



**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

- FDA approval for the Company's rapid test for Heparin/ Platelet Factor-4 (HPF4) antibodies, important in the management of surgery patients, was received.
- Alliance formed with Cardinal Health to distribute the Company's core tests, giving the Company broad access to hospital, physicians' offices, and pharmacy markets in the US.
- Alliances formed with Helena Laboratories and Corgenix Medical Group to market and distribute the Heparin/Platelet Factor-4 test to US hospital and reference laboratories, and to some international markets.
- The Company has started to build an internal sales and marketing organization to manage the launch of its own brands of products into the marketplace, initially its tests for Heparin/Platelet Factor-4, Lithium, Cholesterol, and Alcohol Breathalyzers.
- Development of the Biosniffer technology was completed, with initial deployment planned for the continuous monitoring of biowarfare agents such as anthrax.
- Appointment of Robert W. Baird Ltd. as nominated advisor and corporate broker was effected.

David Wilbraham
Chairman

Raymond F. Akers, Jr.
President and CEO

Chairman's and CEO's Statement

Introduction

We are pleased to announce the preliminary results for Akers Biosciences, Inc. for the year ended 31 December 2004. 2004 has been a year of considerable progress for Akers with significant revenue growth, new alliances formed, and a solid foundation now in place for the expansion of the business.

Results

Revenues for the year ended 31 December 2004 were \$1,325,022 compared with \$1,114,980 during the same period in 2003. The net loss was \$4,419,970 (2003: \$2,891,638). Whilst this growth has produced record annual sales in 2004, as the Company announced in January, 2005, problems with the supply of key components for the Company's PIFA heparin/platelet factor-4 ("HPF4") test from third party suppliers prevented Akers from shipping the anticipated levels of this product, and negatively impacted 2004 revenues. The Company has since rectified these problems and has resumed shipping this product. 2004 revenues reflect initial sales into a small customer base that are now expected to contribute significantly to future growth.

Product Development

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

During 2004, the Company developed the BioSniffer technology, which is designed to continuously monitor airborne bacterial, viral and fungal pathogens. 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.

The BioSniffer system consists of two components: a portable electronic sniffing and detection device, and a disposable reaction cartridge containing liquid reagents that react in the presence of certain bioagents. Initial development focused around *Bacillus anthracis* (anthrax); the company is now focusing on hospital related infections, such as methicillin-resistant *Streptococcus aureus* (MRSA).

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. Early introductions of the company's products were branded by the chosen marketing partner. This included ReliaLAB for lithium, WNCK for breathalyzers, and VitaRich for cholesterol. Now that the company has the financial resources to start building its own sales and marketing team, it can begin to build its own brands. This strategy has begun to be implemented with lithium, cholesterol and breathalyzers for certain markets, and has been in place from the outset with its heparin platelet factor-4 product HPF4. The company continues to focus on four market segments: biotech/pharmaceutical, OTC and doctor's surgeries, government/military, and the developing world.

Chairman's & CEO's Statement (continued)

Biotech/Pharmaceutical

The Company continues to believe that the biotech/pharmaceutical sector holds great potential to build a core and sustainable business. The Company's first entry into this market was the lithium test, for which the Company is realizing steadily increasing sales, although the initial sales cycle was slower to develop than expected. 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. of Basking Ridge, NJ, USA, intends to sell the product direct to psychiatrists once the FDA CLIA waiver is obtained, which is expected to happen in 2005.

While the Company has experienced significant delays in obtaining approval for its white blood cell 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.

The rapid HPF4 test has already received FDA approval, and has been introduced into the US market. The Company expects to introduce the product into Europe 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. The Company's own sales force is working with a number of major hospitals to develop product sales and to solve any initial usage issues. Cardinal Health distributes the product to hospitals and physicians throughout the US, Helena Laboratories sells and distributes the product to hospital laboratories, and Corgenix Medical Group covers reference and clinical laboratories. As the product becomes more widely accepted in the US, the Company expects to introduce the product into Europe.

The Company and its partner The Medicines Company are also promoting the use of this test as an initial decision point in the course of cardiology and emergency medicine where anti-thrombolytic treatment is indicated. The Medicines Company's drug Angiomax is indicated for certain patients undergoing anti-thrombolytic therapy. The availability of this test could have a significant impact on interventional cardiology as it relates to the management of anti-coagulant therapies. Moreover, additional potential uses for this product have progressed much faster than the Company expected. Over 20 million patients in the US and Europe are given heparin each year during many different surgical and therapeutic procedures. The clinical market has quickly perceived the value of our test in many areas in addition to cardiac surgery, which should have a positive impact on sales.

