



**designs, manufactures and markets
rapid screening and testing products,
for military, law enforcement,
industrial safety, doctor's surgeries,
hospital and home use.**

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David Wilbraham
Chairman

Raymond F. Akers, Jr.
CEO

Chairman's and CEO's Statement

Results

Since reporting that the Company expected 2006 revenues to be \$5.2 million, the Company has acquired the assets of its major distributor of breathalyzers to the US Military, 'Bout Time Marketing ("BTM"). As a consequence of the accounting treatment of this acquisition, which is explained below, the Company's 2006 revenues were in fact \$1.0 million (2005: \$4.6 million).

Under the terms of the acquisition, Akers acquired the assets of BTM which, amongst other things, included an inventory of products supplied by Akers but not yet shipped to BTM's customers. As part of the audit process, the Company's auditors reviewed the accounting treatment associated with this acquisition and requested that the Company commission an independent valuation report on the intangible assets of BTM, in part to ascertain the revenues that could be recognized by the Company in the 2006 financial year. The independent valuation report was finalized at the end of last week and substantiated the price paid by the Company, both for BTM and WNCK, Inc. The Company's auditors have subsequently reviewed the valuation report and informed the Board that only the sale proceeds of breathalyzers that were actually shipped by BTM to the end user (the US Military) in the 2006 financial year could be recognized in the Company's 2006 accounts.

2006 revenues primarily comprise:

- initial sales of the Company's Heparin/Platelet Factor-4 antibodies test into a small hospital customer base which, with very satisfactory product acceptance by clinicians, is expected to contribute significantly to future growth;
- alcohol breathalyzer sales, but most importantly initial sales of approximately \$500,000 to the US Military.

While the revenues reported here are extremely disappointing, the Board expects to realize the balance of the full \$4.2 million in the 2007 financial year. The Company has already realized \$1.5 million of this revenue during H1 2007, from sales of breathalyzers to the US Military, and expects to receive further contracts.

The Company's pre-tax loss was \$9.6 million (2005: pre-tax loss of \$4.5 million). This figure was adversely affected by the Company recording a significant bad debt from a distributor, the financial impact of which, although painful, is expected to be ameliorated by the Company taking back into inventory the product, with the intention of re-sale.

Business Review

All of the Company's proprietary technologies provide the platform for high margin niche products, intended for use in specialized market segments. These market segments include: clinical laboratories, homeland security, military, OTC, industrial and consumer safety, doctor's surgeries, and clinical research.

Revenues in 2007 will be primarily due to the market penetration of four of the Company's products, which are detailed here.

Chairman's & CEO's Statement (continued)

PIFA[®] Heparin Platelet Factor 4 Rapid Assay

The Company's rapid HPF4 test is sold into the US clinical laboratory market through Cardinal Health and Corgenix Medical Group 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 clinical need for the product, and several studies have been presented at scientific meetings indicating that the Company's test may be more accurate than any competitor on the market.


We announce today that Cardinal Health has signed a new contract with the Company for the distribution of this product. This evergreen agreement guarantees that the product will remain in Cardinal's highest focus of products at least through 2008, and that the Company will be in the highest tier of supplier relationships. In addition, the agreement provides a price increase beginning 1 August 2007 and for the distribution of additional products.

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 a heparin "allergy" or other serious thrombolytic reaction 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 2006, over 3.5 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 has expanded its customer base through new distribution relationships in the UK and Europe. In addition, the Company plans to distribute the product to the US physicians' office market through new distributors in 2007.

Breath Alcohol [®] and BreathScan[®] Alcohol Breathalyzers

The Company is the only manufacturer of portable, disposable alcohol breathalyzers in the US. The Company is continuing to pursue sales of its Alcohol Breathalyzers through its own Breath Alcohol [®] brand and the recently acquired BreathScan[®]. These sales are generated through a rapidly expanding distributor network, as well as through direct sales.

