

Embargoed: 0701hrs, 11 April 2011

## **Akers Biosciences, Inc.**

(“ABI” or the “Company”)

### **Preliminary Results for the Year Ended 31 December 2010**

#### **Financial Summary**

- Revenue increased 72% to \$3.1 million (2009: \$1.8 million)
- Gross Profit Margin increased by 18 basis points to 57.8% (2009: 40.3%)
- Adjusted Loss Before Tax substantially reduced by 74% to \$1.2m (2009 loss: \$4.6 million)
- Earnings Before Interest, Depreciation, Taxes & Amortization (EBIDTA) increased by 84% to loss: \$649k (2009 loss: \$4.1 million)
- Basic & diluted loss per share substantially reduced by 75% to \$0.01 (2009: \$0.04)
- Inventory at year end: \$686k (2009: \$677k)
- Company is debt free with current assets in cash and cash equivalents at year end of \$423k (2009: \$2.6 million), which was subsequently increased by the £2.16 million placing in January 2011

#### **Operational Summary**

- 37% increase in PIFA Heparin/PF4 Rapid Assay sales over 2009; this represents a strong acceleration in H2 2010 performance due to an increase in product adoption through the expansion of the Company's international distribution network with the addition of Fisher HealthCare and TCoag Germany in Q3 2011
- Licensed the exclusive sales, marketing, and distribution rights to the Company's BreathScan product line in the UK and Republic of Ireland, to London-based BreathScan International Ltd 20% owned by ABI
- Comprehensive protocol completed at major US university confirms PIFA Heparin/PF4 Rapid Assay as a rule-out test for Heparin-Induced Thrombocytopenia (HIT) given its highly favourable negative predictive value
- Al Tadawi Medical Equip TR LLC distribution relationship provides ABI with access to diagnostic markets in the Middle East and India for the Company's Tri-Cholesterol “Check”, PIFA Chlamydia and Breath Ketone “Check” rapid screening test
- Breath Ketone “Check” received CE-Mark for professional use; technical documentation submitted to the FDA for 510(k) Clearance process
- Granted additional US Patent for ABI's MicroParticle Catalyzed Biosensor technology and portable key holder unit

#### **Post Year-End Developments**

- BreathScan PRO Alcohol Detection System commercialization milestones reached in USA and EU
  - US FDA 510(k)-clearance granted for Over-the-Counter Use
  - CE-Mark affixed for professional use
- Breath PulmoHealth “Check” line will be extended to include rapid breath condensate screening tests for Asthma and Chronic Obstructive Pulmonary Disease (COPD) in addition to Lung Cancer
- Successful £2.16 million equity raise positions ABI to:
  - fund clinical trials for a number of ABI's diagnostic products which are in the final stages of development prior to commercialization
  - fund marketing of existing products, particularly through the commissioning of user studies and field trials by comparing the efficacy of ABI's tests against alternative testing methods
  - invest in ABI's direct-sales capability
- Granted US Patent for the Company's Rapid Blood Cell Separation (“Separator”) technology. The technology has been integrated into the Lithium “Check” System and will be the basis for the PIFA POC (“Point-of-Care”) assay format that will facilitate bedside testing for numerous antibody- and antigen-specific diagnostic devices, including the Company's Heparin/PF4 test

**Thomas A. Nicolette, President and CEO, commented,**

“We are confident that our six proprietary platform technologies position ABI attractively in the global, rapid test marketplace and set the stage for long-term corporate growth. Moving into 2011, ABI is well-positioned to complete the clinical development of a number of novel rapid diagnostic testing solutions and introduce these products into high value markets, towards the end of the year and beyond.”

**Enquiries:**

Thomas A. Nicolette, President and CEO  
Tel. +1 856 848 8698

Antony Legge or Noelle Greenaway  
Daniel Stewart & Company plc (Nomad and Broker)  
Tel. +44 (0)20 7776 6550

Ben Simons  
M: Communications  
Tel. +44 (0)20 7920 2340

**Chairman’s and Chief Executive’s Report**

We are pleased to present the annual financial results for the Company for the year ended 31 December 2010.

