

**Akers Biosciences, Inc.**

("ABI" or the "Company")

**Interim Results for the Six Months Ended 30 June 2011**

ABI, a leading designer and manufacturer of rapid diagnostic screening and testing products, announces its interim results for the half year ended 30 June 2011.

**Financial Summary**

- Revenue up 53% to \$1,090,000 (H12010: \$713,000)
- Adjusted EBITDA loss reduced by 41% to (\$519,510) (H12010: (\$881,803))
- Adjusted Loss Before Tax reduced 38% to \$838,352 (H12010: \$1,341,582)
- Company continues to be debt free with current assets in cash and cash equivalents of \$2,600,000 (H1 2010: \$1,550,000)
- Completed £2.1m equity raise in February 2011
- Gross Profit Margin increased significantly to 66% (H1 2010 40%)

**Operational Highlights**

- *PIFA Heparin/PF4 Rapid Assay* revenues increased by 38% in comparison to H1 2010
- *BreathScan* product revenues increased by 16% in comparison to H1 2010
- Secured purchase order totaling over \$3.2m to manufacture and supply Revelar breath tubes to Pulse Health, LLC
- *BreathScan*® PRO Alcohol Detection System attained US FDA 510(k)-clearance for Over-the-Counter Use; CE-Mark affixed for professional use
- US-based PIFA Heparin/PF4 Rapid Assay direct sales force increased to 6 full-time personnel
- Obtained patent protection in the United States for semi-quantitative test strip technology, a key element of the Company's Tri-Cholesterol "Check" test, and the Rapid Blood Cell Separator Technology that facilitates point-of care testing with minimal sample collection and preparation
- Commenced clinical trials for Asthma version of *Breath PulmoHealth* "Check" suite of products; development of a COPD breath detector initiated

**Thomas A. Nicolette, President and Chief Executive Officer, commented,**

"The Company's financial performance for the first half of 2011 demonstrated our commitment to growth and operational efficiency. This progress is best reflected by our 53% increase in Revenues and 64% improvement in Gross Profit Margin over the same period in 2010.

Our research and development pipeline is full, thanks to the flexibility offered by the Company's proprietary platform technologies and we are on target with the implementation of clinical programs.

We are confident that our focused efforts aimed at growing revenues through product distribution and a dedicated *PIFA HPF4* sales force, as well as completing the development of our innovative breath detection devices, will generate incremental revenues through the second half of the year and into 2012."

**Enquiries:**

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## Chairman's & Chief Executive's Joint Statement

An overview of the Company's performance for the first six months ended 30 June of the current financial year is provided below.

### Financial Review

Revenue in the first half of 2011 was \$1,090,000 (H12010: \$713,000). Adjusted EBITDA was (\$519,510) (H12010: (\$881,803)). Adjusted Loss before Tax was \$838,352 (H12010: \$1,341,582). The Company continues to be debt free with current assets in cash and cash equivalents of \$2,600,000 (H12010: \$1,550,000). Gross Profit Margin improved to 66% (H12010: 40%).

### Product Review

The flexibility offered by ABI's six proprietary technologies translates into a product portfolio rooted in easy-to-use, rapid manual assays that enable diagnostic testing at or near the point-of-care. In addition, these technology platforms provide a time- and cost-efficient pipeline for new product development.

At present, ABI's current and developing products are derived from four of the Company's technology platforms: *PIFA*, *MPC Biosensor*, *REA* and *Synthetic Macrocyclc Complex (SMC)*. The Company is still assessing distribution partners for the *SMC-based Lithium "Check" System* which is therefore not included in the following review.

### *PIFA Technology*

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

The *PIFA HPF4 Rapid Assay* continues to be the only FDA-cleared rapid test for the detection of antibodies present in patients with the life- and limb-threatening clinical condition known as Heparin-Induced Thrombocytopenia (HIT). Patients with HIT develop an allergy to the blood thinner Heparin and the drug is transformed into a dangerous clotting agent. The *PIFA HPF4 Rapid Assay* is the anchor of ABI's H12011 revenues, with consistent sales growth in the US, Germany and the UK. In all markets, the Company has seen an expansion of product adoption within hospital laboratories that value the immediacy of the result and its role in the time-sensitive, multifaceted clinical diagnosis of HIT. However, penetration into a broad cross section of facilities has proven challenging with the Company's reliance on distributor representatives as the conduit for lead generation.