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. We have received an order for cholesterol tests which Pfizer 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. In the nutritional sector of this market, Vitarich Laboratories has been successful in introducing certain products, although progress has been much slower than expected. The initial product line of total, HDL, and LDL blood cholesterol and glucose tests has been expanded to include six different products, and product development is now complete.

Chairman's & CEO's Statement (continued)

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. These initial contracts may lead to renewable annual contracts that can expand in volume. The Company continues to progress with the testing and approvals process, but does not have a clearly defined expectation of when shipping can begin. The Company is developing additional tests for both civilian and military biowarfare agent detection, and several pilot programs are providing a near term opportunity.

In addition, the Company is continuing to pursue both land and marine-based sales of its alcohol breathalyzers. Quest Diagnostics is the Company's primary distributor of Akers' own brand of product, and has steadily increased its sales and customer base.

Financial Review

Profit and Loss

For the year ended 31 December 2004, revenues increased by 19% to \$1,325,022 (2003: \$1,114,980). The net loss was \$4,419,970 (\$0.10 loss per share), compared to \$2,891,638 (\$0.07 loss per share) in 2003.

Research and development expenses increased to \$1,107,628 from \$729,940 in the previous year.

Sales and general and administrative expenses increased to \$3,245,980 from \$2,099,998 in 2003. A substantial amount of this increase resulted from a greater provision for bad debts in 2004 (\$815,000 vs. \$155,000 in 2003.). In addition, the expansion of the sales and marketing team with the addition of two senior management personnel and a small field force resulted in expenses not experienced in prior years.

Capital expenditures were negligible in both 2004 and 2003. The Company had 46,955,614 common shares in issue at 31 December 2004.

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Tundra Litigation

Within the footnotes to the financial statements for the year ended 31 December 2004, included herewith, the company described a matter of litigation that it had commenced against Tundra Management LTD. ("Tundra") and Alliance Investment Management LTD. ("Alliance".) 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. This judgment provides for set-off of the damage amount against the loan from Tundra, thereby satisfying in full the debt under the loan agreements. Accordingly, all of the agreements which evidence the original loan are therefore paid, fully satisfied and fully performed by the Company, who has been released of any and all further obligations to Tundra. The Company chooses not to recognize any net realizable value in connection with the amount of the judgment which exceeds the recorded obligation. As to defendant Alliance, discovery has only recently commenced. No provision for any damages to be recovered from or paid to Alliance has been provided within the financial statements, for the year ended 31 December 2004.

Chairman's & CEO's Statement (continued)

Financing Update

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 are convertible into shares of the Company's common stock, have an 18 month maturity, and bear simple interest at the annual rate of 6%. The notes may be repaid by the Company or converted into the Company's common stock under certain terms and conditions. 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. As of 24 May 2005, a total of \$1,056,009 plus accrued interest of \$7,052 have been converted into 1,470,871 shares of Company stock.

People

In March 2004, the Company hired Robert McGowan as its Vice-President of Sales and Marketing. In June 2004, Patrice McMorrow was hired as Director of Marketing. Mr. McGowan and Ms. McMorrow have more than thirty years of combined senior sales and marketing experience in the healthcare field, and have been successful in the launch of a number of products. The Company is pleased to add individuals of their caliber and expertise to its management team. In addition, the Company has also built a small sales force to sell its core products into the US hospital and laboratory markets.

Current Trading and Outlook

This has been a successful year on many fronts. The Company has successfully obtained FDA approvals for key products, allied itself with major pharmaceutical firms, and secured broad distribution channels. The Company has expanded its production capabilities, and taken the significant step of building, and then growing, its own sales force. The Company is today financially stronger. Whilst we experienced shipping delays at the end of 2004, those problems have been overcome. Sales in the first quarter of 2005 exceeded those of the first quarter of 2004, and this positive trend for sales growth is expected to continue through 2005 and beyond, enabling the company to meet expectations.

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.

Neuropsychiatry

White Blood Cell Count
Absolute Neutrophil Cell Count
Lithium*/***

Metabolism/Nutrition

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

Cardiology/Emergency Medicine

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

Bioagent Detection

Biowarfare Agents Rapid Test
(anthrax, swab)
Biosniffer Detector
(anthrax, airborne;
bacterial agents, airborne)

Oncology

PSA
WBC
ANC

Employee Substance Abuse

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

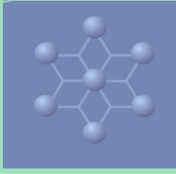
Infectious Disease

Chagas Disease
Cytomegalovirus*
Dengue Fever
Hepatitis B
Hepatitis C
Hepatitis / HIV Combo
Infectious Mononucleosis*
Human Immunodeficiency Virus
(HIV 1+2)
Lyme Disease
Malaria
Syphilis

* = 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.

