

Akers Biosciences

designs, manufactures and markets rapid screening and testing products, which bring healthcare information both instantly and directly to the patient or healthcare professional.

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Highlights

- **Two FDA approvals received for Lithium product line, and product introduced to market.**
- **Strategic relationship formed with The Medicines Company for the development, co-promotion, marketing and of the first rapid test for Heparin/Platelet Factor-4 (HPF4)antibodies, important in the management of cardiac patients.**
- **Joint venture agreement signed with Vitarich Laboratories for the marketing of the Company's diagnostic tests with Vitarich's nutritional supplements.**
- **Significant distribution agreement signed with Colebrand, Ltd. for EU and Africa.**
- **The strategic alliance with the Battelle Memorial Institute has led to two initial contracts for the development and marketing of biowarfare agent detection tests and support materials.**
- **Strategic alliance signed with FirstRx for the marketing and sales of the Company's products to the US managed care marketplace.**
- **Commercial bank credit facility secured.**

David Wilbraham
Chairman

Raymond F. Akers, Jr.
President and CEO

Chairman's and CEO's Statement

Introduction

These are the annual set of results for Akers Biosciences Inc. for the year ended 31 December 2003. The commercial relationships that will help drive the Company's growth in the next several years to come were either formed or expanded upon during this year.

Akers Biosciences' diagnostic and testing products are designed to bring healthcare information both rapidly and directly to the doctor or the patient in the clinic or in the field without the need for expensive laboratory equipment. Our strategy is to become a market leader in rapid testing using our proprietary technologies to generate products with clear competitive advantages in targeted markets. These products are intended for professional, consumer, and military markets in both the developed and developing world, and are brought to market through strategic partnerships with established distribution organisations.

Results

Revenues for the year ended 31 December 2003 were \$1,114,980, compared with \$811,628 in 2002. The net loss before tax was \$2,891,638 (2002: \$7,015,761). These revenues reflect initial sales into a small customer base that are now expected to contribute significantly to future growth, plus initial payments related to licensing fees for product marketing rights from strategic partners.

Product Development

The Company now offers five different proprietary platform technologies, and has developed products based on these technologies. In addition to its rapid, manual tests, the Company has during 2003 developed a line of tests based on inexpensive, portable electronic readers.

MinDNA technology allows for the analysis of DNA in one minute, and has been applied in the development of the rapid white blood cell count and absolute neutrophil count assays that monitor a side effect of the Novartis drug clozaril (clozapine). The sales and marketing rights for these products are subject to a contractual arrangement with ReliaLAB, and are expected to be introduced in 2004. Other applications of *MinDNA* technology can result in tests necessary for the safety of the blood supply, specific identification of parasitic infections, and biowarfare agent detection. *MinDNA*-based assays can be produced in both rapid manual or electronic reader versions.

Synthetic Macrocyclic Complex technology is associated with the development of novel macrocyclic organic compounds that determine quantitative levels of therapeutic drugs, such as lithium blood levels, through the use of electronic readers. These hand-held readers and their associated proprietary reagents unlock new potential in both professional and consumer markets, particularly in therapeutic drug monitoring.

Our Rapid Enzymatic Metabolite technology platform focuses on the detection of blood and urine metabolites through enzymatic chemistries in quantitative or semi-quantitative formats. These products are primarily intended for pharmaceutical or nutritional markets, and include tests such as total and HDL cholesterol, glucose, free radicals/antioxidants, menopause onset, cortisol and testosterone.

Chairman's & CEO's Statement (continued)

Particle ImmunoFiltration Assay (PIFA) technology has been developed into an extensive range of rapid testing products, including heparin/platelet factor-4 antibodies, HIV, sexually-transmitted diseases, malaria, prostate cancer, blood typing, and other non-infectious agents. These robust products produce results in minutes comparable to laboratory-based assays.

Finally, the Company offers MicroParticle Catalyzed Biosensor (MPC Biosensor)-based products, such as the alcohol breathalyzer, which is the only portable breathalyzer approved by the US Department of Transportation.

