

healthcare equipment & svcs



**AKERS
BIOSCIENCES (AKR)**

BETWEEN OCTOBER 2005 AND JULY 2006, the share price of Akers Biosciences fell from a peak of 86p to a low of less than 10p. The company promised much, but had consistently

IC VIEW The shares have moved up from their low, and can be re-rated as a speculative buy.

underperformed. So Thomas Nicolette was appointed as president and chief financial officer, so that he might "write-off all the sins of the past".

He has certainly accomplished a lot in a short time. Costs have been pegged back – the "optimised headcount" has been reduced by half and fixed expenses, such as rents, accountants and lawyers, have been cut by 62 per cent. He has also eliminated all speculative research & development (R&D), and the remaining R&D projects receive sponsorship funds from the US government.

Although Akers did experience problems over delays to US military orders for disposable BreathScan alcohol breathalysers, a \$500,000 (£245,000) order for the US special forces did come in during the first half of 2007. Since then, the company has won further contracts worth \$4.5m from the US Army and Navy. These will also produce recurring revenue because, as each unit is used, a replacement will be ordered. These US military contracts should enable Akers "to produce its first operating profit in its history".

In May, Akers renewed a distribution agreement with Cardinal Health in relation to its rapid test for allergic reactions to heparin – the most widely-used anticoagulant in the world. The guaranteed distribution rights cover up to half of America's 9,000 hospitals, and will run to at least December 2008. Approximately 8 per cent of people have an allergic reaction to heparin, and in some cases it can prove fatal. Other noteworthy products include an over-the-counter cholesterol checker, and a battlefield blood-transfusion card, which matches donor and recipient blood types.

ORD PRICE: 15.5p		MARKET VALUE: £10.2m		
TOUCH: 13.5-17p		12-MONTH HIGH: 46.5p LOW: 9.75p		
DIVIDEND YIELD: nil		PE RATIO: na		
NET ASSET VALUE: 6c		NET DEBT: 120% £1-\$2.03		
HALF-YEAR TO 30 JUN	REVENUE (\$M)	PRE-TAX PROFIT (\$M)	EARNINGS PER SHARE (¢)	DIVIDEND PER SHARE (¢)
2006*	0.15	-4.05	-7	nil
2007	2.13	-1.12	-2	nil
% change	+1,291	-	-	-
Last IC view: Fairly priced, 73p, 13 Apr 2006				*Restated