



**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

- Revenue of \$4.6 million represents a 250% increase over 2004 revenues (\$1.3 million).
- Pre-tax loss of \$1.8 million before US GAAP adjustments is smallest in Company's history (2004: \$4.4 million).
- Cash balances at the end of 2005 were \$3.2 million
- Regulatory approvals received included an FDA indication which allows OTC sales of Cholesterol test, and CE marks obtained for European distribution of HPF-4, Lithium, Drugs of Abuse, and Breathalyzers.
- \$7.75 million financings completed for expansion of production and sales force.
- Trial started with Pfizer to introduce Akers Cholesterol test to US physicians and consumers.

David Wilbraham
Chairman

Raymond F. Akers, Jr.
President and CEO

Chairman's and CEO's Statement

Introduction

We are pleased to announce the results for Akers Biosciences Inc. for the year ended 31 December 2005.

Results

Revenues for the year 31 December 2005 were \$4.6 million compared with \$1.3 million during the same period in 2004. The pre-tax loss before US GAAP adjustment was \$1.8 million (2004: \$4.4 million). 2005 revenues primarily reflect initial sales of its test for Heparin/Platelet Factor-4 antibodies into a small hospital customer base that are now expected to contribute significantly to future growth, the initial launch of its home Cholesterol test into retail channels, on top of continuing breathalyzer sales.

Business Review

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

Biotech/Pharmaceuticals

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

- *Heparin/platelet factor-4 antibodies test ("HPF4")*
The Company's rapid HPF4 test has been introduced into the US market under the Company's brand "PIFA Heparin/PF-4 Rapid Assay". This is the first rapid test for HPF4 antibodies, and the product is protected by two of the Company's patents, with additional patents pending. After a lengthy validation period in many US hospital laboratories, the test has been enthusiastically accepted, and product placement is steadily increasing. Over 300 hospitals in the US are now using the test today as a result of the Company's direct sales efforts. While the sales cycle of the Heparin/PF-4 Rapid Assay is longer than had been anticipated, repeat orders from existing customers have exceeded expectations. The extent of marketing penetration by the Company's distribution partners, Cardinal Health and Corgenix Medical Group will be additive to this number.

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 (HITTS), 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 HITTS, and is rapidly becoming a standard of care in hematology and cardiology.

Chairman's & CEO's Statement (continued)

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 HITTS 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. HITTS 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 2004, approximately 3 million tests were performed using current laboratory tests to confirm a potential "heparin allergy" or HITTS, primarily in cardiology and emergency medicine patients.

- *Lithium Test*

The Company's first entry into the psychiatric market was the lithium test. The Company has opened up a new market sector for this product by introducing its own "Lithium Check" brand to the hospital and clinical laboratory market. The test is currently being sold by the Company's sales force and distributed by Cardinal Health. ReliaLAB, Inc. has also begun selling the product direct to psychiatrists under its own brand, "InstaRead," now that the FDA CLIA waiver has been obtained, and, in fact, has successfully placed nearly 70 systems.

- *White Blood Cells Tests*

The approval process for this product has made steady progress, but the above initiatives have taken priority over the introduction of this product. Therefore, the Company does not expect to introduce this product until H2 at the earliest.

OTC and Doctors' Surgeries

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

The Tri-Cholesterol Check is marketed in parallel through a collaboration with Pfizer, Inc., and an alliance with Alco Industries. Pfizer markets the test on a trial basis to physicians and their patients in conjunction with its cholesterol-lowering drug Lipitor. Alco Industries has made a significant impact on the US retail market sector through the introduction of the product in late 2004. The uptake of the Tri-Cholesterol Assay into the US retail market continues to exceed expectations.

Alco is also marketing the Alcohol Breathalyzers to the retail sector. The addition by Akers of retail distribution relationships acquired through the recent WNCK transaction will augment these efforts in 2006.

Government and Military

The Company is continuing to pursue both land and marine-based sales of its Alcohol Breathalyzers through its own "Breath Alcohol Check" brand and the recently acquired BreathScan[®] brand. The Company's breathalyzer has been approved by the Italian government for use in a program to curb driving under the influence of alcohol. Quest Diagnostics is the Company's primary distributor of Akers' own brand of product, and has steadily increased its sales and customer base. The Company has also multiplied its access to customers through its acquisition of WNCK's distributor relationships.

Additional products now being aggressively marketed to the military include the Company's Battlefield Blood Transfusion Card, and the PIFA Heparin/PF-5 Rapid Assay.