As a result of the Q1 2011 equity raise, ABI is now able to implement a 2-tiered marketing strategy as an adjunct to selling efforts within its distribution network. This includes the initial deployment of product-specific, ABI account executives in the United States and executive level personnel to drive international business development. The Company has also expanded its clinical development program to put *PIFA HPF4* product in the hands of key opinion leaders within the field of laboratory medicine. ABI will coordinate their assessment of the *PIFA HPF4* product within protocols that support the publishing of study results in peer-reviewed journals, and the Company has and will provide targeted funding for programs that promote HIT-education among hospital personnel.

The Company has already seen a positive return-on-investment from the implementation of these activities. The initial wave of account executives is beginning to convert interest in the *PIFA HPF4* assay into action, with a number of institutions participating in ABI's teleconference training program, the first step in product adoption. In July, the Company provided an unrestricted educational grant to support a CE-accredited webinar on the Diagnosis and Treatment of Heparin-Induced Thrombocytopenia. This event was moderated by two of the principle investigators of the *PIFA HPF4* study completed at the University of Miami in 2010. Some of the data from their clinical assessment of the *PIFA HPF4* product, and other HIT testing methodologies were discussed, and the *PIFA HPF4 Rapid Assay* was positioned as an effective, rapid HIT "rule-out" test. The live event resulted in over 400 qualified leads and the archived session continues to spark interest in the *PIFA Assay*; these contacts are then targeted by the Company's sales team for conversion into active customers.

To further improve the rate at which clinicians can obtain a *PIFA HPF4* result, the Company is in the late stages of developing a point-of-care (POC) version of the test. The line extension, which will be branded "*PIFA PF4 POC*", uses finger stick whole blood as the test sample instead of a laboratory-processed serum specimen. *PIFA PF4 POC* combines ABI's recently patented *Rapid Blood Cell Separation* ("*Separator*") and *PIFA* technologies into a single, disposable device; the marriage of these two technologies virtually eliminates time-consuming sample preparation procedures that require specialised equipment such as a centrifuge. Instead, via the *Separator*, the precise micro-volume of serum is delivered directly into the *PIFA PF4 POC* cassette for immediate testing at the patient's bedside.

The integration of the Separator into the PIFA device has the potential to fuel product adoption because additional sites within the hospital, like the Emergency Department, as well as clinics and offices dedicated to doctors' surgeries, would be able to obtain an immediate HIT screening result. This is particularly compelling as a subset of patients develop "late onset HIT" approximately 40 days after initial Heparin exposure; this population often presents to a healthcare facility or physician in an emergency situation requiring immediate assessment. The Company is now targeting late 2011 for a *PIFA PF4 POC* product launch having been required to make final adjustments to the manufacturing mould.

#### *PIFA Infectious Disease Franchise*

The globalization of infectious disease testing by government and military entities to help prevent public health crises has provided a market opportunity for the Company to expand its menu of devices within the *PIFA* Technology platform. In the first half of the current year ABI recorded measurable revenues in the US Government and international sectors for *PIFA Malaria* and *PIFA Chlamydia*. Additional devices within this franchise include *PIFA Dengue Fever*, *PIFA HIV 1+2* and *PIFA Syphilis Rapid Assays*. As with the *PIFA HPF4* assay, the Infectious Disease products currently require the use of a processed serum specimen. In order to broaden the spectrum of product use and improve portability, the Infectious Disease products are in line to be integrated into the *PIFA POC* family by in 2012.

#### *Battlefield Blood Transfusion Card*

This military-focused rapid assay is utilized to assess donor-patient blood grouping compatibility in minutes, to help facilitate fresh whole blood transfusions in triage situations. ABI's GSA contract has provided consistent and growing demand for this product. Given the United States military's active, international campaigns, requests for the *Battlefield Blood Transfusion Cards* are expected to continue.

