

AKERS BIOSCIENCES, INC.
Interim results for the half year ended 30 June, 2005

Akers Biosciences, Inc. (“Akers Biosciences”, “Akers” or the “Company”), a leading designer and manufacturer of rapid diagnostic screening and testing products, announces its interim results for the half year ended 30 June, 2005.

Highlights

- Revenues of \$1,042,117 represent a 22% increase over revenues in the same period last year (2004: \$855,417)
- Pre tax loss: \$1,154,326 (2004: \$1,775,769)
- Second half trading expected to significantly exceed that of period under review
- Sales activities of the company’s flagship product, the PIFA Heparin/PF4 rapid test, commenced by both the Company’s direct sales force and Corgenix Medical Group
- CLIA waiver for the company’s lithium test system was received from the US FDA, allowing the product to be marketed to the physicians’ office market
- Alco Industries became the company’s strategic partner in the US retail sector, and began market trials of the company’s breathalyzer and cholesterol tests.
- The Company introduced its products in the UK and certain EU countries through new alliances with Helena Biosciences Europe and Advanced Rapid Diagnostics Ltd.

Ray Akers, Chief Executive Officer of Akers Biosciences, said:

"The second quarter of the period saw a distinct uplift in sales due largely to our flagship PIFA Heparin/PH4 rapid test product. As of today, our test for heparin/PF-4 antibodies is being used in approximately 140 hospitals in the United States, and that number continues to grow by 5-10 hospitals each week. We gained further momentum through the receipt of other product approvals and the establishment of important distribution and business relationships, and have begun to translate this momentum into product sales. This is the first time in the Company’s history that we have an established customer base and one that is rapidly expanding. In addition, we have begun to establish a presence in UK and European markets and are in our most attractive position to date."

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CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

Introduction

We are delighted to present interim results for Akers Biosciences for a period in which sales increased by 22% over the same period in 2004 as more of the Company's signature products were introduced into the marketplace.

Financial Review

Revenues for the half year ended 30 June 2005 were \$1,042,117, compared with \$855,417 during the same period in 2004. These revenues reflect initial sales into the company's first established customer base, with significant growth potential.

The loss for the period was \$1,154,326 (\$0.02 per share) compared to \$1,775,769 (\$.04 per share) in the corresponding period of the preceding year.

Research and development expenses decreased when compared to the level of the same period of the prior year (\$399,157 for 2005 vs. \$451,212 for 2004). The most significant objective of the Company's Research and Development department is coordination and follow-up with the FDA while several tests undergo the approval process.

Sales and general administrative expenses increased during the current period to \$1,606,797 from \$1,260,397 in the similar period of the preceding year. This increase reflects for the most part an increased level of sales and marketing activity to support our product launch plans.

Funding

On 11 March 2005, the company completed a placement of \$2,500,000 of principle amount of promissory notes to an investment group. The entire amount of these notes has subsequently been converted into stock.

After the new issuance and the transactions described above, the Company has 50,712,063 Common Shares in issue.

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.

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". The Company has begun introducing the product into the European market place now that regulatory clearance has been obtained. 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. 140 hospitals in the US are now using the test as of today. Cardinal Health has just started distributing the product to hospitals and physicians throughout the US, and Corgenix Medical Group covers reference and clinical laboratories.

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 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.

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 ("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.

The Company and its partners have now begun promoting an expanded use of this test as an initial decision point whenever heparin or other anti-thrombolytic treatment is proposed for use, in addition to cardiology and emergency medicine uses. Over 20 million patients in the US and Europe are given heparin each year during many different surgical and therapeutic procedures. Initial feedback has indicated that additional clinical applications for this product have progressed much faster than the Company expected. If successful, this increased requirement should have a positive recurring impact on sales of this product.

Lithium Test

The Company's first entry into this 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 50 systems as of the end of August 2005.

White Blood Cells Tests

The FDA has recently granted expedited review status for this product. This status is usually granted for products perceived to be of a critical medical need. This product will be marketed to two distinct clinical areas initially: psychiatry, as tests for the side effects of the neuropsychiatry drug clozapine, and oncology, as tests for the side effects of chemotherapy and radiation therapy.

OTC and Doctors' Surgeries

We believe that our collaboration with Pfizer, Inc., and our alliance with Alco Industries enable the most effective approach into the OTC and doctor's surgery markets, especially with regard to the Company's "TriCholesterol Check" brand of rapid cholesterol tests. We have begun to ship cholesterol tests to Pfizer, which will test market to physicians in conjunction with its cholesterol-lowering drug Lipitor. If this trial program is successful, the volume of demand could be significant. In addition, this program can stimulate the success of the follow-on retail market, which will be managed by Alco Industries. Alco is a major US retailer already in the market with the Company's alcohol breathalyzers, and is a key partner in the Company's strategy to penetrate the OTC markets. The Company expects to ship product to Alco in the fourth quarter. In the nutritional sector of this market, management changes at Vitarich Laboratories have resulted in the interruption of sales activities.