Chairman's & CEO's Statement (continued)

Financial Review

Profit and Loss

For the year ended 31 December 2005, revenues increased by 250% to \$4.6M (2004:\$1.3M). The net loss before US GAAP adjustment was \$1,817,852 (\$0.04 loss per share), compared to \$4,419,970 (\$0.10 loss per share) in 2004.

Research and development expenses decreased to \$789,750 from \$1,107,628 in the previous year.

Sales and general and administrative expenses decreased to \$3,087,316 from \$3,245,980 in 2004.

Capital expenditures were negligible in both 2005 and 2004. The Company had 55,762,885 common shares in issue at 31 December 2005.

Tundra Litigation

In the matter of Akers Biosciences, Inc (the "Company"), Tundra Management LTD ("Tundra") and Alliance Investment Management LLC ("Alliance"), the case has been decided, with the following results. On 18 February 2005, the United States District Judge presiding over this matter signed a Default Final Judgment against Tundra in the amount of \$980,635. The judgment provided for set-off of the damage amount against the loan from Tundra, thereby satisfying, in full, the debt under the loan agreements. Accordingly the Company has recognized as income \$713,000, which represents the entire unpaid amount of the loan principal and interest. On 1 September 2005, following a six day trial in the United States District Court for the Southern District of Florida, the jury ruled that Alliance shall receive no damages from Akers, and a final judgment reflecting that verdict was entered by the Court. Alliance has recently appealed the verdict and it will be several months before the Appellate Court decides on the matter. Management believes the appeal is without merit and plans to defend the appeal vigorously.

Financing

On 11 March 2005, the Company completed a placement of \$2,500,000 of principle amount of promissory notes to an investment group. The notes, which were convertible into shares of the Company's common stock had an 18-month maturity, and bore simple interest at the annual rate of 6%. Between 8 April 2005 and 23 June 2005, the entire principle amount of the promissory note, along with the related interest, was converted to 3,264,689 shares of the Company's common stock. Along with the placement of the notes, the Company has issued to the investors two different classes of warrants to purchase additional shares of the Company's common stock at specified prices.

On 6 October 2005 the investors elected to exercise warrants to purchase 2,604,167 shares at 60 pence per share, bringing in funds of \$2,750,000 before related expenses.

On 15 September 2005 the Company agreed to sell up to \$5,000,000 in convertible debentures, bearing annual interest of 9%. On the same date the Company delivered the first tranche of the debentures in the amount of \$2,500,000. \$2,230,000 of that debenture, along with the related accrued interest, has been converted to 2,252,855 shares. The Company plans to repay the balance of \$270,000 by the maturity date of 30 June 2006. On 22 December 2005 the Company availed themselves of the second tranche of that facility, providing an additional \$2,500,000 of funding, before related expenses. This debenture matures on 30 June 2006 as well.

Product Development

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

During 2005, the Company developed rapid tests for the environmental detection of anthrax (*Bacillus anthracis*) and plague (*Yersinia pestis*) based on its Particle ImmunoFiltration Assay technology, and in a format similar to its PIFA Heparin/PF-4 test. These tests are currently under evaluation by the Company's partner Battelle. In addition, the Company successfully published the results of a clinical trial of its Battlefield Blood Transfusion Card.

Current Trading and Outlook

Important accomplishments in 2005 included FDA approvals for key products, the establishment of alliances with major pharmaceutical and medical products companies, and successful product launches. The focus in 2006 will be on significantly increasing market penetration across all product lines, expanding production capabilities, and successfully integrating WNCK's business. We are confident that this focus will augment revenues, move the Company towards profitability, and increase shareholder value, leading to another year of significant growth and expansion.

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.

Cardiology/Emergency Medicine

Heparin/Platelet Factor-4 antibodies*/***
Rapid Blood Typing

Metabolism/Nutrition

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

Oncology

PSA
WBC
ANC

Employee Substance Abuse

Alcohol Breathalyzer**/**
Drugs of Abuse (11 drugs including ecstasy)*/***

Neuropsychiatry

White Blood Cell Count
Absolute Neutrophil Cell Count
Lithium*

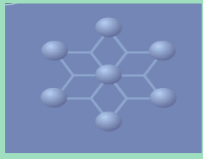
Infectious Disease

Chagas Disease
Cytomegalovirus*
Dengue Fever
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.





Lithium System

The Lithium  System is the first rapid point of care system that allows psychiatrists to monitor the blood levels of patients that have had lithium prescribed. This point of care system will assist the practicing psychiatrist in the management of patients with bipolar disorder and other psychiatric conditions. It replaces an invasive venipuncture method with a finger-stick blood collection method that can be read in seconds in a doctor's office for seamless testing and treatment of the patient at the time of visit. Until now, lithium levels were determined only in a laboratory using sophisticated instruments and taking several days to get results.