Business Review

All of the Company's proprietary technologies provide the platform for high margin niche products intended for use in specialized market segments. The company continues to focus on four market segments: biotech/pharmaceutical, OTC and doctor's surgeries, government/military, and the developing world.

Its innovative products and technology brands have enabled the Company to sign a number of agreements granting exclusive product distribution and marketing rights in selected markets. These agreements include license fees which become payable at certain dates or when certain milestones are achieved. The Company expects to recognize and receive substantial license fee income during 2004.

The Company continues to believe that the biotech/pharmaceutical sector holds great potential to build a core and sustainable business. The Company's first entry into this market is the lithium test, for which the Company has started shipping against orders. The lithium test product line received two FDA approvals in late 2003, allowing the Company to market these products into physician, hospital, and laboratory markets. Sales have commenced from this product line. While the Company expected to have its white blood cell tests for the side effects of the neuropsychiatric drug clozaril introduced in the second half of 2003, this is now not anticipated until 2004 upon the receipt of an FDA approval and/or a CE Mark in Europe. Both products do not currently have any rapid test competition.

The Company has submitted a 510(k) premarket notification to the FDA for its rapid heparin/platelet factor-4 antibody (HPF4) test, and expects to be on the market in both the US and Europe in 2004. The Company and its partner The Medicines Company will promote the use of this test as an initial decision point in the course of cardiology and emergency medicine where anti-thrombolytic treatment is indicated. The Medicines Company's drug Angiomax is indicated for certain patients undergoing anti-thrombolytic therapy. The availability of this test could have a significant impact on interventional cardiology as it relates to the management of anti-coagulant therapies.

In OTC, Vitarich Laboratories has been successful in introducing certain products into the nutritional industry through television-based marketing organizations and network marketing organizations. While we initially expected the introduction of these products on television in the second half of 2003, we subsequently decided to test the consumer acceptance of the product and brand in the network marketing organization market. The initial product line of total, HDL, and LDL blood cholesterol tests and glucose have been expanded to include free radicals, which indicate anti-oxidant activity, and menopause onset. The line is in the process of further expansion, and will include eight different products, the remainder of which are in various stages of development or commercialization.

Our new alliance with FirstRx provides a powerful channel into managed care groups, such as health maintenance organizations and corporate healthcare systems. First Rx also distributes to pharmaceutical companies and retail pharmacies, reaching a broad spectrum of the U.S. healthcare marketplace.

Chairman's & CEO's Statement (continued)

The Company has recently signed an agreement expanding and strengthening its alliance with Colebrand, Ltd. to market and distribute certain rapid diagnostic tests to UK, European and other international markets. Colebrand will market Akers' tests for sexually transmitted diseases and total cholesterol panel among other products. The first significant result of this relationship is a \$2 million order for the Company's HIV rapid tests in Africa from Colebrand, which the Company expects to ship in the second half of 2004.

In the government/military sector, our relationship with Battelle has led to two initial contracts for the supply of products to support biowarfare agent detection systems.. These initial contracts may lead to renewable annual contracts that can expand in volume. The Company is developing additional tests for both civilian and military biowarfare agent detection, and several pilot programs are providing a near term opportunity. In addition, the Company is continuing to pursue both land and marine-based sales of its alcohol breathalisers.

Financial Review

For the year ended 31 December 2003 the loss was \$2,891,638 (\$0.07 loss per share), compared to \$7,015,761 (\$0.19 loss per share) in 2002.

Research and development expenses were \$729,940 compared to \$849,778 in the previous year.

Sales and general and administrative expenses decreased to \$2,099,998 from \$4,906,734 in 2002. A substantial portion of this difference was due to the \$1.7 million of expenses incurred in 2002, but not in 2003, that resulted from U.S. GAAP adjustments regarding compensation and marketing expenses resulting from the issuance of common shares.

Capital expenditures were negligible in both 2003 and 2002.

