

**AKERS BIOSCIENCES, INC.**  
**Interim results for the half year ended 30 June, 2006**

Akers Biosciences, Inc. (“Akers Biosciences”, “Akers” or the “Company”), a leading designer and manufacturer of rapid diagnostic screening and testing products, announces its interim results for the half year ended 30 June, 2006.

**Highlights**

- Revenues of \$3,200,963 represent a 200% increase over revenues in the same period last year (2005: \$1,042,117).
- Net loss from operations: \$616,001 (2005: \$1,713,017); pre tax loss of \$1,357,711 (2005: \$1,154,326) due to non-recurring interest expenses and loan fees.
- US FDA approval received for the company’s breathalyzers, leading to near-term expectations for significant military contracts for this product line.
- The Company’s flagship product, the PIFA Heparin/PF4 Rapid Assay, has been introduced to over 500 hospitals through the Company’s distributors, supported by the Company’s sales team.
- The Company acquired its main distributor of breathalyzers in the US, WNCK, Inc. allowing the company to increase its product margins and access to customers.
- Subject to signing of military contract for breathalyzer product, second half trading expected to significantly exceed that of period under review.

Ray Akers, Chief Executive Officer of Akers Biosciences, said:

“We are pleased to report that our sales growth has continued. We have also reached a significant milestone in our corporate history with the successful completion and subsequent integration of our first acquisition in February of this year. By combining forces with the leader in the alcohol breathalyzer business, WNCK Inc., we took yet another step in our long-range plan to lead and reshape this industry. We are also pleased to announce today the market introduction of our Breath Alcohol Check .02 Detection System. This product represents the next generation of our breathalyzer product line through the inclusion of an electronic detection device coupled with our disposable breathalyzers, thereby strengthening our product offering. We continue to build the market penetration of our other key tests for heparin/platelet factor-4 antibodies and Tri-Cholesterol, and expect a positive sales trend for the full year and beyond.”

**Enquiries:**

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## **CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT**

### **Introduction**

We are pleased to present interim results for Akers Biosciences for a period in which sales increased by 200% over the same period in 2005.

### **Financial Review**

Revenues for the half year ended 30 June 2006 were \$3,200,963, compared with \$1,042,117 during the same period in 2005.

The net loss for the period was \$1,357,711 (\$0.02 per share) compared to \$1,154,326 (\$0.02 per share) in the corresponding period of the preceding year. This increase in net loss was due to planned expense build-up to support our growth plans. However, the loss from operations was \$616,001 compared to \$1,713,017 in the corresponding period of the preceding year, indicating good progress when non-recurring expense items are excluded.

Research and development expenses increased when compared to the level of the same period of the prior year (\$416,755 for 2006 vs. \$399,157 for 2005). The most significant objective of the Company's Research and Development department is coordination and follow-up with the FDA while several tests undergo the approval process.

Sales, general and administrative expenses increased during the current period to \$2,136,126 from \$1,606,797 in the same period of the preceding year. This increase reflects for the most part an increased level of sales and marketing activity to support our product launch plans.

Introducing our products for sale through distributors to hospitals and retail outlets required significant filling of the supply chain. In anticipation of this, the Company therefore raised \$2.5 million in December, 2005 to fund working capital, with a corresponding increase in interest expense (2006: \$759,491; 2005: \$153,690).

### **Increase to Total Share Capital**

On 27 February 2006 the Company completed the acquisition of certain assets of WNCK, Inc. for a total consideration of \$563,000. This was satisfied by cash and other consideration of approximately \$415,000, plus 125,000 shares of the Company's common stock with a market valuation at the time of the acquisition of approximately \$148,000.

In addition to the above, 33,065 shares were issued during the period for the pay down of \$33,065 of debt, and 45,000 shares were issued to a director in lieu of \$58,423 of unpaid director's fees and expenses.

After the new issuance and the transactions described above, the Company has 55,965,950 Common Shares in issue.

### **Business Review**

All of the Company's proprietary technologies provide the platform for high margin niche products, intended for use in specialized market segments. In addition to its ongoing efforts with its strategic partners, the Company has also begun to build its own brands. The company continues to focus on four market segments: biotech/pharmaceutical, OTC and doctor's surgeries, government/military, and, the developing world, although effort continues to be concentrated on the first three sectors, as these represent the most attractive immediate opportunities.

#### Biotech/Pharmaceuticals

The Company remains confident that the biotech/pharmaceutical sector holds great potential to build a core and sustainable business.