We continued to make progress in positioning the PIFA Heparin/PF4 Rapid Assay (HPF4) as a top performer within our product portfolio. Following strong growth in the first half, with sales up 29%, the second half saw a further acceleration in growth with contributions from our distribution relationships with Cardinal Health and Fisher HealthCare in the United States, and the Tcoag division of Diagnostica Stago in the EU. The result was a 37% increase in revenue over 2009 for the year as a whole. ABI also experienced growth in Tri-Cholesterol “Check” sales with the inception of our agreement with Al Tadawi Medical Equip TR LLC, which expanded product distribution into the Middle East and India, and the \$1.65m order announced at the end of the year. Given this sales momentum and the forecasted requirements for products in Q1:2011, the total value of inventory held by the Company at 31 December 2010 was similar to FY2009 (2010: \$685k (2009: \$677k)). Q1:2011 revenues have exceeded those of the same period in 2010 by 68%, therefore, the Company’s on-hand inventory estimates were on target with demand and consistent with ABI’s strategy aimed at meeting or exceeding 2011 market expectations.

The aforementioned commercial activities, combined with the international distribution of products within the BreathScan breath alcohol detection franchise, resulted in 2010 revenues totalling \$3.1 million, a 72% increase over 2009 year-end totals (FY2009 \$1.8 million). As was anticipated, ABI returned to achieving a more attractive gross profit margin of 57.8% (2009: 40.3%).

2010 was a very productive year for ABI’s new product pipeline. R&D budgets were strained as the development work to support regulatory submissions for US FDA-clearances and CE-Marks for BreathScan PRO and Breath Ketone “Check” was completed. In addition, our research teams initiated preliminary investigations to support the Company’s robust 2011 development pipeline focused on line extensions that utilize our MPC Biosensor and PIFA technology platforms. These expenditures contributed to an adjusted loss before tax of \$920k (2009 loss: \$4.6 million) and a basic & diluted loss per share of \$0.01 (2009 loss: \$0.04). Outside of investments in R&D however, the Company’s culture of efficiency and resource management resulted in significant savings in overall operating expenses.

Moving into 2011, ABI is well-positioned to complete the clinical development of a number of novel rapid diagnostic testing solutions and introduce these products into high value markets, towards the end of the year and beyond.

## **Product Portfolio**

ABI is uniquely positioned as a provider of rapid diagnostic solutions that encompass the totality of the point-of-care testing process, from sample preparation to immediate test result. In addition, the Company is a pioneer in disposable breath condensate technology; a testing format that shows a tremendous amount of promise given the variety of wellness- and disease-predicting biomarkers present in an exhaled breath sample.

At present, ABI's current portfolio is largely derived from four of the Company's six proprietary platform technologies: Particle ImmunoFiltration Assay (*PIFA*), Micro Particle Catalyzed (*MPC*) Biosensor, Rapid Enzymatic Assay (*REA*) and Synthetic Macrocyclic Complex (*SMC*). Appropriately, a discussion of the products within our current and emerging portfolio will be segmented by platform.

### ***Particle ImmunoFiltration Assay Technology***

The core products marketed under the PIFA platform are the PIFA Heparin/PF4 Rapid Assay, a variety of rapid Infectious Disease screening tests, and the Battlefield Blood Transfusion Card.

#### **PIFA Heparin/PF4 Rapid Assay (PIFA HPF4)**

PIFA HPF4, one of ABI's flagship products, continued to gain momentum in the clinical laboratory marketplace in 2010, both in the USA and internationally. Sales of the product accounted for 31 per cent of the Company's FY2010 revenues, and surpassed 2009 totals by 37%. PIFA HPF4 remains the only FDA-cleared device that quickly determines if a patient, being treated with the blood thinner Heparin, may be developing a drug allergy. In the EU, it is one of only two rapid tests in the Heparin-allergy category and the only one that does not require any instrumentation.

This clinical syndrome, referred to as Heparin-Induced Thrombocytopenia (HIT), reverses Heparin's intended therapeutic effect and transforms it into a clotting agent. Patients with HIT are at risk of developing limb- and life-threatening complications, so the timely test result provided by ABI's PIFA HPF4 device, is paramount to effective, clinical decision making.

In the US and EU, approximately 25 million patients are exposed to Heparin annually and 1 to 5% of those patients receive a HIT diagnosis. The largest at-risk populations are patients undergoing major cardiac or orthopedic surgical procedures. It is estimated that up to 50% of cardiac surgery patients develop HIT-antibodies, while these antibodies may be detected in close to 15% of orthopedic surgery patients. Given the size of the aging baby boomer market segment, surgeries within these categories are expected to increase as would the potential demand for the PIFA HPF4 test.