On 18 April 2003, the Company was successful in closing on an asset based loan arrangement with its commercial bank. The facility provides for advances of up to \$1,000,000. Advances will be made by the lender from time to time in amounts up to the sum of 80% of the aggregate amount of eligible accounts receivable (generally those balances not over 90 days of age,) plus 50% of the amount of inventory. As of 31 December 2003 the amount outstanding under this facility was \$500,000. At 31 December, the company had cash balances of \$593,394.

The Company had 42,674,564 common shares in issue at 31 December 2003.

The Company is currently in the process of registering its shares in the US, and plans to list its shares on a US Stock Exchange as soon as practical in 2004.

People

In March 2003, Lord Norman Blackwell stepped down as chairman due to pressure of other commitments, and David Wilbraham was elected chairman.

In April 2003, Geoffrey Vero joined our Board of Directors as a non-executive director. Geoffrey's career in the private equity industry included positions as Investment Director of ABN Amro Private Equity (previously Causeway Capital) and Lazard Development Capital, and Finance Director of Diners Club. The Company believes that his background and experience in institutional finance will have a positive effect on the Company and its business.

Current Trading and Outlook

The Company believes that it has laid the foundation for future revenue growth with the strategic alliances formed and expanded during 2003, and the recent FDA approvals obtained. A substantial portion of future sales will continue to depend on receipt of FDA and EU approvals, and approvals for the heparin platelet factor 4 and white blood cell tests are expected in 2004. The company's current order book is approximately \$5.5 million, and the Company expects substantial licensing fee payments in 2004. The sales rate in the first quarter of 2004 is significantly increased over the rate in the second half of 2003. Prospects for further sales growth are positive. The Company believes that its ability to identify and target market sectors of near-term growth, and the development and introduction of new technologies and products, will establish its position in the global diagnostics industry.

David Wilbraham
Chairman

Raymond F. Akers, Jr., Ph.D.
President and CEO



Products and Clinical Areas

The Company's products impact a wide range of healthcare specialties.

Neuropsychiatry

WBC/ANC
Lithium

Diabetes

Glucose*
Microalbuminuria

Metabolism/Nutrition

Total, HDL and LDL Cholesterol*
Free Radicals
Glucose*
Menopause
Rheumatoid Arthritis Factor*

Oncology

PSA
WBC/ANC

Employee Substance Abuse

Alcohol Breathalyzer
Drugs of Abuse (10 drugs)*

Infectious Disease

Chagas Disease
Chlamydia
Cytomegalovirus*
Dengue Fever
Echinococcus Granulosis
Entamoeba Histolytica
Gonorrhea
Hepatitis B
Hepatitis C
Hepatitis / HIV Combo
Infectious Mononucleosis*
Human Immunodeficiency Virus (HIV 1+2)
Lyme Disease
Malaria
Syphilis

Cardiology/Emergency Medicine

HPF4
Rapid Blood Typing

Bioagent Detection

Biowarfare Agents Rapid Test
Biosniffer Detector

* = FDA Market Clearance



Partnerships

The Company has developed relationships with these key players to leverage their sales and marketing expertise.

ReliaLAB, Inc.
Neuropsychiatry

Colebrand Ltd.
Developing World

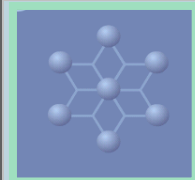
The Medicines Company
Cardiology

WNCK
Alcohol Breathalyzers

Vitarich Laboratories
Nutrition

Battelle Memorial Institute
Biowarfare Agents – Military

Defense Group, Inc.
Biowarfare Agents – Civilian



Platform Technologies

The Company's range of products is based upon five proprietary platform technologies.