In February, 2006, the Company acquired certain assets of WNCK, Inc., ("WNCK") of The Woodlands, Texas, USA, in an effort to strengthen its position in the alcohol breathalyzer industry. WNCK had been the leading distributor of disposable alcohol breathalyzers in the U.S., and the Company had 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. The Company has already benefited from increased margins as well as direct distribution channels, which are likely to have a synergistic effect with other products.

Chairman's & CEO's Statement (continued)

This is especially important in view of rapidly expanding markets resulting from new Coast Guard regulations and US Military safety programs. One of the Company's marketing partners, 'Bout Time Marketing ("BTM") has helped develop a special safety program for the US Military, and is a significant distributor of disposable alcohol breathalyzers to the U.S. Military and retail markets. Its Legal Limit product line and Alcohol Safety Program were amongst the first products to address responsible alcohol consumption by soldiers and civilians.

In January, 2007 the Company acquired certain assets of BTM, and now owns the Legal Limit product line, and BTM's customer base. The Company has already benefited from increased margins and distribution channels, and has received contracts with the US Military in 2006 and 2007. The Company believes that additional contracts will be received in 2007, and that a stable, recurring business will be achieved in future years. On 19 June, 2007, the US Patent and Trademark Office issued a Notification of Allowance for a patent containing certain features of the Legal Limit product, further strengthening this product line.


In addition to being profit-enhancing from the day of closing, these acquisitions have established the Company as the premier force in portable alcohol breathalyzers in the U.S.

Moreover, these acquisitions represent initial steps in the Company's strategy to transform the portable alcohol breathalyzer industry. The Company has positioned its breathalyzers as security and safety devices by enhancing the technology through the development of electronic readers. The Company believes that this new product positioning, together with the addition of the Legal Limit products will enhance market penetration and profit margins.

Additional applications of the breathalyzer product line include a program to curb driving under the influence of alcohol used by the Italian government. The Company's distributor in the UK, Advanced Rapid Diagnostics, Ltd., has also had success in selling the product into the industrial safety sector. Also, the DOT approval announced in September, 2006 opened the maritime safety industry to the Company's breathalyzer products.

TriCholesterol ®

The Tri-Cholesterol Test Kit is the only FDA-approved rapid assay that provides a complete cholesterol profile of the patient, with semi-quantitative determinations of high-density lipoprotein (HDL) cholesterol, low-density lipoprotein (LDL) cholesterol, and total cholesterol levels in whole blood obtained from a finger stick. The Company is currently marketing this product through new distribution channels due to the unsatisfactory performance of its former distributor. The Company plans to re-launch this product with a new distributor in the second half of 2007, and believes that there is still significant market potential.

In addition, the Company has further developed this product into a format suitable for doctor's offices, TriCholesterol -Pro. The Company is in discussions with several US physicians' office distributors, and plans to introduce the product to this new market in the second half of 2007.

Battlefield Blood Transfusion Card

The ABO Blood Group was the first to be identified and is the most significant for transfusion practice. Accurate testing of donor and recipient blood for ABO/D compatibility is essential for the prevention of hemolytic transfusion reactions. To respond to the unpredictable demands of battlefield transfusion support, the U.S. Military may use "the walking blood bank" as its blood supply. This requires on site identification of the donor and recipient blood types. The Battlefield Blood Transfusion Card can accomplish this task using only the card, a drop of blood, and a drop of a rinse reagent.

Chairman's & CEO's Statement (continued)

Following several successful clinical trials, the Company has received several small orders from the US Military for this product. The demand for the product is expected to grow significantly since over 40% of blood transfusions in the military theatre of operations are performed under field conditions, and there is currently no other rapid test competition. The Company is in discussions with the US Military to expand the use of the product under field conditions.

