

	Three months ended		Nine months ended	
	February, 28		February, 28	
	2007	2006	2007	2006
			\$	\$
Balance at the beginning of the period	(16,315,663)	(14,824,867)	(15,237,262)	(13,982,437)
Net income (Net loss)	(454,512)	665,437	(1,189,225)	(176,993)
Share issue expenses	(16,981)	(370,307)	(360,669)	(370,307)
Warrants issue - expenses	(172,869)	-	(172,869)	-
Balance at the end of the period	(16,960,025)	(14,529,737)	(16,960,025)	(14,529,737)

Interim Consolidated Contributed Surplus

	Three months ended		Nine months ended	
	February, 28		February, 28	
	2007	2006	2007	2006
	\$		\$	\$
Balance at the beginning of the period	2,235,836	544,529	1,172,116	345,387
Options exercised	(608,570)	(68,867)	(608,570)	(68,867)
Stock option related compensation – employees	371,138	56,327	1,049,514	162,893
Stock option related compensation – non-employees	515,858	67,539	901,202	160,115
Other stock-based compensation	-	282,000	-	282,000
Balance at the end of the period	2,514,262	881,528	2,514,262	881,528

The accompanying notes are an integral part of the consolidated financial statements.

Neptune Technologies & Bioresources inc.
Interim Consolidated Statement of Cash Flows
(unaudited)

	Three months ended		Nine months ended	
	February, 28		February, 28	
	2007	2006	2007	2006
			\$	\$
OPERATING ACTIVITIES				
Net loss	(454,512)	665,437	(1,189,225)	(176,993)
Non-cash items				
Amortization property and equipment	164,119	250,260	468,887	786,622
Amortization intangibles assets	2,243	35,737	6,728	50,735
Amortization of deferred financing costs	4,156	-	12,468	-
Capitalized interest on long term debt	-	119,495	-	499,565
Stock option related compensation – employees	371,138	56,327	1,049,514	162,893
Stock option related compensation – non-employees	515,858	67,539	901,202	160,115
Other stock-based compensation	-	282,000	-	282,000
Gain on settlement of debentures	-	(1,400,000)	-	(1,400,000)
Changes in operating assets and liabilities (note 3)	(980,319)	(86,546)	(2,930,120)	(771,456)
Cash flows from operating activities	(377,317)	(9,751)	(1,680,546)	(406,519)
INVESTING ACTIVITIES				
Acquisition of property and equipment	(71,624)	(11,451)	(982,484)	(16,544)
Acquisition of intangible assets	(20,642)	(17,738)	(44,561)	(70,739)
Decrease (increase) in short term deposits	976,435	-	(2,573,565)	-
Decrease (increase) in others assets	-	-	100,000	(10,977)
Cash flows from investing activities	884,169	(29,189)	(3,500,610)	(98,260)
FINANCING ACTIVITIES				
Increase (decrease) of bank loan	-	500,000	(40,000)	500,000
Increase of long-term debt - plant	-	-	855,000	-
Repayment of long-term debt	(240,555)	(19,120)	(452,690)	(96,502)
Repayment of debenture	-	1,000,000	-	1,000,000
Settlement of debentures	-	(1,350,137)	-	(1,350,137)
Issue of capital stock	-	698,719	4,500,000	1,267,700
Issue of capital stock upon exercise of options	72,406	-	170,664	-
Share issue expenses	(16,981)	(370,307)	(360,669)	(370,307)
Cash flows from financing activities	(185,130)	459,155	4,672,305	950,754
Net increase (decrease) in cash and cash equivalents	321,722	420,215	(508,851)	445,975
Cash and cash equivalents at the beginning of period	45,328	207,710	875,901	181,950
Cash and cash equivalents at the end of period	367,050	627,925	367,050	627,925

The accompanying notes are an integral part of the consolidated financial statements.