#### Heparin/platelet factor-4 antibodies test (“HPF4”)

The Company’s rapid HPF4 test has been introduced into the US market under the Company’s brand “PIFA Heparin/PF-4 Rapid Assay”. This is the first rapid test for HPF4 antibodies, and the product is protected by two of the Company's patents, with additional patents pending. The market response clearly indicates a significant need for the product. The Company’s sales team has been dedicated to the training and support of the large sales force of our marketing partners, Cardinal Health and Corgenix Medical Group, which has resulted in the introduction of the product in over 500 hospitals. While product placement continues at a steady pace, the progression to routine use has averaged 6-9 months. The Company is working on several promotional and incentive programs, as well as accessory products, with its distributors, Cardinal Health and Corgenix Medical Group, to accelerate product uptake. In addition, several studies have been presented at scientific meetings in the first half of this year indicating that the Company’s test may be more accurate than any competitor on the market.

As background, heparin is the most widely used intravenous anticoagulant, and is commonly used for the prophylaxis and treatment of thromboembolic disease, as well as numerous other applications including certain types of lung and heart disorders, and during or after a variety of surgeries including open heart, bypass, dialysis and orthopedic procedures. Patients with recent exposure to heparin are at a much greater risk for developing Heparin-Induced Thrombocytopenia ("HIT") , than are those not having previously been given the drug. The Company’s test detects the presence of Heparin/PF-4 antibody, which is associated with patients at risk for HIT, and is rapidly becoming a standard of care in hematology and cardiology.

The Company and its partners have initially promoted the use of the test as a replacement for current laboratory tests used in the detection of HIT resulting from heparin treatment. The Company’s product has significant advantages both in terms of cost and time to result. The Company’s test takes minutes to perform, while the current laboratory tests take hours to perform on complex instrumentation. HIT can rapidly progress in minutes or hours, and can result in death or dismemberment. The Company’s product is the only test available on the market that can provide real-time information that can be useful in formulating a clinical diagnosis. In 2005, over 3 million tests were performed using current laboratory tests to confirm a potential “heparin allergy” or HIT, primarily in cardiology and emergency medicine patients.

The Company and its partners have now begun promoting an expanded use of this test as an initial decision point whenever heparin or other anti-thrombolytic treatment is proposed for use, in addition to cardiology and emergency medicine uses. Over 20 million patients in the US and Europe are given heparin each year during many different surgical and therapeutic procedures. Initial feedback has indicated that additional clinical applications for this product have progressed much faster than the Company expected. If successful, this increased requirement should have a positive recurring impact on sales of this product.

#### Lithium and White Blood Cell Tests

Sales and marketing of these tests have received a lower priority due to the greater potential for rapid market uptake of HPF4, breathalyzer, cholesterol, and other products.

#### OTC and Doctors’ Surgeries

The Company has focused primarily on its home tests for Tri-Cholesterol Check and Alcohol Breathalyzers.

The Tri-Cholesterol Check is marketed in parallel through a collaboration with Pfizer, Inc., and an alliance with Alco Industries. In addition, the Company intends to market the test to doctor’s surgeries in early 2007; this market could hold interesting potential. Pfizer markets the test on a trial basis to physicians and their patients in conjunction with its cholesterol-lowering drug Lipitor. Alco Industries has introduced the product into the retail sector, and is in the process of finalizing exclusive placement arrangements with several major retail chains.

Alco is also marketing the Alcohol Breathalyzers to the retail sector using two versions of our breathalyzers: our "Zero Tolerance" product brand, and our "Know Before You Go" product brand. These products have already been placed into several small chain stores. In addition, the retail distribution relationships acquired through the recent WNCK transaction will augment these efforts during the balance of 2006 and beyond.

### Government and Military

The Company acquired certain assets of WNCK, Inc., ("WNCK"), in February in an effort to strengthen its position in the alcohol breathalyzer industry. WNCK is the leading distributor of disposable alcohol breathalyzers in the U.S. and Akershad been the sole manufacturer of WNCK's products for the past 5 years.

Through this acquisition, the Company now owns the BreathScan product line, one of the industry standards for the past 15 years, and WNCK's customer base, including law enforcement agencies, retail chains, and the U.S. military. The Company has already benefited from increased margins as well as the distribution channels of its alcohol breathalyzer products. In addition to being profit-enhancing from the day of acquisition, this transaction has established the Company as the premier force in portable alcohol breathalyzers in the U.S.