Government and Military

In the government/military sector, our alliance with Battelle has led to two initial contracts for the supply of products to support biowarfare agent detection systems, although the Company does not have a clearly defined expectation of when shipping can begin.

In addition, 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 brands of its customers. 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.

All of these activities have resulted in breathalyzer sales of approximately double the rate observed in 2004.

Product Development

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

During the first half of 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.

Current Trading and Outlook

The Company has successfully obtained FDA approvals for key products, allied itself with major pharmaceutical firms, and secured broad distribution channels with blue chip medical products companies. A substantial portion of the sales achieved in the first half of the year occurred in the last two months of the period, and this strongly positive trend for sales growth is expected to continue through 2005 and beyond.

David Wilbraham, Chairman
Raymond Akers, Chief Executive
26 September 2005

Consolidated Balance Sheets as at 30 June 2005 and 2004 (*unaudited*)

	2005	2004
	\$	\$
Current Assets		
Cash in banks	1,001,140	1,070,921
Accounts receivable, net	695,468	927,822
Inventories, at lower of cost or market	931,075	415,560
Prepays and other current assets	233,365	89,982
Total current assets	<u>2,861,048</u>	<u>2,504,285</u>
Property and equipment, at cost	<u>1,311,428</u>	<u>1,243,163</u>
Less : depreciation taken to date	1,086,424	998,055
Property and equipment, net	<u>225,004</u>	<u>245,108</u>
Other assets		
Patent costs	110,772	125,086
Intangible assets, net	55,877	6,271

Deposits and other assets	13,132	12,633
Total other assets	<u>179,781</u>	<u>143,990</u>
Total assets	<u>3,265,833</u> =====	<u>2,893,383</u> =====
Current liabilities		
Accounts payable and accrued expenses	1,812,128	1,758,769
Notes and loans payable	2,188,073	1,187,174
Current portion of long-term debt	51,690	409,986
Total current liabilities	<u>4,051,891</u>	<u>3,355,929</u>
Long -term debt, net of current maturities	<u>435,780</u>	<u>517,478</u>
Equity (deficit)		
Common stock	51,092,988	47,536,275
Accumulated deficit	(52,314,826)	(48,516,299)
Total stockholders' equity (deficit)	<u>(1,221,838)</u>	<u>(980,024)</u>
Total liabilities and stockholders' equity	<u>3,265,833</u> =====	<u>2,893,383</u> =====

Consolidated Statements of Operations for six months ended 30 June 2005 and 2004
(unaudited)

	2005 \$	2004 \$
Revenues	1,042,117	855,417
Cost of Production	749,180	785,499
Gross Profit	<u>292,937</u>	<u>69,918</u>
Sales and General and Administrative Expenses	<u>1,606,797</u>	<u>1,260,397</u>
Research and Development Expenses	<u>399,157</u>	<u>451,212</u>
Total Operating Expenses	<u>2,005,954</u>	<u>1,711,609</u>
(Loss) From Operations	<u>(1,713,017)</u>	<u>(1,641,691)</u>
Other Income (Expense)		
Interest Income	2,425	22
Currency Translation Income(Expense)	(3,090)	(2,385)
Nonrecurring Income	713,046	-
Interest Expense	(153,690)	(131,715)
Total Other Income (Expense)	<u>558,691</u>	<u>(134,078)</u>
Net (Loss)	<u>(1,154,326)</u> =====	<u>(1,775,769)</u> =====
Net (Loss) per share	<u>(0.02)</u> =====	<u>(0.04)</u> =====

Consolidated Statements of Stockholders' Deficit from 31 December 2003 to June 2004 and 31 December 2004 to 30 June 2005 (unaudited)

	Preferred Stock		Common Stock		Accumulated Deficit	Total
	Shares	Amount \$	Shares	Amount \$		
Balance 31 December 2003	-	-	42,674,564	44,353,221	(46,740,530)	(2,387,309)
Issuance of stock for cash	-	-	2,020,439	2,637,335	-	2,637,335
Warrant issued in exchange for trade payables	-	-	-	75,000	-	75,000
Issuance of stock in exchange of debt	-	-	1,455,000	463,419	-	463,419
Issuance of stock for products and services	-	-	5,000	7,300	-	7,300
Net loss for the period ended 30 June 2004	-	-	-	-	(1,775,769)	(1,775,769)
Balance, 30 June 2004 (unaudited)	-	-	46,155,003	47,536,275	(48,516,299)	(980,024)