Personnel

As part of its objective of strengthening its management team the Company has made significant management changes with the appointment of very experienced executives. Thomas A. Nicolette has joined the company as President, and is responsible for the operations of the business and Arthur Mullin has replaced Paul Freedman as interim Chief Financial Officer. It is appropriate for the Board of Directors to recognise the contribution Paul Freedman has made to the Company over many years and to thank him for his all his efforts and dedication.

Product Development

The Company now offers six different proprietary platform technologies, and has developed products based on these technologies.

During 2006, the Company proceeded with the development of products for its new Homeland Security suite of rapid tests. These include the environmental detection of anthrax (*Bacillus anthracis*) and plague (*Yersinia pestis*), and a High Pathogenicity BioScreen Assay, which could be used for mass screening in the event of an outbreak of avian flu or biowarfare agents. All of these products are based on the Particle ImmunoFiltration Assay technology, and are packaged in a format similar to its PIFA Heparin/PF-4 test.

In addition, the Company completed the development of the Battlefield Blood Transfusion Card, and introduced this product to the US Military. The Company is also currently in discussion with the military regarding the development of a multi-screen theatre card.

Current Trading and Outlook

The Company has achieved significant milestones in the market penetration of two of its key products in 2006, and plans to re-launch its cholesterol test in 2007. The Company has restructured its debt in 2007, and is financially stable. The acquisitions completed in 2006 and early 2007 have shown the significant potential of the alcohol breathalyzer business, and the Company has already received two military contracts. These acquisitions have made the Company a premier force within the industry, and have put the Company on a positive future revenue track. If US Military contracts are obtained as expected in 2007, the Company will produce its first operating profit in its history.

David Wilbraham
Chairman

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



Products and Clinical Areas

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

Cardiology/Emergency Medicine

Heparin/Platelet Factor-4 antibodies^{*/***}
Battlefield Blood Transfusion Card
D Antigen Blood Group

Metabolism/Nutrition

Total, HDL and LDL Cholesterol^{*/***}
Free Radicals/Antioxidants^{***}
Glucose (blood)^{*}
Glucose (urine)^{*}
Menopause (FSH)^{*}
Ovulation^{*}
Pregnancy^{*}
Protein in Urine (Diabetes)^{*}
Rheumatoid Arthritis Factor^{*}
Urinary Tract Infection^{*}

Oncology

PSA
WBC
ANC

Employee Substance Abuse

BreathScan Alcohol Breathalyzer^{*}
Breath Alcohol Check Detection System^{*/**}
Drugs of Abuse (11 drugs including ecstasy)^{*/***}

Neuropsychiatry

White Blood Cell Count
Absolute Neutrophil Cell Count
Lithium^{*/***}

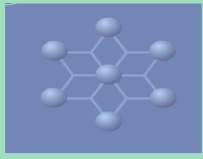
Infectious Disease

Chagas Disease
Chlamydia
Cytomegalovirus^{*}
Dengue Fever
Gonorrhea
Hepatitis B
Hepatitis C
Hepatitis / HIV Combo
Infectious Mononucleosis^{*}
Human Immunodeficiency Virus (HIV 1+2)
Lyme Disease
Malaria
Syphilis

Bioagent Detection

Biowarfare Agents Rapid Test (anthrax, swab)
Biosniffer Detector (anthrax, airborne; bacterial agents, airborne)

- * = FDA Market Clearance
- ** = Dept. of Transportation Approval
- *** = CE Mark



Product Spotlight



Heparin Platelet Factor 4 Antibody Assay

The PIFA[®] HPF4 antibody test is designed to identify patients at risk for developing heparin-induced thrombocytopenia and thrombosis syndrome (HITTS), a severe allergic-like side effect associated with the use of the anticoagulant heparin. The PIFA[®] HPF4 antibody test is intended for use in hospitals where heparin is administered during surgical and other medical procedures.