The Company recently announced that a comprehensive protocol comparing the diagnostic utility of the PIFA HPF4 test, and several conventional laboratory methods used to detect HIT-antibodies was completed. The study, funded by the Company, was conducted in critically ill patients at the University of Miami/Jackson Memorial Hospital. Turn-around time and accuracy-of-result are of paramount importance in this population, and the PIFA HPF4 rapid assay correctly identified every positive patient but, more importantly, it produced no "false negative" results. Conversely, the competitive screening tests, which utilize the highly complex, time-consuming ELISA method, produced several false negative results. Moreover, the two leading ELISA screening tests did not correlate well with each other; this lack of concordance presents a challenge, given the important role of laboratory testing in clinical decision-making.

The main conclusion of the study was that ABI's unique, patented PIFA HPF4 assay can serve as a quick "rule out" test for HIT. Given the accuracy of and speed at which the PIFA result was obtained, after completion of the protocol, investigators integrated the PIFA test into a new diagnostic algorithm to assess patients at risk for developing HIT

To further improve the rate at which clinicians can obtain a PIFA HPF4 result, the Company is in final stages of developing a point-of-care version of the test. The line extension, which will be branded as the PIFA PF4 POC rapid assay, has the potential to accelerate the PIFA HPF4 franchise into widespread adoption since additional

sites within the hospital, and clinics and doctors' surgeries, will now be able to use the POC version of the test. While the PIFA HPF4 test uses blood serum as the sample, the PIFA PF4 POC test uses whole blood as the sample. PIFA PF4 POC combines ABI's rapid Blood Cell Separator and PIFA technologies into a single device; the marriage of these two technologies condenses the sample preparation and analysis procedures as the precise micro-volume of serum will be delivered directly into the PIFA cassette for immediate testing. This eliminates the need for healthcare personnel to acquire a whole blood specimen through a venous blood draw, since a simple finger stick sample is all that is required. An added benefit is that testing can be initiated and completed at bedside since specialised equipment like a centrifuge and calibrated pipette, traditionally located in the laboratory, is no longer needed. Field trials are expected to commence in Q2 2011 and market introductions are planned for the latter part of this year.

Finally, the successful £2.16 million equity raise completed in Q1 2011 has enabled ABI to move forward aggressively with its plan to deploy a direct sales force in the United States. The first sales professionals will be in place by early May 2011, with additional personnel slated for hire in two additional waves throughout the remainder of the year. The Company is optimistic that this focused selling effort and the improved margins offered by direct sales will further accelerate product adoption and expand revenues.

### **Battlefield Blood Transfusion Card**

The demand for the Battlefield Blood Transfusion Card increased in H2 2010, although contribution to revenue was insignificant. The product is featured on ABI's government contracting product menu and is the only American-made blood typing card available for sale. This rapid blood typing card is used to assess donor-patient blood grouping compatibility in minutes, to help facilitate fresh whole blood transfusions in triage situations. The Battlefield Blood Transfusion Card is designed to enhance combat casualty care, especially when blood requirements outpace blood supplies. The clinical utility of this product can be appreciated with the fact that nearly 50% of blood transfusions in US military personnel are performed by medics under battlefield conditions. Q1 2011 sales continue to reflect an increase in product usage by US government entities as additional military bases have become active customers. Expansion into international markets is also under consideration. Overall, however, Battlefield Blood Transfusion Cards sales are not expected to exceed 1% of total revenue projections for 2011.

### **PIFA Infectious Disease Rapid Assays**

Infectious diseases account for more than 15 million deaths annually. That equates to one in every two deaths in developing countries. Given that greater than 80% of the world's population lives in the 100-plus developing countries, the need for infectious disease screening tests and effective treatment options has global implications. The expansive geographies combined with underdeveloped, underfunded healthcare infrastructures make rapid, single-use, portable devices that do not require special instrumentation key to any infectious disease-containment solution.

ABI's PIFA technology provides a testing format that meets the aforementioned criteria and in 2010, the Company initiated limited sales of its disposable Malaria and Chlamydia tests to overseas markets. ABI plans to initiate field trials in key international markets in 2011, to increase product awareness and further demonstrate the accuracy of the PIFA rapid format in comparison to conventional, highly complex laboratory methods. Hepatitis B, HIV, and Dengue Fever rapid assays are also in ABI's product portfolio. Further expansion in the Infectious Disease category is planned as the Company integrates its blood cell separator into the PIFA test system to further consolidate the test result turn-around time and eliminate the need for any specialized sample preparation personnel or equipment.