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

##### *BreathScan and BreathScan PRO*

ABI's innovative *MPC Biosensor* technology permits the rapid identification of medical conditions through biomarkers in a non-invasive, easy-to-obtain exhaled breath sample. The Company's *BreathScan* line of disposable breath alcohol detectors has been a stable revenue generator within this platform, and its H12011 performance recorded a 16% increase in demand over H12010 largely due to growth in the international sector. ABI continues to use its global distribution network to drive sales, with partners in the South American region fueling much of the growth in the first half of the current year. In addition, the Company is beginning to see a revenue return from its strategic agreement with the Jersey-based *BreathScan International Limited* ("BSI"). In 2010, 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 for a 20% equity stake and a seat on BSI's Board of Directors.

By January of 2011, the *BreathScan PRO Alcohol Detection System* ("*BreathScan PRO*" or "*the System*") had reached two commercialization milestones: United States FDA 510(k)-clearance and a CE-Mark "professional use" designation in the EU. The *System* merges the convenience of the Company's disposable detectors 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% to 1.50% BAC.

Unlike electronic breath alcohol screening devices currently in the marketplace, the *BreathScan PRO* digital analyser never requires recalibration for the useful life of the battery; it is in "ready" mode 24 hours-a-day, seven-days-a-week. Since each subject's breath sample is collected in a personal *BreathScan PRO* detector that remains stable for 60 minutes, breath alcohol testing can be initiated simultaneously, on multiple subjects, even in different locations; this is contrary to competitive products that would require the purchase of multiple electronic breathalysers to facilitate the same volume of testing.

In short, the method of collection, one-hour sample stability and maintenance-free digital analyser provides *BreathScan PRO* users with a very flexible, portable and economical breath alcohol screening system. Human resource, on-the-job safety, education, and civil and military law enforcement professionals have been most receptive to *BreathScan PRO* and have become the key targets for sales and marketing efforts. In the US, assessment of the product by the Department of Transportation is planned as addition of the *System* to the National Highway Traffic Safety Administration's (NHTSA) Conforming Products List may broaden acceptance of the *BreathScan PRO System* within these markets.

##### *Disposable Antioxidant Screening Test*

In early Q2 2011, ABI announced that it had restructured a prior agreement with Pulse Health LLC ("Pulse"), an organization dedicated to the development and marketing of unique health and wellness evaluation devices. Under

the new terms, ABI agreed to supply custom breath collection detectors to Pulse for use in its Revelar system which measures aldehydes in an individual's breath; aldehydes are indicators of free radical damage that is thought to negatively impact healthy cells. Prior to the close of H1 2011, ABI received its first purchase order from Pulse totaling \$3,242,200 for the production of Revelar breath tubes, the majority of which is expected to be shipped in H2 2011, the point at which revenues are recognized.

### *Emerging Products*

In the first six months of 2011, much of the Company's R&D efforts focused on ABI's *Micro Particle Catalyzed (MPC) Biosensor* technology. The Company completed a clinical trial on the *BreathKetone "Check"* test and filed with the US FDA for 510(k) clearance. The Company also initiated clinical trials to support the *Breath PulmoHealth "Check" Asthma* test, while simultaneously completing the functional design of the *Breath PulmoHealth "Check" COPD* device in preparation for a clinical program that recently commenced. The third product in the *Breath PulmoHealth "Check"* suite of products, the Lung Cancer screening device, is undergoing further development.

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

The Company secured United States patent protection for its novel *Rapid Enzymatic Assay (REA)* technology in early Q2 2011. This platform delivers a semi-quantitative result through the visual assessment of a colour change that develops on a disposable test strip. The Technology forms the basis of the Company's *Tri-Cholesterol "Check"* device – the only disposable, single cassette rapid test that determines an individual's Total and HDL cholesterol levels, and approximates the LDL level. Sales of *Tri-Cholesterol "Check"* saw sizable growth by way of the Company's distribution relationship with PharmaNova Medical Holdings Ltd. (the former Al Tadawi Medical Equip TR LLC) and their selling programs launched in the Middle East, China and India.