	<ul style="list-style-type: none">❖ Technology based on the principle of the selective filtration of micro-particles in response to antibody/antigen binding❖ HPF4; PSA; HIV Tests		<ul style="list-style-type: none">❖ DNA analysis in one minute❖ Quantitative results use hand-held meter❖ White Blood Cell Tests
			<ul style="list-style-type: none">❖ Enzyme catalyzed determination of biomarkers in breath condensate❖ Alcohol product commercialized to professional and retail markets❖ Breath Alcohol Check approved by US Department of Transportation❖ Only manufacturer of portable breathalyzers in US
	<ul style="list-style-type: none">❖ Manual, color reaction❖ Professional and retail markets❖ HDL, LDL, Total Cholesterol, Glucose, Menopause Tests		<ul style="list-style-type: none">❖ Uses novel synthetic organic compounds as detectors❖ Quantitative results using hand-held meter❖ Lithium Test



Research and Development

Our multi-disciplinary approach to research and development has resulted in the generation of five platform technologies with proprietary and patented positions.

Biochemistry and Immunochemistry	Molecular Biology	Material Sciences	Electronics
<p>This key group is tasked with the development of new applications based on PIFA technology and the expansion of nutritional and metabolism-related tests.</p>	<p>Our molecular biology scientists have produced the breakthrough <i>minDNA</i> assay technology, and are now testing the limits of possibility of this exciting new platform.</p>	<p>Critical to the success of all of our technologies is the membrane systems and devices that form the backbone of each product. These scientists are also responsible for the synthesis of novel organic compounds.</p>	<p>This newly developed capability has, in a short time, developed a family of electronic readers for professional use, expanding our technical horizons to include quantitative determinations.</p>

SHARE ISSUE

On 2 December 2003, 1,361,500 additional shares of the Company's common stock were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange. After placing commissions and related legal costs, the transaction provided the Company with \$1,014,000. The total amount raised during last year, including the aforementioned placing, was \$1,875,000.

RESULTS OF OPERATIONS

For the year ended 31 December 2003, the Company's loss narrowed to \$2.9 million (\$.07 per share), compared with a loss of \$7.0 million (\$.19 per share) in the prior year. The year-earlier amount did include adjustments in the amount of \$3.1 million resulting from U.S. GAAP treatment of warrants converted to common stock by two officers at less than the fair value of the shares (compensation), warrants issued to service providers (marketing expense) and the cost of reductions in conversion prices afforded debt holders as inducements to convert (debt conversion expense). Without these adjustments, the loss for 2002 would have been \$3.9 million.

Research and development expenses decreased to \$730,000 from \$850,000 in the previous year, as the Company continued to invest in a process which would not only refine the products but to prepare certain of the products to be in a position wherein final FDA approvals could be attained. The latter step is essential in order for the Company to execute on its business model and fulfill orders.

Sales and general and administrative expenses decreased from \$4.9 million in 2002 to \$2.1 million in 2003. Of the amount incurred in 2003, \$1.7 million resulted from U.S. GAAP adjustments referred to above regarding compensation and marketing expenses resulting from the issuance of common shares.

OTHER INCOME

The Company was able to continue to take advantage of a program in the State of New Jersey wherein companies that incur net operating losses are able to sell their state NOL's at a nominal discount to their implied value. The benefit recognized for 2003 was \$224,000 vs. \$242,000 for 2002.

CAPITAL EXPENDITURES

Capital expenditures were negligible in both 2003 and 2002.

LIQUIDITY AND CASH RESOURCES

As of 31 December 2003, the Company had yet to generate positive cash flow from its own operations due to the preliminary nature of such operations, substantial ongoing investment in research and development efforts, and expenditures to build the appropriate infrastructure to support its expected growth. Consequently, the Company has been substantially dependent on private placements of its equity securities, flotation of the Company's common stock on the Alternative Investment Market of the London Stock Exchange, and a facility provided by a Private Equity Agreement between the Company and Brittany Capital Management Ltd. ("Brittany").

The facility between the Company and Brittany, established in July 2003, commits Brittany to purchase up to \$10 million of the Company's common stock over a term of 24 months. The timing and amounts of the purchases ("puts") shall be at the discretion of the Company subject to certain conditions including, but not limited to, the admission to trading on the Alternative Investment Market of the shares purchased by Brittany in the case of each put. Since the effective date of the facility and until 31 December 2003, there had been a total of 826,582 shares sold to Brittany for gross proceeds to the Company of \$550,000.