	Preferred Stock		Common Stock		Accumulated Deficit	Total
	Shares	Amount \$	Shares	Amount \$		
Balance 31 December 2004	-	-	46,955,614	48,366,016	(51,160,500)	(2,794,484)
Issuance of stock for cash	-	-	10,638	10,000	-	10,000
Warrant issued in exchange for trade payables	-	-	-	-	-	-
Issuance of stock in exchange of debt	-	-	3,663,926	2,633,322	-	2,633,322
Issuance of stock for products and services	-	-	81,885	83,650	-	83,650
Net loss for the period ended 30 June 2005	-	-	-	-	(1,154,326)	(1,154,326)
Balance, 30 June 2005 (unaudited)	-	-	50,712,063	51,092,988	(52,314,826)	(1,221,838)

Consolidated Statement of Cash Flows for the six months ended 30 June (unaudited)

	30 June 2005	30 June 2004
	\$	\$
Operating Activities	(1,154,326)	(1,775,769)
Net loss		
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	52,158	52,156
Amortization of deferred finance costs	55,448	1,448
Stock, stock options and warrants issued to employees and non-employees	-	7,300
Nonrecurring income – Tundra judgment	(713,046)	-
Provision for bad debts	286,330	200,000
(Increase) decrease in changes in operating assets and liabilities:		
Accounts receivable	(875,816)	(645,973)
Inventories	(311,429)	34,881
Prepays and other current assets	27,394	(18,591)
Deposits and other assets	(500)	(1,866)
Increase (decrease) in		

Accounts payable and accrued expenses	163,899	(16,627)
Net cash used in operating activities	<u>(2,469,888)</u>	<u>(2,163,041)</u>
Investing activities		
Purchase of property and equipment	(48,633)	(19,251)
Net cash used in investing activities	<u>(48,633)</u>	<u>(19,251)</u>
Financing Activities		
Proceeds from issuance of stock, net	10,000	2,637,335
Proceeds from borrowings	4,399,488	170,000
Repayments on borrowings	(1,072,268)	(147,516)
Net cash provided by financing activities	<u>3,337,220</u>	<u>2,659,819</u>
Increase in cash	<u>818,699</u>	<u>477,527</u>
Cash as at beginning of year	182,441	593,394
Cash as at 30 June	<u>1,001,140</u> =====	<u>1,070,921</u> =====

Supplemental disclosures of Cash Flow information:

	2005	2004
	\$	\$
Non-cash investing and financing activities are as follows:		
Conversion of debt and accrued interest payable to common stock	2,633,322 =====	463,419 =====
Conversion of trade payables to common stock	40,000 =====	- =====
Common stock and warrants issued in connection with debt	- =====	75,000 =====
Cash paid during the period for interest	30,748 =====	41,515 =====

5. Notes to Interim Financial Statements

5.1 Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim six month period ended 30 June 2005 are not necessarily indicative of results that may be expected for the year ending 31 December 2005. For further information, refer to the Company's audited financial reports for the year ended 31 December 2004. Balance sheet presentation for 2004 has been restated for comparative purposes.

Principles of consolidation

The interim financial statements include the accounts of the Company. All significant intercompany balances and transactions are eliminated. The wholly-owned subsidiaries have been inactive since December 31, 1998 and have no assets or liabilities.

Use of estimates

The preparation of these financial statements requires the use of certain estimates by management in determining the Company's consolidated assets, liabilities, revenues and expenses. Actual results may vary from those estimates.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and have a maturity of three months or less.

Revenue recognition

The company recognizes sales at the time goods are shipped.

Inventories

Inventories are stated at the lower of cost (first in, first out) or market.

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization are allocated over the estimated useful lives of the respective assets using straight-line and accelerated methods. Upon sale or retirement of assets, the related costs and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in operations. Expenditures for repairs and maintenance that do not increase the useful lives of the assets are charged to operations as incurred.

Research and development costs

Research and development costs are charged to operations when incurred.

5.2 Nonrecurring income

In February 2005, a Default Final Judgment was awarded by the United States District Court, Southern District of Florida in favor of the Company against Tundra Management, Ltd. in the amount of \$980,635. As a result, the Company is recognizing, as income in the current year, the \$713,046, which is the amount of the previously due loan plus all accrued interest and costs, now annulled under the terms of the Court Order.

5.3 Earnings per share

Basic earnings per share have been calculated by dividing the loss for the current six month period of \$1,154,326 (2004: \$1,775,769 loss) by the weighted average number of shares in issue during the current six month period of 47,669,038 (2004: 44,538,687).