The acquisition is especially important in view of the rapidly expanding market for alcohol breathalyzers resulting from new Coast Guard regulations and military programs. The Breath Alcohol Check .02 Detection System announced today will allow the Company to compete in a new \$40 million market in the maritime safety industry, as estimated by the US Coast Guard. The emergence of a special safety program for the US military, based on our breathalyzer product, leads the Company to expect to receive significant military contracts for this product line in the near term which, due to their size and subject to their timing, will be key to the performance of the Company in the second half

The Company has begun the pursuit of sales of its alcohol breathalyzers into other market sectors, and has also moved to attract new distributors in the security and safety industries. In a new strategy, the Company has now positioned its breathalyzers as security and safety devices, and has also enhanced the technology through the development of electronic readers. The Company believes that this new product positioning will enhance market penetration and product margins.

Additional products now being introduced to the military include the Company's Battlefield Blood Transfusion Card, and the PIFA Heparin/PF-4 and Anthrax Rapid Assays. Emphasis is being placed on these efforts as the Company believes the military market to be substantial for these and related products.

### **Product Development**

During the first half of 2006, the Company has focused on the expansion of its HPF4 and breathalyzer product lines. The Company has developed and received FDA approval for accessory products that will enable new customers to evaluate the HPF4 test more efficiently, and bring the test on-line faster. In addition, the development of two companion products that will allow a more sophisticated interpretation of positive HPF4 test results are expected to be introduced before the end of the year.

The Company has also developed several inexpensive electronic readers designed to provide objective results reporting for its entire line of breathalyzer products. These readers will be particularly useful in law enforcement, maritime and school markets.

### **Current Trading and Outlook**

With three key products already successfully launched, the Company has entered a sales and marketing phase designed to increase market penetration of these products: HPF4, cholesterol tests, and alcohol breathalyzers. The Company continues to successfully obtain FDA approvals for key products, and its broad distribution channels with blue chip medical products companies are being developed to exploit their substantial potential. The integration of WNCK's business has been successfully completed, and the new positioning of the alcohol breathalyzer product in security and safety market sectors has added significant value. We are confident that our

strategies will increase revenues and shareholder value, leading to another year of significant growth and expansion.

David Wilbraham, Chairman  
 Raymond Akers, Chief Executive  
 28 September 2006

Consolidated Balance Sheets as at 30 June 2006 and 2005 (*unaudited*)

	2006 \$	2005 \$
<b>Current Assets</b>		
Cash in banks	251,817	1,001,140
Accounts receivable, net	5,927,994	695,468
Inventories, at lower of cost or market	1,472,545	931,075
Prepays and other current assets	148,522	233,365
<b>Total current assets</b>	<u>7,800,878</u>	<u>2,861,048</u>
<b>Property and equipment, at cost</b>	<u>1,417,137</u>	<u>1,311,428</u>
Less : depreciation taken to date	1,153,148	1,086,424
<b>Property and equipment, net</b>	<u>263,989</u>	<u>225,004</u>
<b>Other assets</b>		
Patent costs	89,961	110,772
Intangible assets, net	578,809	55,877
Deposits and other assets	12,632	13,132
<b>Total other assets</b>	<u>681,402</u>	<u>179,781</u>
<b>Total assets</b>	<u>8,746,269</u> =====	<u>3,265,833</u> =====
<b>Current liabilities</b>		
Accounts payable and accrued expenses	1,826,477	1,812,128
Notes and loans payable	4,410,659	2,188,073
Current portion of long-term debt	38,731	51,690
<b>Total current liabilities</b>	<u>6,275,867</u>	<u>4,051,891</u>
<b>Long -term debt, net of current maturities</b>	<u>414,521</u>	<u>435,780</u>
<b>Equity (deficit)</b>		
Common stock	59,080,703	51,092,988
Accumulated deficit	(57,024,822)	(52,314,826)
<b>Total stockholders' equity (deficit)</b>	<u>2,055,881</u>	<u>(1,221,838)</u>
<b>Total liabilities and stockholders' equity</b>	<u>8,746,269</u> =====	<u>3,265,833</u> =====