Financial Review (continued)

In July 2003, the Company entered into a collateralized loan agreement with Tundra Management Ltd. That loan facility provided net proceeds of \$600,000, after a loan origination fee of \$52,174. In order to obtain the loan, the Company pledged 2,800,000 shares of its common stock as collateral. In October 2003, the Company became aware of the fact that the lender was attempting to sell the collateralized shares, despite the fact that there had been no default by the Company. The Company was able to obtain a stop order from the UK court, which effectively prevented the unauthorized trades to be settled. In December 2003, the Company notified the lender of their intent to fully repay the loan, with interest, and demanded the return of the subject collateral. The lender refused, which caused the Company to cancel all but 35,000 of the collateralized shares. Those 35,000 shares had been transferred, prior to the aforementioned stop order.

As of 31 December 2003, the Company's cash reserves amounted to \$593,000 and total current assets were \$1,597,000.

In April 2003, the Company entered into a revolving credit facility with its bank, Commerce Bank. Under the terms of that facility, the Company may borrow up to 80% of eligible receivables (less than 90 days old), as well as up to 50% of inventory value. The current limit on the facility is \$1,000,000, with the balance outstanding at 31 December 2003 amounting to \$500,000. This facility will enable the Company to efficiently manufacture and ship against the orders referred to in the preceding paragraph. The Company and its bank have begun discussions regarding increasing the amount of the facility should the level of orders dictate such a change.

Board of Directors

David Wilbraham BSc, Ph.D. — Non-Executive Director, Chairman, having joined the Board on 8 May 2002. He is currently a non-executive director of St. Ives plc, RPC Group plc and Intelligent Engineering Limited. He holds a doctorate in chemical engineering from Imperial College, London of which he is also a Governor and member of its audit committee. He previously held senior management roles in specialty chemical companies including Hickson International plc, Laporte plc and ICI plc.

Raymond F. Akers, Jr., Ph.D. — Chief Executive Officer, President and a member of the Board, having co-founded the Company in 1989. He has over 19 years of experience in the diagnostics industry having co-founded Drug Screening Systems, Inc. a publicly listed company, in 1987 and Akers Medical Technology, Inc. in 1984. He was chief executive officer and vice president of research and development of Drug Screening Systems, Inc. until the sale of the company in 1989 and served as president and chief executive officer of Akers Medical Technology, Inc. until 1987. He holds a Ph.D. in Neurochemistry from Northwestern University. Dr. Akers is the inventor of PIFA.

Paul B. Freedman, CPA — Chief Financial Officer and a member of the Board, having joined the Company in 1998. He was previously the managing partner of the Philadelphia office of BDO Seidman LLP and has over 40 years of financial accounting experience.

Daniel Seckinger — Director of Clinical Development and a member of the Board, having joined Akers in February 1994. He was a member of the House of Delegates at the American Medical Association for nine years and past president of the College of American Pathologists. Currently he is a secretary of the American Registry of Pathology.

Edward Mulhare — Non-Executive Director, having joined the Board in April 1994. He has served as chairman of the board of SenTech EAS Corporation since May 1994, and over the past ten years has served as a director of fifteen companies including Aldila, Inc., Truck Components, Inc., PanAmerican Diamond Co., McGraw Industries, Inc., and American Silver Co. He served as the chairman of the board and chief executive officer of Merrill Lynch Interfunding, Inc. which managed a \$1.6 billion leveraged acquisition portfolio. In addition, he has served as executive vice president of Republic National Bank of New York and vice president of Prudential Insurance Co.