Neptune Technologies & Bioressources inc.
Interim Consolidated Balance Sheets
(unaudited)

	Unaudited February, 28 2007	Audited May 31, 2006
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	367,050	875,901
Short term deposits (3.5%)	2,723,565	150,000
Accounts receivable	3,695,989	1,484,063
Research tax credits receivable	57,047	109,858
Inventories	1,882,991	1,256,573
Prepaid expenses	61,339	137,438
	8,787,981	4,013,833
Property and equipment	4,370,740	3,457,394
Intangible assets	545,409	507,576
Other assets	22,541	135,009
	13,726,671	8,113,812
LIABILITIES		
Current liabilities		
Bank loan	-	40,000
Accounts payable and accrued liabilities		
Company controlled by an officer and director	38,352	9,901
Other	1,189,075	1,438,214
Short term portion of long term debt	1,015,488	742,571
	2,242,915	2,230,686
LONG-TERM DEBT (note 4)	3,475,407	2,946,263
	5,718,322	5,176,949
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock and warrants (note 5)	22,454,112	17,002,009
Contributed surplus	2,514,262	1,172,116
Deficit	(16,960,025)	(15,237,262)
	8,008,349	2,936,863
	13,726,671	8,113,812

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/s/ Henri Harland
President and Director

/s/ Michel Timperio
Administrator

Neptune Technologies & Bioresources inc.

Notes to Interim Financial Statements

February 28, 2007 (unaudited)

1 - INTERIM FINANCIAL INFORMATION

These interim consolidated financial statements as at February 28, 2007 are unaudited. They have been prepared by the Company in accordance with generally accepted accounting principles in Canada for interim information and use the same accounting policies as the consolidated financial statements for the fiscal year ended May 31, 2006. These interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Company's 2006 annual report. The interim financial statements have not been reviewed by the auditors.

2 - RELATED PARTY TRANSACTIONS

The Company is committed with a shareholder (a company controlled by an officer and director), to pay royalties in semi-annual instalments of 1% of net annual sales, for an unlimited period. The amount paid cannot exceed net earnings before interest, taxes and amortization. For the current period of three months, total royalties amount to \$28,892 (\$17,452 in 2005-2006). As at February 28, 2007, the balance due to this shareholder amounts to \$38,352 (\$9,901 as at May 31, 2006). This amount is presented on the balance sheet under accounts payable and accrued liabilities.

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration determined and accepted by the parties involved.

3 - INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in operating assets and liabilities are detailed as follows:

	Three months ended		Nine months ended	
	February, 28		February, 28	
	2 007	2 006	2 007	2 006
			\$	\$
Trade accounts receivable	(1,414,980)	(178,165)	(2,211,924)	(384,905)
Research tax credits receivable	89,691	(19,314)	52,811	(33,729)
Inventories	610,894	(389,607)	(626,418)	(240,914)
Prepaid expenses	82,952	7,240	76,099	6,242
Accounts payable and accrued liabilities	(348,876)	18,589	(220,688)	(31,604)
Restatement	-	474,711	-	(86,546)
	(980,319)	(86,546)	(2,930,120)	(771,456)

4 - LONG TERM DEBT

	February, 28 2007	May 31, 2006
	\$	\$
Mortgage loan, \$1,200,000 par value, secured by processing and laboratory equipment having an amortized cost of \$2,571,544 in February 2007, prime rate plus 6.75% (14.75% as at February 28, 2006, and at May 31, 2006), payable in monthly capital instalments of \$26,650, with a moratorium on instalments until August 2006, maturing in February 2010	960,100	1,120,000
Mortgage loan, \$980,000 par value less the net value of series "E" warrants, secured by the universality of property, weekly variable interest rate determined by the lender plus 5% (12.5% as at February 28, 2006, 12.25% as at May 31, 2006), payable in 60 monthly capital instalments of \$16,333 with a moratorium on instalments until August 2006, maturing in September 2011	865,535	957,713
Mortgage loan, \$1,500,000 par value less the net value of the issued shares, secured by the universality of property, weekly variable interest rate determined by the lender plus 3% (10.5% as at February 28, 2006, 10.25% as at May 31, 2006), payable in 60 monthly capital instalments of \$25,000 with a moratorium until August 2006, maturing in September 2011	1,308,570	1,443,923
Mortgage loan, \$855,000 par value, maturing in 15 years, secured by plant property, fixed interest rate at 7.70% (10 years), and payable during the first 10 years by monthly instalments of \$8 058. Balance to be renegotiated after 10 years.	845,044	0
Secondary mortgage loan, \$399,750, secured by plant property, fixed interest rate at 10.25%. Maturing in 5 years, and payable during 5 years by monthly instalments of \$8 501. This mortgage loan represents the balance of sale, financed by the seller, for the plant acquisition in the amount of \$1,254,750.	378,861	0
Obligations under capital leases, interest rates varying from 0.00% to 15.46%, payable in monthly averages instalments of \$2,536 (\$7,235 as at May 31, 2006), maturing at different dates until october 2010.	62,785	97,198
Unsecured loan, without interest, matured	70,000	70,000
	4,490,895	3,688,834
Short term portion of long term debt	1,015,488	742,571
	3,475,407	2,946,263