In addition, since Chlamydia is the most prevalent sexually-transmitted disease in the US and the UK, the Company plans to pursue product approvals for its test for doctors' surgeries or OTC applications in these areas.

### ***Micro Particle Catalyzed (MPC) Biosensor Technology***

The Company's MPC Biosensor breath condensate testing platform forms the basis of a number of ABI's marketed and pipeline products.

## **Commercialised Products**

### **BreathScan**

BreathScan originated the disposable breath alcohol detector category and was the first single-use breathalyser to obtain the FDA 510(k) clearance for Over-the-Counter use required to facilitate sales to US consumers; no certifications are required to market the product in the EU given that BreathScan results are not used to diagnose any medical conditions. BreathScan detectors are available in .02%, .05% and .08% and provide users with a test result in 2 minutes. If the crystals in the interior of the device change from yellow to aqua, the user has tested positive for the specific alcohol level. Should the crystals remain yellow, the user is negative.

In 2010, non-government sales of BreathScan breath alcohol detectors grew 28% over 2009 totals. Much of this growth is attributed to the brand's expansion into the EU with the strategic agreement established with the London-based BreathScan International Limited ("BSI"). BSI licensed the exclusive sales, marketing, and distribution rights to the BreathScan product line, inclusive of any line extensions, in the UK and Republic of Ireland for a period of five years. In return, ABI received a 20 per cent equity stake in the entity and ABI's President and Chief Executive Officer, Thomas A. Nicolette, now sits on BSI's Board of Directors. BSI also has a non-exclusive right to develop other international markets, outside of North America. ABI anticipates that revenues from the implementation of BSI's business plan will be weighted to the second half of 2011.

ABI's product forecasts for 2011 do not include significant revenue from the US military for this product, but interest from international forces may contribute to the Company's future revenues.

ABI continues to expand its BreathScan US distribution by establishing relationships with corporations well-entrenched in the employee health and safety industries. To promote further growth, the Company is focused on developing strategic alliances with organizations and institutions that promote alcohol awareness programmes in higher education and various consumer markets.

### **BreathScan PRO**

The BreathScan PRO Alcohol Detection System merges the convenience of the Company's proprietary breath alcohol detection technology with the quantitative precision of an electronic analyser. As with all BreathScan products, the test subject exhales into a specially calibrated, BreathScan PRO detector. The testing coordinator then inserts the used detector into the BreathScan PRO Digital Analyser. After 2 minutes, the Analyser's sophisticated optics calculate the subject's Blood Alcohol Concentration ("BAC"); the detectable range spans from 0.00 per cent to 1.50 per cent BAC. Unlike other electronic breathalysers, BreathScan PRO never requires recalibration so it is ready mode at all times.

In 2010, the Company submitted the required technical documentation to the US FDA and CE authorities in the EU in an effort to obtain the appropriate market clearances. Post year-end, ABI received an Over-the-Counter designation from the FDA, clearing the commercialization path in the US for use by trained professionals, including those in civil and military law enforcement, and the lay public. In addition, the CE-Mark was affixed to the Alcohol Detection System for professional use. Unlike the aforementioned BreathScan disposable detectors, BreathScan PRO is required to have a CE-Mark as the System includes an electronic component, namely the Digital Analyser. This product is now in production and ABI and BSI are working to solidify the global distribution plan.

### **Disposable Antioxidant Screening Test**

ABI continued its relationship with Pulse Health, LLC (Pulse) in 2010 as their organization transitioned its commercialisation efforts from a focus on the Free Radical Enzymatic Device ("FReD") to Revelar, a system to measure aldehydes in the breath. Aldehydes are indicators of free radical damage that is thought to negatively

impact healthy cells. Millions of Americans take antioxidant supplements to counteract this process; the Revelar system, which consists of an electronic analyser and disposable breath tubes, provides healthcare professionals with a rapid method to measure the effectiveness of a patient's antioxidant regimen.

As a result of Pulse's change in strategy, in early Q2 2011, ABI renegotiated the technology transfer and supply agreement it had previously executed with Pulse in 2008. In this new agreement, ABI purchased all Technology relating to non-invasive exhaled breath testing which Pulse had previously acquired from ABI; this includes ownership of US patent #7,285,246. In exchange for this technology, ABI released Pulse from any obligation to make further payments under the 2008 Agreement, which totals \$2.325 million.