Edward Wampold — Non-Executive Director, having joined the Board in July 1990. Since 1989, he has engaged as a private consultant to the biomedical industry. From 1986 to 1990, he served as president and chief executive officer of Technimed Corporation, a diagnostics corporation. Prior to 1985, he served in various executive management positions with divisions of Johnson & Johnson, Cooper Biomedical, Inc., Geometric Data (a division of SmithKline plc) and Biological Corporation of America, Inc.

Geoffrey Vero — Non-Executive Director, having joined the Board in April 2003. Chartered accountant with a long and distinguished career in the private equity industry. He was an investment director of ABN Amro Private Equity (previously Causeway Capital) from 1987 until 2002 and before that was an investment director at Lazard Development Capital. Previous to that, he was finance director of Diners Club.

Senior Management

Donald H. Russell — Senior Vice President for technical issues, joined the Company in January 1993. He previously has served as an executive with Arco Chemical Company as new business manager for Chemical and biotechnology products.

John Durrenberger — Vice President of Manufacturing, joined the Company in October 1999. He has been involved with plastic and glass production and product development for the pharmaceutical packaging industry for more than thirty years.

Leroy J. Meyers, Jr. — Vice President, Research and Development, joined the Company in July 2002. With over 25 years in the medical device and pharmaceutical packaging industry, Mr. Meyers is widely experienced in manufacturing, quality assurance, sales, marketing and product development. Previous to joining the Company, he held similar positions at Comar, Inc. and National Medical Care, Inc.

Robert McGowan — Vice President of Sales and Marketing, joined the Company in March 2004. Formerly sales and marketing vice president for Innovex, Mr. McGowan has extensive experience in the building and management of sales organizations.

Patrice L. McMorrow — Director of Marketing, joined the Company in June 2004. Marketing and sales professional with over 20 years experience in pharmaceutical, eyewear and fashion industries. Ms. McMorrow's competencies include strategic and tactical planning and sales operations. Previous to joining the Company, she held similar positions at Innovex, Organon, Inc., and Pfizer Labs Pharmaceuticals.

Barbara A. Bagby — Director of Regulatory Affairs, joined the Company in June 2000. Ms. Bagby brings over 25 years of experience in the engineering, manufacturing, project management, and quality areas within the pharmaceutical, contract packaging, and medical device markets. Previous to joining the Company, she held similar positions at Kimble Glass, Comar, Inc., and Wheaton Industries.

Directors' Report

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year, together with their beneficial interest in the common shares (no par value) of the Company as of 31 December 2003, are as follows:

Executive

Raymond F. Akers, Jr. ⁽¹⁾	Chief Executive Officer	3,576,139
Paul B. Freedman	Chief Financial Officer	163,750

Non-Executive

David Wilbraham	200,000
Daniel Seckinger	276,889
Edward Mulhare ⁽²⁾	720,947
Edward Wampold	178,000
Geoffrey Vero	150,000

(1) Included in the amount of shares shown for Dr. Akers are 115,000 common shares which are held by the Akers Family Foundation, of which Dr. Akers is the trustee.

(2) Included in the amount of shares shown for Edward Mulhare are 54,876 shares held by his wife.

SHARE CAPITAL

Information relating to shares issued in the financial period is given in the accompanying Consolidated Statements of Stockholders' Deficiency (page 5 of the Consolidated Financial Statements).

AUDITORS

For the year ended 31 December 2003, McGladrey & Pullen, LLP, a member firm of RSM International, served as the Company's auditors.

SUBSTANTIAL SHAREHOLDINGS

As of December 31, 2003, and with no changes between that date and the date of this report, the following shareholders were registered as being interested in 3% or more of the Company's common shares outstanding:

	Number of Shares Held	Percent (%)
Raymond F. Akers, Jr.	3,576,139	8.4
Dolores Akers ⁽¹⁾	2,525,866	5.9
DMI Investments BV	2,504,840	5.9
Milan Holding Company, Inc.	4,429,573	10.4

(1) Dolores Akers is the mother of Raymond F. Akers, Jr.