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.



Partnerships

The Company has developed relationships with these key players to leverage their sales and marketing expertise.

The Medicines Company

Cardiology

Cardinal Healthcare

Cardiology

Corgenix Medical Group

Cardiology

Helena Laboratories

Cardiology

Battelle Memorial Institute

Biowarfare Agents – Military

Quest Diagnostics

Alcohol Breathalyzers

Helena Biosciences Europe

UK Professional Use

Advanced Rapid Diagnostics Ltd.

UK Retail

ReliaLAB, Inc.

Neuropsychiatry

WNCK

Alcohol Breathalyzers

Vitarich Laboratories

Nutrition

Colebrand Ltd.

Developing World



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 23 June 2004, 1,114,430 additional shares of the Company's common stock were admitted to trading on the Alternative Investment Market (AIM) of the London Stock Exchange. After the placing commissions and related legal costs, the transaction provided the Company with £817,970 (\$1,525,735). Included in this placing was \$300,000 (242,200 shares) from Brittany Capital Management, Ltd. ("Brittany"), utilizing the private equity agreement, described in our 2003 annual report. The total amount raised during last year, including the aforementioned placing, was \$3,281,965. Of that amount, \$1,650,000 was raised as a result of the ongoing utilization of the facility the Company has established with Brittany, in addition to the \$300,000 described above. (See also "Liquidity and Cash Resources" below.)

RESULTS OF OPERATIONS

For the year ended 31 December 2004, revenues increased by 19% to \$1,325,022 (2003: \$1,114,980). The net loss was \$4,419,970 (\$0.10 loss per share), compared to \$2,891,638 (\$0.07 loss per share) in 2003.

Research and development expenses increased to \$1,107,628 from \$729,940 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 increased to \$3,245,980 from \$2,099,998 in 2003. A substantial amount of this increase resulted from a greater provision for bad debts in 2004 (\$815,000 vs. \$155,000 in 2003). While the extent of the bad debt provision for the year ended 31 December 2004 is extreme in relationship to the revenue for the year, \$562,000 of that write-down will likely be recovered during 2005. The Company was storing the materials represented by the aforementioned billing, and has received a satisfactory payout schedule from its customer. In fact, the Company has received a \$100,000 irrevocable letter of credit drawn on a major US bank, which enables the Company to begin shipments and collection. This process will be repeated until the entire amount of the prior write-down is recovered. While this process will not result in additional revenue for 2005, we expect that all of the receivable will have been recovered by 31 December 2005, thereby providing additional net income in the current year equal to the 2004 expense of \$562,000.

The expansion of the sales and marketing team with the addition of two senior management personnel and a small field force resulted in expenses not experienced in prior years.

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 2004 was \$324,000 vs. \$224,000 for 2003.

CAPITAL EXPENDITURES

Capital expenditures were negligible in both 2004 and 2003.

Financial Review (continued)

LIQUIDITY AND CASH RESOURCES

As of 31 December 2004, 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, flotation of the Company's common stock on the Alternative Investment Market of the London Stock Exchange, and a facility provided by a Private Equity Agreement between the Company and Brittany Capital Management Ltd. ("Brittany"), which had been described in detail within the Company's annual report for 2003.

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 are convertible into shares of the Company's common stock, have an 18 month maturity, and bear simple interest at the annual rate of 6%. The notes may be repaid by the Company or converted into the Company's common stock under certain terms and conditions. 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.

As of 31 December 2004, the Company's cash reserves amounted to \$182,454. 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, and the outstanding balance payable at 31 December 2004 totalling \$250,000.

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. — Chief Executive Officer, President and a member of the Board, having co-founded the Company in 1989. He has over 19 years of experience in the diagnostics industry having co-founded Drug Screening Systems, Inc. a publicly listed company, in 1987 and Akers Medical Technology, Inc. in 1984. He was chief executive officer and vice president of research and development of Drug Screening Systems, Inc. until the sale of the company in 1989 and served as president and chief executive officer of Akers Medical Technology, Inc. until 1987. He holds a Ph.D. in Neurochemistry from Northwestern University. Dr. Akers is the inventor of PIFA.

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 and has over 40 years of financial accounting experience.