Also, ABI and Pulse agreed to enter into a new Supply Agreement under which ABI will sell Pulse breath tubes for use in the Revelar devices. Pulse will buy tubes of the kind covered by either of the ABI Patents until Pulse has reached a purchase threshold of \$2.325 million worth of such tubes. Once this threshold has been met, Pulse may 1) continue to purchase the tubes from ABI, 2) have the tubes made by a third party while paying ABI a royalty per tube or 3) discontinue use of the technology and ABI Patents. ABI expect that this threshold will be achieved over approximately the next 12 months.

The 2011 contract has important and positive implications for ABI. First, since the 2008 agreement had precluded ABI from developing other breath condensate products outside of a select few tests, the Company's product development path is now cleared with complete freedom to operate in the Micro Particle Catalyzed (MPC) Biosensor technology platform. Further, the Revelar tube Supply Agreement provides a revenue stream that is positive for the Company's short- and possibly longer-term prospects.

### **MPC Biosensor Product Pipeline**

ABI has two major MPC Biosensor tests in development, each of which addresses vast international markets that are primed for innovative, non-invasive testing solutions, namely the Breath Ketone "Check" test and the Breath PulmoHealth "Check" suite of assays.

#### ***Breath Ketone "Check"***

Breath Ketone "Check" is a first-in-class, disposable device that detects the presence of ketones in a test subject's breath condensate sample. Ketones are acids that have the potential to build up in the body causing a condition called ketosis. An extreme form of this complication is a life-threatening medical emergency called ketoacidosis; the estimated 28.5 million Type I (insulin-dependent) diabetics worldwide are at particular risk for ketoacidosis and require routine monitoring of their ketone levels. To date the medical industry relies on blood- and urine-based ketone testing methods, which are invasive and/or inconvenient, however breath and blood ketone levels are closely correlated. As a result, Breath Ketone "Check" is designed to offer healthcare professionals a convenient, accurate method, to quickly determine if an individual's ketone level is approaching a dangerous threshold requiring medical attention.

In 2010, the study data needed to configure the technical documentation for FDA 510(k) and CE-mark approvals for Breath Ketone "Check" was completed and regulatory submissions were made. The CE-mark was granted in 2010 clearing the way for the device to be marketed in the EU for professional use once ramp-up manufacturing activities are completed. FDA review is still underway.

#### ***Breath PulmoHealth "Check"***

The Breath PulmoHealth "Check" consists of a suite of assays that signal the detection of various biomarkers related to pulmonary health, namely Asthma, COPD and Lung Cancer, through convenient, rapid analysis of an individual's breath sample. ABI has chosen to target this trio of conditions as their impact on global health is staggering:

- over 300 million people are living with Asthma and up to 18% of a country's population are undiagnosed asthmatics

- 210 million individuals are being treated for COPD but each of the 1 billion smokers is at risk for the disease
- more than 1.6 million receive the diagnosis of lung cancer annually with many more victims to come as 80% of all lung cancers can be attributed to smoking

It is therefore evident that pulmonary conditions are under-diagnosed and under-treated and will continue to pose a chronic strain on worldwide public health. Currently, diagnostic methods used for the detection of lung-related diseases and illnesses are often costly as specialized medical personnel must facilitate analysis and testing, and radiologic exams or invasive surgical procedures may be required. Whilst ABI does not presume *Breath PulmoHealth "Check"* to be a replacement for such tests in all markets, the Company does however have ambitions for the devices to become effective, highly cost-efficient, primary screening tools. Their ease of use, portability and non-invasive nature provide healthcare professionals and public health officials with a testing platform that can be deployed in high volume, and even in regions of the developing world. The Company's primary development efforts are focused on the Asthma product, and began clinical trials in Q1 2011. The Company plans to begin the clinical trials of its COPD and lung cancer tests later this year.

### ***Rapid Enzymatic Assay (REA) Technology***

ABI's **Tri-Cholesterol "Check"** test has an increase in activity in 2010 given the introduction of the brand to diagnostic markets in the Middle East and India by Al Tadawi Medical Equip TR LLC. The demand for this product can be attributed to healthcare trends that identify cardiovascular disease, and related risk factors like high cholesterol, diabetes and high blood pressure, as being on the rise in that region. In fact, studies recently conducted in various medical centres throughout Saudi Arabia and the United Arab Emirates (UAE) categorized the cardiovascular health risk as being on the edge of a potentially serious epidemic. In addition, the research revealed that half the subjects were undiagnosed prior to participating in the study that may be indicative of insufficient healthcare resources.