### **Outlook**

H12011 has been a momentum-building business cycle for both current and emerging products derived from ABI's platform technologies. The Company's commitment to growth and operational efficiency has translated into a 53% increase in Revenues and a 64% improvement in Gross Profit Margin as compared to the same period last year. That performance, paired with the successful equity raise in February of this year, has resulted in a 67% increase in the Company's cash position over the last 12 months. With this firm debt-free foundation, ABI is confident that its distribution partnerships and direct selling efforts will generate incremental revenues through the second half of the year and into 2012.

**Raymond F. Akers, Jr. PhD - Chairman**  
**Thomas A. Nicolette - President and Chief Executive Officer**  
**7 September 2011**

**AKERS BIOSCIENCES, INC AND SUBSIDIARIES**  
**Consolidated Statement of Operations**  
**Six months ending 30 June 2011 and 2010**  
**Internally Prepared (Unaudited)**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Revenues:		
Product Revenue	1,090,261	713,094
License Revenue	-	-
Total Revenue	1,090,261	713,094
Cost of Sales:		
Product Cost of Sales	(308,681)	(397,385)
License Cost of Sales	-	-
Depreciation Expense	(64,492)	(29,022)
Total Cost of Sales	(373,173)	(426,407)
Gross Profit	717,088	286,687
Other Income	90,177	2,334
Administrative Expenses	1,028,592	806,605
Research and Development Expenses	362,675	393,241
Non-Cash Share Based Compensation	27,766	106,015
Depreciation/Amortization of Non-Current Assets	236,391	192,100
Income (Loss) from Operations	(848,159)	(1,208,940)
Other Income/Expenses		
Foreign Currency Transaction (Income)/Expense	(9,807)	132,642
(Gain)/Loss on Disposal of PP&E	-	-
Interest Expense	-	-
Non-Cash Interest Expense	-	-
Total Other Expense	(9,807)	132,642
Loss Before Income Taxes	(838,352)	(1,341,582)

Federal & State Income Taxes

Federal Income Taxes	-	-
State Income Taxes	2,120	-
Income Tax Benefit (Income)/Expense	-	<u>(283,413)</u>
Total Federal & State Income Taxes	<u>2,120</u>	<u>(283,413)</u>
Net Loss	<u>(840,472)</u>	<u>(1,058,169)</u>
Basic & diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average basic & diluted common shares outstanding	<u>156,920,638</u>	<u>114,294,282</u>

**AKERS BIOSCIENCES, INC AND SUBSIDIARIES**  
**Consolidated Cash Flow Statements**  
**As of 30 June 2011 and 2010**  
**Internally Prepared (Unaudited)**

	<b>Six Mos Ended 30-June-11 \$</b>	<b>Six Mos Ended 30-June-10 \$</b>
<b>Cash flows from operating activities</b>		
Net loss for the year	(840,472)	(1,058,169)
Adjustments for:		
Provisions for bad debts	-	-
Interest expense recognized in statement of operations (cash and non-cash)	-	-
Non-cash share based compensation	27,766	106,015
Depreciation and amortization of non-current assets	300,883	221,122
	<u>(511,823)</u>	<u>(731,032)</u>
Movements in working capital		
(Increase)/decrease in trade and other receivables	2,060,811	76,894
(Increase)/decrease in inventories	11,098	(28,493)
(Increase)/decrease in other assets	(37,856)	(53,013)
(Increase)/decrease in deferred revenue	-	-
(Increase)/decrease in trade and other payables	<u>(640,102)</u>	<u>(21,851)</u>
	<u>1,393,951</u>	<u>(26,463)</u>
Interest paid	-	-
	<u>-</u>	<u>-</u>
<b>Net cash used in operating activities</b>	<u>882,128</u>	<u>(757,495)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(8,404)	(242,001)
Purchases of intangible assets	(2,165,410)	(121,740)
<b>Net cash used in investing activities</b>	<u>(2,173,814)</u>	<u>(363,741)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares		

