

3 September 2007  
AIM:ODX

## **Omega Diagnostics Group plc**

### **Completion of Acquisition**

Omega Diagnostics Group plc ("Omega"), the AIM listed medical diagnostic company, announces that it has completed the acquisition of the entire issued share capital of Genesis Diagnostics Limited and Cambridge Nutritional Sciences Limited (together "Genesis-CNS").

Genesis-CNS is a growing, profitable, cash-generative business serving the clinical and consumer diagnostics markets. Genesis-CNS supplies test kits to hospital laboratories in the UK and overseas, via a network of distributors, in 27 countries. In addition Genesis-CNS offers food intolerance test services to healthcare practitioners and has developed a home test kit for food intolerance which has received the CE mark and can be sold to consumers directly. The company has also developed two complementary technologies, the macro- and the microarray which it currently utilises in its own products and services.

At the EGM on 30 August 2007 shareholders approved the completion of the Acquisition, the Placing, the Share Consolidation and the Capital Reorganisation and this morning the Second Admission Shares were admitted to trading on AIM. Further to the announcement on 30 August 2007 the Company's issued share capital now consists of 14,875,693 New Ordinary Shares of 4 pence each.

#### **Initial Consideration and Funding**

Initial consideration payable for the Acquisition was £5.7m and was payable as follows:

- (a) £3.2 million payable in cash at Completion (approximately £2.9 million net of the cash on Genesis – CNS' balance sheet at Completion);
- (b) the issue of 4,462,708 Consideration Shares at the Placing Price and an amount in cash of £61,634 payable one year after Completion;
- (c) the issue of a loan note in respect of £1.1 million on Completion;

In order to fund the acquisition the Company raised £2.2 million by means of a placing of 7,333,333 New Ordinary Shares at 30p (0.75p before reorganisation and consolidation) by Landsbanki Securities (UK) Limited. A further £1.2 million of funding for the Acquisition has been provided by a loan from Bank of Scotland.

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## **INFORMATION ON OMEGA**

Omega is an established business in the medical diagnostics industry which produces and sells a wide range of immunoassay and infectious disease IVD test kits and other products through a distribution network in more than 100 countries worldwide. Omega operates in a niche market, supplying tests for specific infectious diseases and other clinical conditions. The infectious diseases addressed by Omega's products include Syphilis, Tuberculosis, Dengue Fever, Chagas Disease and Malaria. All products are designed for use in clinical laboratories and Rapid Tests are designed for use at the point of care. Omega currently exports over 95 per cent. of its products.

## **INFORMATION ON GENESIS-CNS**

Genesis and CNS are established businesses in the medical diagnostics industry which develop, produce and sell a range of IVD tests kits specialising in the areas of autoimmune disease, infectious disease and food intolerance. The acquisition of Genesis-CNS is in line with Omega's strategy of focusing on selected acquisitions of niche players in the IVD market. Genesis-CNS has the following characteristics which make it an attractive acquisition for the Company:

- Growing, profitable, cash-generative
- Operating in growth markets
- Ability to increase the routes to market
- Complementary product ranges
- Well established high quality management team

### **Growing, profitable, cash-generative:**

Over the three years to the year ended 31 October 2006 Genesis-CNS sales have grown to approximately £2,192,000 (including intercompany sales of approximately £78,000) for the 2005/6 financial year. For the year ended 31 October 2006 Genesis recorded a profit before tax of £238,103 and generated an operating cash surplus of £259,117. As at 31 October 2006, Genesis had net assets of £885,204. For the year ended 31 October 2006 CNS recorded a profit before tax of £79,474 and generated an operating cash surplus of £64,738. As at 31 October 2006, CNS had net assets of £121,414.

### **Operating in growth markets:**

There has been a huge increase in people suffering from food related illnesses in recent years. Allergy UK, a national medical charity concerned with allergies, food intolerance and chemical sensitivities, believes that around 45 per cent. of the UK population is adversely affected by the food they eat and they see cases of food intolerance rising. The Directors believe that a growing awareness of food intolerance issues is driving the market potential for diagnostic products and services and therefore will increase the potential for sales.

It is estimated that the total European autoimmune disease diagnostics market was worth US\$440 million in 2004 and it is predicted that it may reach almost US\$700 million by 2011.

### **Ability to increase the routes to market:**

The Genesis-CNS distribution network only extends to 27 countries whereas Omega's extends to over 100 countries. The Directors intend to increase sales of Genesis-CNS and Omega's products by cross-selling them into the combined distribution network.

### **Complementary product ranges:**

The products produced by Genesis-CNS utilise the Enzyme Immunoassay (EIA) technology which is common to many of the products produced by Omega and they are highly complementary in that they cover areas of the IVD market which are not currently covered by Omega. For example, Omega primarily sells infectious disease diagnostic products whereas Genesis-CNS focuses on autoimmunity and food intolerance diagnostic products through its macro and microarray technologies.