This regional case study has global application as cardiovascular disease is the leading cause of death worldwide and access to healthcare remains a challenge to much of the aggregate population. This drives home the need for rapid, straightforward screening tests that are easily accessible to individuals for routine monitoring. Since the Tri-Cholesterol "Check" test is initiated with an easy-to-obtain finger stick blood sample, and provides users with an estimate of both their HDL and LDL cholesterol levels, it can be integrated into cholesterol screening programs with ease. The product is CE-marked for professional use and has appropriate US market clearances. As a result, the Company is targeting agencies and organizations that provide mobile health screening services to expand product adoption in those markets.

### **Synthetic Macrocyclic Complex Technology**

#### ***Lithium "Check" System***

ABI reacquired the rights to market the *CLIA-Waived Lithium "Check" System ("Lithium System")* in 2010. This point-of-care version of the Company's rapid Lithium test is the only CE-Marked and CLIA-Waived Lithium monitoring system available. Lithium is a longstanding, cost-effective treatment for Bipolar Disorder/"manic depressive illness" used in adult and pediatric populations. Patients being treated with Lithium must be monitored periodically, especially at the initiation of therapy. The drug has a very narrow therapeutic window as high levels of Lithium are toxic and often life-threatening, while sub-therapeutic drug levels are ineffective.

Conventional testing methods require the use of venous whole blood specimens so individuals are subjected to painful blood draws on a regular basis. In addition, test results are often not available for several days which prohibits a healthcare professional from adjusting a patient's medication in a timely manner. As a result, compliance to a prescribed medication regimen is often difficult.

The *CLIA-Waived Lithium "Check" System* uses a compact, battery-operated photometric reader to analyse a patient's serum specimen and deliver a blood Lithium result in minutes. The required micro-volume of serum originates from a simple finger stick blood sample introduced into ABI's blood cell separation device. This

means that routine Lithium monitoring and medication adjustments can be facilitated during an office visit, in a format that minimizes the discomfort experienced by the patient. With these benefits in mind, the Lithium System's profile positions the product for adoption in a number of mental healthcare markets. ABI is assessing various distribution opportunities and will initiate strategic marketing programs to support Lithium System sales by H2 2011.

## **Outlook**

2010 was a momentum-building year since the Company's revenue and operating results significantly improved over those of 2009, and our development pipeline and subsequent commercialization efforts had numerous successes. We are confident that our six proprietary technologies position ABI attractively in the global, rapid test marketplace and set the stage for long-term corporate growth. Our diagnostic platforms consolidate or eliminate the traditional gap between sample preparation and analysis, and provide users with timely results that can make an immediate impact on an individual's health and well-being. The portability, convenience and ease-of-use of our current offerings and developing products meet the worldwide demand for time-efficient and cost-effective point-of-care tests.

We welcome our new shareholders who embraced our vision of product expansion in February 2011, and we appreciate the steadfast support of our long-standing investors. The team at ABI is striving to demonstrate their commitment to excellence through the achievement of product development and revenue goals, and to building shareholder equity in 2011 and beyond.

Thomas A. Nicolette, President and Chief Executive Officer  
Raymond F. Akers, Jr. PhD, Chairman  
11 April 2011

**AKERS BIOSCIENCES, INC AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
**As of 31 December 2010 and 2009**

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment, net	433,608	320,871
Intangible assets, net	2,057,426	2,134,617
Long-term Receivables, net of current portion	3,755,889	1,527,183
Other Assets	4,283	4,282
<b>Total Non-Current Assets</b>	<b>6,251,206</b>	<b>3,986,953</b>
<b>Current Assets</b>		
Inventories (net)	685,623	677,352
Trade and other Receivables (net)	274,933	910,084
Cash and Cash Equivalents	423,250	2,648,973
Other Assets	81,879	105,172
<b>Total Current Assets</b>	<b>1,465,685</b>	<b>4,341,581</b>
<b>Total Assets</b>	<b>7,716,891</b>	<b>8,328,534</b>
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>EQUITY</b>		
Share Capital	79,515,496	79,328,108
Accumulated Deficit	(73,069,628)	(72,149,745)
<b>Total Equity</b>	<b>6,445,868</b>	<b>7,178,363</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and Other Payables	1,271,023	1,150,171
<b>Total Current Liabilities</b>	<b>1,271,023</b>	<b>1,150,171</b>
<b>Total Liabilities</b>	<b>1,271,023</b>	<b>1,150,171</b>
<b>Total Equity and Liabilities</b>	<b>7,716,891</b>	<b>8,328,534</b>