Heparin is the most widely used intravenous anticoagulant and one of the most widely prescribed drugs in the United States. More than 1 trillion units are administered annually to approximately 12 million patients. Intravenous heparin 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 surgeries including open heart, bypass, dialysis and orthopedic procedures. Heparin is also used for diagnostic and therapeutic interventional radiologic procedures.

Patients with recent exposure to heparin are at a much greater risk for developing HITTS. The presence of heparin/PF-4 antibodies is associated with patients at risk for HITTS, and the determination of antibody status is rapidly becoming a standard of care in hematology and cardiology. HITTS is caused by heparin-dependent antibodies formed to the heparin/platelet factor 4 complex, and 1-5% of adults exposed to heparin develop these antibodies. These antibodies are initially formed when a patient has been on heparin therapy for five or more days. An immune response to a heparin dose may be observed sooner (1-2 days) if the patient has had previous exposure to heparin. The hallmark symptoms of HITTS are a drastic fall in platelet count and thrombosis. Other symptoms may include cutaneous reactions, from a single allergic reaction.

Currently, laboratory tests are used primarily as a confirmation of HIT after the symptoms are seen in a patient and take many hours of days to perform.

The PIFA[®] HPF4 Antibody Assay is a rapid, manual assay and can be easily performed when immediate results are required. Because of the rapid progression of HITTS, and its potential outcomes, a rapid test result can impact the clinical intervention for these patients.




Breath Alcohol[®] and BreathScan[®]

Breath Alcohol[®] and BreathScan[®] are practical, cost effective methods to screen for the presence of alcohol on a test subject's breath. These detectors contain indicator chemistry which will undergo a color change in the presence of alcohol contained in the breath of the subject. Since they are single-use testers, there is no risk of cross contamination among test subjects. The cost per test for these screening devices are generally considerably less than the cost of testing using electronic units. The devices do not require calibration and have a straightforward test procedure that is simple enough for even the average consumer to use.

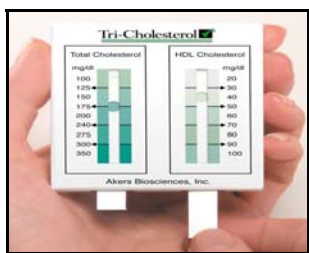


The Breath Alcohol[®] and BreathScan[®] are based on the proprietary MicroParticle Catalyzed Biosensor (MPC Biosensor) Technology.


Product Spotlight (continued)

MPC Biosensor Technology is an exciting new development in the biomedical sciences that permits the rapid determination of biomarkers in breath condensate. Advanced materials science is used to provide the foundation of MPC biosensor Technology. The reactive microparticles contained in an MPC Biosensor product, such as Alcohol , are coated with newly discovered catalytic agents and enhanced visual color contrast agents. In addition to these agent, the unique methods of application of these agents to the microparticles is key to the reactivity of the system. The reactive microparticles serve to trap and form a complex with the biomarker in the breath condensate. this complex reacts with the catalytic and color contrast agents to form a colored reaction product that is proportional to the amount of biomarker present in breath condensate. These break-through advances in material science technology and processes result in the improved properties in detection and sensitivity of MPC Biosensor Technology.

These products are targeted to industrial safety, transportation, law enforcement, clinical and retail markets. In addition, a new market in the marine industry has been opened by recent U.S. Coast Guard regulations requiring most marine vessels to stock breath alcohol testing devices onboard.



Tri-Cholesterol

Blood cholesterol levels are directly related to the risk of cardiovascular disease. The Tri-Cholesterol  Test Kit is the only FDA-approved rapid assay that provides a complete cholesterol profile of the patient, with semi-quantitative determinations of high-density lipoprotein (HDL) cholesterol, low-density lipoprotein (LDL) cholesterol, and total cholesterol levels in whole blood obtained from a finger stick.