5 - CAPITAL STOCK and WARRANTS

	February, 28 2007	May 31, 2006
	\$	\$
Issued and fully paid		
36,444,415 common shares (34,292,290 share in 2006)	22,281,243	17,002,009
87,000 warrants, issued in a private placement	172,869	0
	172,869	0
	22,454,112	17,002,009

During the nine month period ending February 28, 2007, changes in the Company's issued capital stock were as follows:

	Number of shares	Consideration \$
Common shares		
Balance as at May 31, 2005	25,594,805	10,656,737
Issued following the conversion of debentures	3,800,000	3,881,512
Issued for cash	600,000	600,000
Issued as settlement of expenses	288,188	288,188
Issued upon exercise of stock options	733,375	416,499
Issued upon exercise of series "H" and "I" warrants	3,275,922	1,159,073
Balance as at May 31, 2006	34,292,290	17,002,009
Issued upon exercise of stock options*	652,125	779,234
Issued in connection with a private placement	1,500,000	4,500,000
Balance as at February, 28 2007	36,444,415	22,281,243

*: The consideration related to the exercise of stock options of \$779,234 includes a cash consideration of \$170,664 and the related reclassification from contributed surplus of \$608,570.

6 - OPTIONS RELATED COMPENSATION PLAN

The Company introduced a stock-based compensation plan for its directors, managers, employees and consultants.

Activities within the plan are detailed as follows:

	February 28, 2007		May 31, 2006	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Options outstanding at the beginning of the year	3,703,875	0,45	2,926,000	0,25
Granted	1,597,500	3,41	2,796,000	0,53
Exercised	(652,125)	0,26	(733,375)	0,26
Cancelled	(217,000)	1,43	(1,284,750)	0,27
Options outstanding at the end of the nine month period ending February 28, 2007	4,432,250	1,50	3,703,875	0,45
Exercisable options as at the end of the nine month period ending February 28, 2007	1,795,250	0,77	843,042	0,3

	February 28, 2007				
	Options outstanding			Exercisable options	
Range of exercise prices	Weighted average exercise price	Weighted remaining contractual life outstanding	Number of options outstanding 28-02-2007	Number of options exercisable as at 28-02-2007	Weighted average exercise price
	\$				\$
0,25	0,25	2,74	2,119,250	1,148,250	0,25
0,75 à 1,00	0,99	3,89	467,000	228,000	0,99
1,15 à 1,75	1,31	2,53	316,000	159,000	1,20
2,60 à 3,00	2,63	4,28	1,095,000	250,000	2,60
3,50	3,50	4,64	40,000	10,000	3,50
4,25 à 4,50	4,39	4,89	45,000	0	0,00
5,75	5,75	4,98	350,000	0	0,00
	1,50	3,44	4,432,250	1,795,250	0,98

7 - COMPARATIVE FIGURES

Certain comparative figures of 2006 have been reclassified to conform with the presentation adopted in 2007.

8 - SEGMENT DISCLOSURES

Descriptive information on the Company's reportable segments

The Company has only one reportable operating segment: processing and commercializing products derived from marine biomasses.

Geographic information

All the Company's assets are located in Canada.

The Company sales are attributed to the following countries based on the customer's country:

	February 28, 2007		February 28, 2006	
	3 month	9 month	3 month	9 month
		\$	\$	\$
Canada	608,813	833,452	113,961	1,016,189
United States	2,023,032	4,145,583	1,214,044	2,944,712
Europe	200,989	1,195,586	312,490	421,788
Asia	56,392	213,689	104,696	350,041
	2,889,226	6,388,310	1,745,191	4,732,730

Information about major customers

For the 9 month period, an amounts of \$2,163,374 of the Company's total sales are from two customers (\$1,830,901 from two customers in 2005-2006).