

COMPANIES RESULTS

AIM: MEDICAL SUPPLIES
AKERS BIOSCIENCES (AKR)

Akers has a bright future

Akers has reported its first operating profit, and its rapid test breathing products should have a strong future. But last year's results would have looked a lot worse if the company had not sold at the end of December certain technology rights to a breath-based test for blood substances called free radicals. It received \$3m (£2.1m) in return for a multi-year supply agreement and royalties. Without that timely income, sales would have more than halved to \$2.7m due to US government budget delays for its main military product – a disposable breath alcohol detector.

The free radical enzymatic test accounted for 41 per cent of 2008 turnover, but Akers is confident that its new supply agreement,



the growth of another product and two new ones will easily absorb that loss. And thanks to loans converted at 10p, a £2.28m placing at 13p and much

reduced trade payables, the company is now debt-free and has positive net assets.

Akers believes that its big winner will be the only FDA-cleared rapid test to identify allergic reactions to blood thinner Heparin. In addition, two new breath tests are due to be launched this year. After adding back amortisation and non-cash share-based compensation, broker Arbuthnot expects 2009 sales to advance to \$11.6m and profits to rise from \$2.7m to \$4.9m, producing earnings up from 2.2¢ to 3.1¢.

Arbuthnot assumes a 28 per cent tax charge, but Akers has \$72m of federal tax losses and will continue to benefit from a state tax credit in 2009 – worth \$700,000 last year.

Good value