This complete cholesterol test panel has been designed in a test card format; an enzymatic color reaction from a single drop of blood produces results in approximately three minutes. The card contains a sandwich of membranes that perform the following functions: separation of blood cells from serum, collection of serum, reaction of serum with cholesterol oxidase and substrate, and substrate color formation. The membrane sandwich is assembled in such a way that the whole blood sample is applied to the surface of the separator membrane, and the serum produced moves vertically through the sandwich contacting the reagents in successive layers. The substrate color is formed on the bottom layer of the sandwich. The test card is packaged in a kit containing finger stick devices and all other necessary accessories, making them ideal for office or home use.



Platform Technologies

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 organizations.

The Company now offers six different proprietary platform technologies, and has developed products based on these technologies. No longer offering only rapid, manual tests, the Company has 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). 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.

The Rapid Enzymatic Metabolite Assay 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, cortisol and testosterone.

Particle Immuno Filtration Assay (PIFA) technology has been developed with 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.

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

The Biosniffer technology is designed to continuously monitor airborne bacterial, viral, and fungal agents. The initial application of this technology is a system that provides real-time information on the probable cause of an atmospheric release of biowarfare agents. Each system is designed to provide visual, auditory and electronic warning signals to indicate that a bioagent release event has occurred. Tests are under development for other specific biowarfare agents, as well as hospital-related airborne infections, such as methicillin-resistant *Streptococcus aureus* (MRSA).



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 ISSUES

During January and again in November and December 2006, three of the Company's independent directors received an aggregate of 147,459 shares of the Company's common stock as payment for directors fees and other fees owing to them at the time of issuance in the amount of \$145,012.

On 27 February 2006, WNCK, Inc. received 125,000 shares of the Company's common stock as partial consideration for the Company's purchase from WNCK of its trademark and customer and distributor lists.

During the period commencing 4 August 2006 through 8 November 2006, Brittany Capital converted the \$2,770,000 of Convertible Notes outstanding at 31 December 2005 plus Original Issue Discount plus Premium plus accrued interest thereon into 4,279,168 shares of the Company's common stock.

RESULTS OF OPERATIONS

For the year ended 31 December 2006, revenues decreased from \$4.6 million to \$1.0 million – a drop of 78%. This was largely due to the lack of sales of the Company's Tri-Cholesterol tests which represented almost \$3.0 million of the Company's sales in 2005. Also, the Company had received significant orders from its major breathalyzer distributor, 'Bout Time Marketing during 2006, but due to the Company's acquisition of all of 'Bout Time Marketing's assets in early 2007, the Company booked only those orders shipped in 2006 to the US Military, who was 'Bout Time Marketing's major customer.

The Company's net loss expenses was \$9.6 million (\$.17 loss per share) compared to \$4.5 million (\$.09 loss per share). Major factors that increased the Company's loss were:

1. The change in gross profit (\$3.1 million) due to the lower level of sales and the Company's decision to build inventory for the anticipated military sales;
2. Addition to the Company's Reserves for Bad Debts (\$2.8 million); and
3. An increase in interest expense of \$0.6 million.

Research and development expenses were virtually the same as 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 latte step is essential in order for the Company to execute on its business model and fulfill orders.

Sales and general administrative expenses increased 10% over 2005 after deducting the charge for Bad Debts discussed in the prior paragraph.

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 2006 was \$0.5 million vs. \$0.3 for 2005.

CAPITAL EXPENDITURES

Capital expenditures were negligible in both 2006 and 2005.

Financial Review (continued)

LIQUIDITY AND CASH RESOURCES

As of 31 December 2006, 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 the issuance of convertible debt securities and borrowing from its revolving credit facility with the Company's cash.

The Company issued \$2.0 million of new Convertible Notes to Brittany during 2006 and drew down \$0.95 million against its revolving credit facility to partially fund its 2006 loss.