Patients are treated with lithium for a variety of psychiatric disorders, including bipolar disorder, treatment-resistant depression, schizoaffective disorder and aggression. The test is vital for the management of therapeutic effectiveness, as well as for the prevention of complications resulting from toxic levels of the drug that may decrease coordination, or induce seizures or a coma, along with other possible side effects. New patients should have their blood tested frequently for lithium levels until the serum level and clinical condition of the patient have been stabilized. Thereafter, frequent monitoring of serum lithium levels will help assure the safe and effective use of the therapy and aid in assisting adherence to treatment.

Product Spotlight (continued)

The Lithium  System consists of three key components: the blood cell separator, lithium reagent, and the Lithium  analyzer. The blood cell separator rapidly prepares a whole blood specimen for analysis, while the reagent reacts with lithium in the resulting specimen to form a color. The hand-held analyzer interprets the color, and directly reports lithium concentrations on its digital display. The reagents are packaged in a unitized format.



minDNA™ Rapid White Blood Cell Count Assays

Akers Biosciences' WBC/ANC rapid test is designed to provide accurate and precise measures of patient white blood cell and absolute neutrophil count in less than 3 minutes. Using finger stick whole blood specimens, this easy to use assay can be utilized at a point-of-care setting by non-clinical laboratory personnel.

Based on Akers Biosciences' new proprietary *minDNA*™ Technology, these rapid tests are the only rapid white blood cell counting techniques on the market today. Each assay is performed with the *minDNA* analyzer and a disposable cassette containing membranes and reagents.

The *minDNA* analyzer™ analyzer is a digital, hand-held reflectance photometer powered by the One-Tough™ electronics system. This analyzer is designed to measure and interpret a color produced on the membranes by the reagents through the reflectance of dual wavelength light. The color intensity is proportional to the amount of white blood cells or absolute neutrophils in the patient's sample.

The color read by the analyzer is produced in the disposable cassette. Using a series of membranes and unitized pre-packaged reagents, white blood cells and absolute neutrophils are isolated and captured. DNA is then extracted from these cells and reacted with a highly selective indicator to produce color.

Additional assays can be developed for certain specific cell types, and can include blood parasites or pathogens.



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.

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, 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

On 11 March 2005, the Company received \$2,500,000, net of related costs and placement fees, resulting from the execution of Convertible Notes, due 11 September 2006, payable to two investors led by Platinum Partners Value Arbitrage Fund LP. By 27 June 2005, the investors had completely converted all of the principal and accrued interest related to those notes for a total of 3,264,689 shares of the Company's common stock.

On 15 September 2005, the Company received \$2,500,000, net of related costs and fees, resulting from the execution of a Convertible Note, due 30 June 2006, payable to Brittany. By 31 December 2005, \$2,230,000 of the principal of the note and the related accrued interest had been converted into 2,252,855 shares of the Company's common stock.

On 6 October 2005, the two investors led by Platinum Partners Value Arbitrage Fund LP elected to exercise warrants they had received in conjunction with the Convertible Note Financing of 11 March 2005. The total number of shares represented by the warrants was 2,604,167. The exercise price was \$1.056 per share, which provided the Company \$2,750,000 in permanent capital, net of investment banking fees of \$206,250.

RESULTS OF OPERATIONS

For the year ended 31 December 2005, revenues increased by 250% to \$4,610,567 (2004: \$1,325,022). The net loss before US GAAP adjustment for options and warrants issued was \$1,817,852 (\$0.04 loss per share), compared to \$4,419,970 (\$0.10 loss per share) in 2004.

Research and development expenses decreased to \$789,750 from \$1,107,628 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 to \$3,087,316 from \$3,245,980 in 2004.

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 2005 was \$305,000 vs. \$324,000 for 2004.

In the matter of Akers Biosciences, Inc. ("the Company"), Tundra Management LTD ("Tundra") and Alliance Investment Management LTD ("Alliance"), the case has been decided, with the following results. On 18 February 2005, the United States District Judge presiding over this matter signed a Default Final Judgment against Tundra in the amount of \$980,635. That judgment provided for set-off of the damage amount against the loan from Tundra, thereby satisfying, in full, the debt under the loan agreements. Accordingly, the Company has recognized as income \$713,000, which represents the entire unpaid amount of the loan principal and interest. On 1 September 2005, following a six-day trial in the United States District Court for the Southern District of Florida, the jury ruled that Alliance shall receive no damages from Akers, and a Final Judgment reflecting that verdict was entered by the Court. Alliance has recently appealed the verdict, and it will be several months before the Appellate Court decides on the matter.