**Consolidated Statement of Operations**  
**As of 31 December 2010 and 2009**

	2010	2009
	\$	\$
Revenues:		
Product Revenue	3,053,281	1,415,105
License Revenue	-	429,000
Total Revenue	3,053,281	1,844,105
Cost of Sales:		
Product Cost of Sales	(1,087,863)	(1,100,646)
License Cost of Sales	-	-
Total Cost of Sales	(1,087,863)	(1,100,646)
Gross Profit	1,965,418	743,459
Other Income	3,163	47,386
Administrative Expenses	1,721,752	2,805,513
Research and Development Expenses	874,505	662,082
Non-Cash Share Based Compensation	164,436	1,506,613
Amortization of Non-Current Assets	340,481	482,201
Impairment of Non-Current Assets	-	353,125
Income (Loss) from Operations	(1,132,593)	(5,018,689)
Other Income/Expenses		
Foreign Currency Transaction (Income)/Expense	70,703	(300,672)
Loss on Disposal of Property, Plant & Equipment	-	(90,000)
Total Other Expense/(Income)	70,703	(390,672)
Loss Before Income Taxes	(1,203,296)	(4,628,017)
Income Tax Benefit	283,413	-
Net Loss	(919,883)	(4,628,017)
Basic & diluted loss per share	\$ (0.01)	\$ (0.04)
Weighted average basic & diluted common shares outstanding	114,386,516	113,503,858

**Consolidated Statements of Changes in Equity (Deficit)**  
**As of 31 December 2010 and 2009**

	Share Capital \$	Capital Reserves \$	Accumulated Deficit \$	Total Equity \$
<b>Balance at 31 December 2008</b>	77,799,990		(67,521,728)	10,278,262
<b>Changes in Equity for 2009</b>				
Net loss for the year			(4,628,017)	(4,628,017)
	77,799,990	-	(72,149,745)	5,650,245
Recognition of share based payments for options & warrants	1,506,613			1,506,613
Exercise of warrants & stock options	21,505			21,505
<b>Balance at 31 December 2009</b>	79,328,108	-	(72,149,745)	7,178,363
<b>Changes in Equity for 2010</b>				
Net loss for the year			(919,883)	(919,883)
	79,328,108	-	(73,069,628)	6,258,480
Recognition of share based payments for options & warrants	164,436			164,436
Sale of ordinary shares	20,320			20,320
Exercise of warrants & stock options	2,632			2,632
<b>Balance at 31 December 2010</b>	79,515,496	-	(73,069,628)	6,445,868

**Consolidated Cash Flow Statements**  
**As of 31 December 2010 and 2009**  
**Final Draft**

	<b>Year Ended 31-Dec-10 \$</b>	<b>Year Ended 31-Dec-09 \$</b>
<b>Cash flows from operating activities</b>		
Net loss for the year	(919,883)	(4,628,017)
Adjustments for:		
Provisions for bad debts	(431,588)	428,082
Non-cash share based compensation	164,436	1,506,613
Gain on disposal of property, plant and equipment	-	(90,000)
Depreciation, amortization & impairment of non-current assets	484,029	920,490
	(703,006)	(1,862,832)
Movements in working capital		
(Increase)/decrease in trade and other receivables	(1,161,967)	505,048
(Increase) in inventories	(8,271)	(268,267)
(Increase)/decrease in other assets	23,292	(2,010)
Decrease in trade and other payables	120,852	244,170
	(1,026,094)	478,941
<b>Net cash used in operating activities</b>	(1,729,100)	(1,383,891)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(256,285)	(70,022)
Capitalized development costs	(263,290)	(230,000)
<b>Net cash used in investing activities</b>	(519,575)	(300,022)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	22,952	21,505
<b>Net cash from financing activities</b>	22,952	21,505
Net decrease in cash and cash equivalents	(2,225,723)	(1,662,408)
Cash and cash equivalents at beginning of year	2,648,973	4,311,381
Cash and cash equivalents at end of year	423,250	2,648,973