During May 2007, the Company refinanced the Convertible Notes due to Brittany at 31 December 2006, as well as approximately \$1.3 million borrowed during the first five months of 2007 from Brittany. Brittany issued new Convertible Notes which extend the maturity of the 2006 and 2007 Notes until 31 December 2008 and which permit the Company to draw up to an additional \$1,000,000 during the second half of 2007. This facility, supplemented by expected NOL sales at equal to or higher levels than during 2006 and a continuation of the higher level of revenue experienced during the first half of 2007, should provide the liquidity the Company needs to meet its obligations during the next 12 months.

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. — President, Chief Executive Officer and a member of the Board, having co-founded the Company in 1989. Dr. Akers received his Ph.D. in Neurochemistry from Northwestern University and is the inventor of the PIFA technology and holds numerous patents. Prior to Akers Biosciences, Dr. Akers co-founded Drug Screening Systems Inc., a publicly listed company. In 1984, he co-founded and served as president of Akers Medical Technology.

Paul B. Freedman, CPA — Chief Financial Officer and a member of the Board until March, 2007, having joined the Company in 1998. He was previously the managing partner of the Philadelphia office of BDO Seidman LLP. He graduated from Temple University and has over 40 years of financial accounting experience.

Daniel Seckinger, MD — Director of Clinical Development and a member of the Board, having joined Akers in February 1994. He was elected to The College of American Pathologists Board of Governors and served for four years as chairman of the Council on Scientific Affairs. He is Past President of The College of American Pathologists. Currently, he is President of the American Registry of Pathology. Dr. Seckinger served as Chief of Pathology and Director of Laboratories at Cedars Medical Center for thirty years and presently is Clinical Professor in the Department of Pathology at the University of Miami School of Medicine. He was elected to the American Medical Association House of Delegates and served for nine years.

Edward Mulhare — Non-Executive Director, having joined the Board in April 1994, and Chairman of the Audit Committee beginning in August, 2006. 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 Company.

Edward J. Wampold, ScD — Non-Executive Director and Chairman of the Remuneration Committee, having joined the Board in 1990. A graduate of Auburn University, Dr. Wampold has had extensive experience in various management positions with divisions of Johnson & Johnson, Cooper Biomedical, Inc., SmithKline plc, and was co-founder of Biological Corporation of America. From 1986 to 1990, he served as president and chief executive officer of Technimed Corporation.

Geoffrey Vero — Non-Executive Director and Chairman of the Audit Committee until August, 2006, 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. Mr. Vero did not stand for reelection at the most recent annual general meeting of shareholders and his directorship expires on 7 August 2006.

Thomas A. Nicolette, CPP — Non-Executive Director until February 2007, and now Director and President, having joined the Board in May, 2006. A graduate of Michigan State University, since 2000 he has served as principle of Nicolette Consulting Group Limited. In that role, Mr. Nicolette has been an officer and/or director of companies in the USA, Canada, Mexico, UK, France and Germany. Prior, he has served as chief executive officer of several public companies. The largest, KNOGO Corporation, was a NYSE listed multi-national company with subsidiaries and manufacturing facilities in 42 countries around the world employing over 4,000 people. KNOGO, recognized as the founder of the Electronic Article Surveillance (EAS) anti-shoplifting industry, was sold to Sensormatic in 1994 and is now part of Tyco International's ADT Security.

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 2006, are as follows:

Executive

Raymond F. Akers, Jr. ^{(1) (2)}	Chief Executive Officer	3,561,139
Paul B. Freedman	Chief Financial Officer	163,750

Non-Executive

David Wilbraham	328,000
Daniel Seckinger	368,189
Edward Mulhare ⁽³⁾	715,015
Edward Wampold	178,000
Geoffrey Vero ⁽⁴⁾	186,885
Thomas A. Nicolette ⁽⁵⁾	-0-

(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) In addition to the above, Dr. Akers purchased an additional 1,500,000 shares in January 2007.

(3) Included in the amount of shares shown for Edward Mulhare are 136,444 shares held by his wife.

(4) Mr. Vero served until his term expired in August 2006.

(5) Mr. Nicolette joined the Board of Directors in May 2006.