Corporate Governance

Companies that have securities traded on the Alternative Investment Market (AIM) are not required to comply with the disclosures of the Combined Code. However the Board is committed to maintaining the highest standards of corporate governance.

BOARD OF DIRECTORS

The Company is controlled by the Board of Directors which comprises two executive and five non-executive Directors.

All Directors are able to take independent financial advice in furtherance of their duties if necessary.

The Board is responsible to shareholders for the proper management of the Company and meets formally at least six times a year to set the overall direction and strategy of the Company, to review financial and operating performances and to advise on senior management appointments. Financial policy and budgets, including capital expenditure, are approved and monitored by the Board. All key operational decisions are subject to Board approval. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Directors are subject to election by shareholders at the first opportunity after their appointment.

COMMITTEES OF THE BOARD

Remuneration Committee: The Remuneration Committee comprises three non-executive Directors under the chairmanship of Edward Wampold. It reviews, inter alia, the performance of the executive Directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders. The Remuneration Committee also determines the allocation of share options to executive Directors under the Approval and Executive Schemes.

It is a policy of the Remuneration Committee that no individual participates in discussions or decisions concerning his own remuneration.

Audit Committee: The Audit Committee comprises three non-executive Directors under the chairmanship of David Wilbraham. It meets at least twice per year and oversees the monitoring of the Company's internal controls, accounting policies and financial reporting and provides a forum through which the external auditors report. It meets at least once a year with the external auditors without executive Board members present.

RELATIONS WITH SHAREHOLDERS

The Board attaches great importance to effective communication with shareholders and encourage dialogue with both its institutional and private investors and responds promptly to all questions received verbally or in writing. Directors regularly attend meetings with analyst and institutional shareholders throughout the year. All shareholders have at least 10 days notice of the Annual General Meeting at which they have the opportunity to discuss the Company's developments and performance.

In addition the Company operates a website which can be found at www.akersbiosciences.com. It contains further details of the Company and its activities.

Corporate Governance (continued)

MAINTENANCE OF A SOUND SYSTEM OF INTERNAL CONTROL

The Directors have overall responsibility for ensuring that the Company maintains a system of internal control to provide them with reasonable assurance that the assets of the Company are safeguarded and that the shareholders' investments are protected. The system includes internal controls covering financial, operational and compliance areas, and risk management. There are limitations in any system of internal control, which can provide reasonable but not absolute assurance with respect to the preparation of financial information, the safeguarding of assets and the possibility of material misstatement or loss.

The Board has considered and reviewed the system of internal controls in place. An assessment of the major risk areas for the business and methods used to monitor and control them was also undertaken. In addition to financial risk, the review covered operational, commercial, environmental, regulatory and research and development risks. The risk reviews is an ongoing process with regular review by the Board at least annually.

The key procedures designed to provide an effective system of internal control that have operated throughout the year and up to the date of the sign-off of this report are described below:

Control Environment

There is an organizational structure with clearly defined lines of responsibility and delegation of accountability and authority.

Risk Management

The Company employs Directors and senior executives with the appropriate knowledge and experience for a company such as Akers Biosciences, Inc. A formal risk management review is performed annually as a part of the process of determining the Company's system of internal controls and risk mitigation procedures.

Financial Information

The Company prepares detailed budgets and working capital projections, which are approved annually by the Board and are updated regularly throughout the year. Detailed management accounts and working capital cash flows are prepared on a monthly basis and compared to budgets and projections to identify any significant variances.

Management of Liquid Resources

The Board is risk adverse when investing the Company's surplus cash funds. The Company's treasury management policy is reviewed annually and sets out strict procedures and limits on how surplus funds are invested.

The Board has considered it inappropriate to establish an internal audit function, given the size of the Company. However, this decision will be reviewed as the operations of the Company develop.

Compensation Report

(Remuneration Report)

REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

THE REMUNERATION COMMITTEE

During 2003, the Remuneration Committee was comprised of three non-executive directors under the chairmanship of Edward Wampold.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

The remuneration policy has been designed to ensure that executive Directors should receive appropriate incentive and reward given their performance, responsibility and experience. In determining this, the Remuneration Committee has regard to ensure that the policy aligns the interests of executive Directors with those of the shareholders.