Financial Review (continued)

CAPITAL EXPENDITURES

Capital expenditures were negligible in both 2005 and 2004.

LIQUIDITY AND CASH RESOURCES

As of 31 December 2005, 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, and the issuance of convertible debt securities. (See "Share Issues" on preceding page).

As of 31 December 2005, the Company's cash reserves amounted to \$3.2 million. In addition, the revolving credit facility with the Company's bank remained in place, with the total facility having been restored to \$1,000,000 in 2005, with none of that facility having been utilized at 31 December 2005.

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, 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. 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 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, 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, has not previously served as a Director on our Board. Since 2003, he has served as a director of and corporate secretary and treasurer of SenTech EAS Corporation, a company that designs, manufactures, installs and services electronic security systems. Mr. Nicolette comes from a blue-chip security and business background, having served as chief executive officer of several public companies in the US. The largest, KNOGO Corporation, was a NYSE listed multi-national company headquartered on Long Island, NY with subsidiaries, dealers and manufacturing facilities in 32 countries around the world. KNOGO is recognized as the founder of the Electronic Article Surveillance (EAS) anti-shoplifting industry.

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 2005, are as follows:

Executive

| | | |
|--------------------------------------|-------------------------|-----------|
| Raymond F. Akers, Jr. ⁽¹⁾ | 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 ⁽²⁾ | 715,015 |
| Edward Wampold | 178,000 |
| Geoffrey Vero | 186,885 |

(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 136,444 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' Equity (Deficiency) (page 5 of the Consolidated Financial Statements).

AUDITORS

For the year ended 31 December 2005, McGladrey & Pullen, LLP, a member firm of RSM International, served as the Company's auditors.

SUBSTANTIAL SHAREHOLDINGS

As of December 31, 2005, 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. | 3,561,139 | 6.4 |
| Dolores Akers ⁽¹⁾ | 2,425,866 | 4.4 |
| DMI Investments BV | 2,504,840 | 4.5 |
| Milan Holding Company, Inc. | 4,429,573 | 7.9 |
| John Harvey | 6,755,000 | 12.1 |

(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 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 expires on 7 August 2006, his replacement will have to be identified and appointed by the full Board.

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.

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 2005

THE REMUNERATION COMMITTEE

During 2005, 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 | 2005 | 2004 |
|------------------|----------|-----------|
| Daniel Seckinger | \$65,000 | \$120,000 |

DIRECTORS' REMUNERATION

The Directors earned the following remuneration during the year:

| Name of Director | Salary and Fees | Taxable Benefits | 2005 Total | 2004 Total |
|-----------------------|--------------------|---------------------|---------------|---------------|
| Executive | | | | |
| Raymond F. Akers, Jr. | \$250,000 | \$ 7,913 | \$257,913 | \$258,074 |
| Paul B. Freedman | 180,000 | 7,200 | 187,200 | 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 | 22,500 | | 22,500 | 22,500 |

Remuneration Report (continued) for the year ended 31 December 2005

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 2005 | Exercise Price (\$) | Date of Expiry |
|-----------------------------|------------------------------|------------------------|-------------------------|
| <u>Executive</u> | | | |
| Raymond F. Akers, Jr. | 2,050,100 | 1.00 – 1.50 | 25/12/2006 – 04/05/2010 |
| Paul B. Freedman | 703,000 | 0.75 – 2.00 | 31/12/2006 – 21/03/2012 |
| <u>Non-Executive</u> | | | |
| David Wilbraham | 165,000 | 2.00 | 08/05/2009 – 05/11/2013 |
| Daniel Seckinger | 212,500 | 1.00 – 2.00 | 31/12/2005 – 31/12/2011 |
| Edward Mulhare | 124,000 | 1.00 – 2.00 | 19/06/2010 – 31/12/2011 |
| Edward Wampold | 415,000 | 1.00 – 2.00 | 31/12/2005 – 31/12/2011 |
| Geoffrey Vero | 110,000 | 50 pence | 30/04/10 |

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.

Chief Financial Officer

Paul B. Freedman

Non-Executive Directors

Edward Mulhare

Edward Wampold

Daniel Seckinger

Geoffrey Vero

Thomas Nicolette (effective 9 May 2006)

**Principal Place of Business
and Registered Office**

201 Grove Road

Thorofare, NJ 08086, USA

Corporate Financial Advisers/Stockbrokers

Robert W. Baird 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 2005