SHARE CAPITAL

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

AUDITORS

For the year ended 31 December 2006, McGladrey & Pullen, LLP, a member firm of RSM International, served as the Company's auditors.

SUBSTANTIAL SHAREHOLDINGS

As of December 31, 2006, 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. ⁽¹⁾	3,561,139	6.0
Dolores Akers ⁽²⁾	2,425,866	4.1
DMI Investments BV	2,504,840	4.2
Milan Holding Company, Inc.	4,429,573	7.4
John Harvey	9,580,000	16.0

(1) In addition to the above, Dr. Akers purchased an additional 1,500,000 shares in January 2007.

(2) 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 high 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 four 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 Executive Share Option Scheme.

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 Geoffrey Vero. 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. In as much as Mr. Vero's term expired on 7 August 2006, Edward Mulhare is the current Chairman.

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 orally or in writing. Directors attend meetings with analysts 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.

Compensation Report

(Remuneration Report)

REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

THE REMUNERATION COMMITTEE

During 2006, the Remuneration Committee was composed 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. There are consulting fees paid to one non-executive Director, as follows

Name of Director	2006	2005
Daniel Seckinger	\$40,891	\$65,000
Thomas A. Nicolette	40,930	-0-

DIRECTORS' REMUNERATION

The Directors earned the following remuneration during the year:

Name of Director	Salary and Fees	Taxable Benefits	2006 Total	2005 Total
Executive				
Raymond F. Akers, Jr.	\$287,500	\$ 7,800	\$296,300	\$257,913
Paul B. Freedman	207,000	7,200	214,200	187,200
Non-Executive				
David Wilbraham	27,000		27,000	27,000
Daniel Seckinger	22,500		22,500	22,500
Edward Mulhare	22,500		22,500	22,500
Edward Wampold	22,500		22,500	22,500
Geoffrey Vero	15,000		15,000	22,500
Thomas A. Nicolette	13,125		13,125	-0-

Remuneration Report (continued) for the year ended 31 December 2006

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 2006	Exercise Price (\$)	Date of Expiry
<u>Executive</u>			
Raymond F. Akers, Jr.	2,050,100	1.00 – 1.50	25/12/2007 – 04/05/2010
Paul B. Freedman	703,000	0.75 – 2.00	31/12/2007 – 21/03/2013
<u>Non-Executive</u>			
David Wilbraham	165,000	2.00	08/05/2010 – 05/11/2014
Daniel Seckinger	212,500	1.00 – 2.00	31/12/2007 – 31/12/2012
Edward Mulhare	124,000	1.00 – 2.00	19/06/2011 – 31/12/2012
Edward Wampold	415,000	1.00 – 2.00	31/12/2007 – 31/12/2012
Geoffrey Vero	110,000	50 pence	30/04/10
Thomas A. Nicolette	550,000	.82 – 1.19	15/02/2010 – 15/09/2012

DIRECTORS' SHAREHOLDINGS

This information may be found within the Directors' Report.

Corporate Directory

Chairman (Non-Executive)

David Wilbraham

Chief Executive Officer

Raymond F. Akers, Jr.

President

Thomas A. Nicolette

Chief Financial Officer

Arthur Mullin

Non-Executive Directors

Edward Mulhare
Edward Wampold
Daniel Seckinger

**Principal Place of Business
and Registered Office**

201 Grove Road
Thorofare, NJ 08086, USA

Corporate Financial Advisers/Stockbrokers

Bridgewell Securities Ltd.
London

Corporate Legal Advisers

Pepper Hamilton LLP
Philadelphia, PA USA

Registered Auditors

McGladrey & Pullen, LLP
Blue Bell, PA USA

Bankers

Commerce Bank
Cherry Hill, NJ USA

Registrars and Transfer Office

Capita Registrars
Kent

Registered in New Jersey, USA

Independent Auditor's Report

31 December 2006