Consolidated Statements of Operations for six months ended 30 June 2006 and 2005  
 (unaudited)



to WNCK asset purchase	-	-	125,000	148,365	-	148,365
Issuance of stock in exchange of debt	-	-	33,065	33,065	-	33,065
Issuance of warrants for products and services	-	-	-	50,000	-	50,000
Issuance of stock for products and services	-	-	45,000	58,423	-	58,423
Net loss for the period ended 30 June 2006	-	-	-	-	(1,357,711)	(1,357,711)
<b>Balance, 30 June 2006 (unaudited)</b>	-	-	55,965,950	59,080,703	(57,024,822)	2,055,881

## Consolidated Statement of Cash Flows for the six months ended 30 June (unaudited)

	30 June 2006	30 June 2005
	\$	\$
<b>Operating Activities</b>		
Net loss	(1,357,711)	(1,154,326)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	57,606	52,158
Amortization of deferred finance costs	545,456	55,448
Stock, stock options and warrants issued to employees and non-employees	50,000	-
Nonrecurring income – Tundra judgment	-	(713,046)
Provision for bad debts	-	286,330
(Increase) decrease in changes in operating assets and liabilities:		
Accounts receivable	(2,867,447)	(875,816)
Inventories	(253,270)	(311,429)
Prepays and other current assets	33,811	27,394
Deposits and other assets	-	(500)
Increase (decrease) in		
Accounts payable and accrued expenses	277,285	163,899
Net cash used in operating activities	(3,514,270)	(2,469,888)
<b>Investing activities</b>		
Purchase of property and equipment	(55,509)	(48,633)
Increase in loans receivable	(35,000)	-
Acquisition of certain assets of WNCK, Inc.	(267,252)	-
Net cash used in investing activities	(357,761)	(48,633)
<b>Financing Activities</b>		
Proceeds from issuance of stock, net	-	10,000
Proceeds from borrowings	1,189,908	4,399,488
Repayments on borrowings	(239,077)	(1,072,268)
Net cash provided by financing activities	950,831	3,337,220
Increase(decrease) in cash	(2,921,200)	818,699
Cash as at beginning of year	3,173,017	182,441
Cash as at 30 June	251,817	1,001,140

**Supplemental disclosures of Cash Flow information:**

	<b>2006</b>	2005
	\$	\$
Non-cash investing and financing activities are as follows:		
Conversion of debt and accrued interest payable to common stock	<b>58,423</b>	2,633,322
	=====	=====
Conversion of trade payables to common stock	<b>182,430</b>	40,000
	=====	=====
<b>Cash paid during the period for interest</b>	<b>22,731</b>	30,748
	=====	=====

## **5. Notes to Interim Financial Statements**

### **5.1 Summary of significant accounting policies**

#### **Basis of presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim six month period ended 30 June 2006 are not necessarily indicative of results that may be expected for the year ending 31 December 2006. For further information, refer to the Company's audited financial reports for the year ended 31 December 2005.

#### **Principles of consolidation**

The interim financial statements include the accounts of the Company. All significant intercompany balances and transactions are eliminated. The wholly-owned subsidiaries have been inactive since December 31, 1998 and have no assets or liabilities.

#### **Use of estimates**

The preparation of these financial statements requires the use of certain estimates by management in determining the Company's consolidated assets, liabilities, revenues and expenses. Actual results may vary from those estimates.

#### **Cash and cash equivalents**

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and have a maturity of three months or less.

#### **Revenue recognition**

The company recognizes sales at the time goods are shipped.

#### **Inventories**

Inventories are stated at the lower of cost (first in, first out) or market.

**Property and equipment**

Property and equipment are stated at cost. Depreciation and amortization are allocated over the estimated useful lives of the respective assets using straight-line and accelerated methods. Upon sale or retirement of assets, the related costs and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in operations. Expenditures for repairs and maintenance that do not increase the useful lives of the assets are charged to operations as incurred.

**Research and development costs**

Research and development costs are charged to operations when incurred.

**5.2 Nonrecurring income**

In February 2005, a Default Final Judgment was awarded by the United States District Court, Southern District of Florida in favor of the Company against Tundra Management, Ltd. in the amount of \$980,635. As a result, the Company recognized as income in 2005 the \$713,046, which is the amount of the previously due loan plus all accrued interest and costs, now annulled under the terms of the Court Order.

**5.3 Earnings per share**

Basic earnings per share have been calculated by dividing the loss for the current six month period of \$1,357,711 (2005: \$1,154,326 loss) by the weighted average number of shares in issue during the current six month period of 55,914,301 (2005: 47,669,038).