	3,466,530	22,951
<b>Proceeds from</b>		
Repayment of borrowings	-	-
Repayment of obligations under finance leases	-	-
<b>Net cash from financing activities</b>	<u>3,466,530</u>	<u>22,951</u>
Net increase/(decrease) in cash and cash equivalents	2,174,844	(1,098,285)
Cash and cash equivalents at beginning of year	<u>423,250</u>	<u>2,648,973</u>
Cash and cash equivalents at 30 June 2011 and 2010	<u>2,598,094</u>	<u>1,550,688</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Non-cash investing and financing activities		
Recognition of share based payments	<u>27,766</u>	<u>106,015</u>

**AKERS BIOSCIENCES, INC AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
**As of 30 June 2011 and 2010**  
**Internally Prepared (Unaudited)**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment, net	363,540	498,101
Intangible assets, net	4,000,425	2,100,006
Long-term Receivables, net of current portion	1,665,120	1,600,000
Other Assets	4,282	45,004
	<hr/>	<hr/>
<b>Total Non-Current Assets</b>	<b>6,033,367</b>	<b>4,243,111</b>
<b>Current Assets</b>		
Inventories (net)	674,525	705,845
Trade and other Receivables (net)	304,891	760,373
Cash and Cash Equivalents	2,598,094	1,550,688
Other Assets	119,736	117,463
	<hr/>	<hr/>
<b>Total Current Assets</b>	<b>3,697,246</b>	<b>3,134,369</b>
	<hr/>	<hr/>
<b>Total Assets</b>	<b>9,730,613</b>	<b>7,377,480</b>

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>EQUITY (DEFICIT)</b>		
Share Capital	83,009,792	79,457,075
Accumulated Deficit	(73,910,100)	(73,207,915)
	<hr/>	<hr/>
<b>Total Equity (Deficit)</b>	<b>9,099,692</b>	<b>6,249,160</b>

**LIABILITIES**

**Current Liabilities**

Trade and Other Payables

	630,921	1,128,320
Borrowings, net of discounts		- -
	<hr/>	
<b>Total Current Liabilities</b>	<u>630,921</u>	<u>1,128,320</u>
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<b>Total Liabilities</b>	<u>630,921</u>	<u>1,128,320</u>
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<b>Total Equity and Liabilities</b>	<u><u>9,730,613</u></u>	<u><u>7,377,480</u></u>

**AKERS BIOSCIENCES, INC AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity (Deficit)**  
**As of 30 June 2011 and 2010**  
**Internally Prepared (Unaudited)**

	Share Capital \$	Capital Reserves \$	Accumulated Deficit \$	Total Equity \$
<b>Balance at 31 December 2009</b>	79,328,108	-	(72,149,745)	7,178,363
<b>Changes in Equity (Deficit) for six months ended 30 June 2010</b>				
Net loss for the period			(1,058,169)	(1,058,169)
<b>Total recognized income &amp; expense for the period</b>	79,328,108	-	(73,207,914)	6,120,194
Recognition of share based payments for options & warrants	106,015			106,015
Sale of ordinary shares	20,320			20,320
Exercise of warrants & stock options	2,632			2,632
<b>Balance at 30 June 2010</b>	79,457,075	-	(73,207,914)	6,249,161
<b>Balance at 31 December 2010</b>	79,515,496		(73,069,628)	6,445,868
<b>Changes in Equity (Deficit) for six months ended 30 June 2011</b>				
Net loss for the period			(840,472)	(840,472)
<b>Total recognized income &amp; expense for the period</b>	79,515,496	-	(73,910,100)	5,605,396
Recognition of share based payments for options & warrants	27,766			27,766
Secondary Public Stock Offering	3,200,000			
Sale of ordinary shares	5,230			5,230
Exercise of warrants & stock options	261,300			261,300
<b>Balance at 30 June 2011</b>	83,009,792	-	(73,910,100)	9,099,692