The Company's remuneration policy for executive Directors is to:

- Have regard to the individual's experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality, while avoiding remunerating those Directors more than is necessary.
- Link individual remuneration packages to the Company's long-term performance through the award of share options and bonus schemes.
- Provide employment related benefits including the provision of life assurance and medical insurance.

REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The remuneration of the non-executive Directors is determined by the Board as a whole, based on a review of current practices in other equivalent companies. The non-executive Directors do not receive any pension or other benefits from the Company.

DIRECTOR'S REMUNERATION

The Directors earned the following remuneration during the year:

Name of Director	Salary and Fees	(U.S. Dollars)		
		Taxable Benefits	2003 Total	2002 Total
Executive				
Raymond F. Akers, Jr.	\$ 250,000 ⁽¹⁾	\$ 8,172	\$ 258,172	\$ 267,362
Paul B. Freedman	180,000 ⁽¹⁾	7,200	187,200	247,200
Non-Executive				
David Wilbraham	25,875		25,875	11,250
Daniel Seckinger	22,500		22,500	5,625
Edward Mulhare	22,500		22,500	5,625
Edward Wampold	22,500		22,500	5,625
Geoffrey Vero	15,000		15,000	
Norman Blackwell	6,750		6,750	

(1) The salaries of the executive Directors include compensation accrued but not paid, for Raymond F. Akers, Jr. \$156,250, and for Paul B. Freedman \$15,000.

Remuneration Report (continued) for the year ended 31 December 2003

DIRECTORS' SHARE OPTIONS AND WARRANTS

Aggregate emoluments disclosed above do not include any amounts for the value of options or warrants to acquire common shares in the Company granted to or held by the Directors. Details of the options and warrants are as follows.

Name of Director	As of 31 December 2003 ⁽¹⁾	Exercise Price (\$)	Date of Expiry
<u>Executive</u>			
Raymond F. Akers, Jr.	2,050,100	1.00 – 1.50	30/06/2006 – 31/12/2009
Paul B. Freedman	703,000	0.75 – 2.00	31/12/2006 – 04/09/2008
<u>Non-Executive</u>			
David Wilbraham	165,000	2.00	08/05/2009
Daniel Seckinger	163,000	1.00	31/12/2005 – 31/12/2011
Edward Mulhare	124,000	1.00 – 2.00	31/12/2005 – 31/12/2011
Edward Wampold	420,500	1.00 – 2.00	31/12/2005 – 31/12/2011
Geoffrey Vero	110,000	50 pence	30/04/10

(1) The following options were granted during 2003

David Wilbraham	55,000
Daniel Seckinger	110,000
Edward Mulhare	110,000
Edward Wampold	110,000
Geoffrey Vero	110,000

DIRECTORS' SHAREHOLDINGS

This information may be found within the Directors' Report.

Corporate Directory

Chairman (Non-Executive)

David Wilbraham (succeeded Lord Norman Blackwell as Chairman effective 28 March 2003)

Chief Executive Officer

Raymond F. Akers, Jr.

Chief Financial Officer

Paul B. Freedman

Non-Executive Directors

Edward Mulhare
Edward Wampold
Daniel Seckinger
Geoffrey Vero (effective 30 April 2003)

Principal Place of Business and Registered Office

201 Grove Road
Thorofare, NJ 08086, USA

Corporate Financial Advisers/Stockbrokers

KBC Peel Hunt
London

Corporate Legal Advisers

Stephen B. Schneer
New York, NY USA

Registered Auditors

McGladrey & Pullen, LLP
Blue Bell, PA USA

Bankers

Commerce Bank
Cherry Hill, NJ USA

Registrars and Transfer Office

Capita Registrars
Essex, Kent

Registered in New Jersey, USA

Independent Auditor's Report

31 December 2003