Daniel Seckinger — Director of Clinical Development and a member of the Board, having joined Akers in February 1994. He was a member of the House of Delegates at the American Medical Association for nine years and past president of the College of American Pathologists. Currently he is President of The American Registry of Pathology and on the Board of The College of American Pathologist Foundation.

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 Wampold — Non-Executive Director, having joined the Board in July 1990. Since 1989, he has engaged as a private consultant to the biomedical industry. From 1986 to 1990, he served as president and chief executive officer of Technimed Corporation, a diagnostics corporation. Prior to 1985, he served in various executive management positions with divisions of Johnson & Johnson, Cooper Biomedical, Inc., Geometric Data (a division of SmithKline plc) and Biological Corporation of America, Inc.

Geoffrey Vero — Non-Executive Director, 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.

Senior Management

Donald H. Russell — Senior Vice President for technical issues, joined the Company in January 1993. He previously has served as an executive with Arco Chemical Company as new business manager for Chemical and biotechnology products.

Leroy J. Meyers, Jr. — Vice President Operations, joined the Company in July 2002. With over 25 years in the medical device and pharmaceutical packaging industry, Mr. Meyers is widely experienced in manufacturing, quality assurance, sales, marketing and product development. Previous to joining the Company, he held similar positions at Comar, Inc. and National Medical Care, Inc.

Robert McGowan — Vice President of Sales and Marketing, joined the Company in March 2004. Formerly sales and marketing vice president for Innovex, Mr. McGowan has extensive experience in the building and management of sales organizations.

Patrice L. McMorrow — Director of Marketing, joined the Company in June 2004. Marketing and sales professional with over 20 years experience in pharmaceutical, eyewear and fashion industries. Ms. McMorrow's competencies include strategic and tactical planning and sales operations. Previous to joining the Company, she held similar positions at Innovex, Organon, Inc., and Pfizer Labs Pharmaceuticals.

Barbara A. Bagby — Director of Regulatory Affairs, joined the Company in June 2000. Ms. Bagby brings over 25 years of experience in the engineering, manufacturing, project management, and quality areas within the pharmaceutical, contract packaging, and medical device markets. Previous to joining the Company, she held similar positions at Kimble Glass, Comar, Inc., and Wheaton Industries.

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 2004, 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	250,000
Daniel Seckinger	368,189
Edward Mulhare ⁽²⁾	715,015
Edward Wampold	178,000
Geoffrey Vero	150,000

(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' Deficiency (page 5 of the Consolidated Financial Statements).

AUDITORS

For the year ended 31 December 2004, McGladrey & Pullen, LLP, a member firm of RSM International, served as the Company's auditors.

SUBSTANTIAL SHAREHOLDINGS

As of December 31, 2004, and with no changes between that date and the date of this report, 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	7.6
Dolores Akers ⁽¹⁾	2,525,866	5.4
DMI Investments BV	2,504,840	5.3
Milan Holding Company, Inc.	4,429,573	9.4

(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.

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 2004

THE REMUNERATION COMMITTEE

During 2004, 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.

DIRECTORS' REMUNERATION

The Directors earned the following remuneration during the year:

Name of Director	Salary and Fees	(U.S. Dollars)		
		Taxable Benefits	2004 Total	2003 Total
Executive				
Raymond F. Akers, Jr.	\$250,000	\$ 8,074	\$258,074	\$258,172 ⁽¹⁾
Paul B. Freedman	180,000	7,200	187,200	187,200 ⁽¹⁾
Non-Executive				
David Wilbraham	27,000		27,000	25,875
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	15,000
Norman Blackwell				6,750

(1) The salaries of the executive Directors include compensation accrued but not paid, for Raymond F. Akers, Jr. \$156,250, and for Paul B. Freedman \$15,000.

Remuneration Report (continued) for the year ended 31 December 2004

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 2004	Exercise Price (\$)	Date of Expiry
<u>Executive</u>			
Raymond F. Akers, Jr.	2,050,100	1.00 – 1.50	30/06/2006 – 31/12/2009
Paul B. Freedman	703,000	0.75 – 2.00	31/12/2006 – 04/09/2008
<u>Non-Executive</u>			
David Wilbraham	165,000	2.00	08/05/2009
Daniel Seckinger	213,000	1.00	31/12/2005 – 31/12/2011
Edward Mulhare	124,000	1.00 – 2.00	31/12/2005 – 31/12/2011
Edward Wampold	420,500	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 (effective 30 April 2003)

**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

Essex, Kent

Registered in New Jersey, USA

Independent Auditor's Report

31 December 2004