A clear strategy
Focused on delivery

Omega Diagnostics Group PLC Annual Report and Accounts 2012

Omega is focused on selling a wide range of specialist products, primarily in the immunoassay, in-vitro diagnostics (IVD) market within three segments:
– Allergy and Autoimmune
– Food Intolerance
– Infectious Diseases

Our Mission:

To improve human health and well-being through **innovative diagnostic tests** and global partnerships.

2012 was all about
Making progress in three key areas...

...Strategy

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...Innovation

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Highlights:

Sales
£11.1m
+41% (2011: £7.9m)

Gross profit
£7.0m
+49% (2011: £4.7m)

Adjusted PBT*
£1.0m
+36.5% (2011: £736k)

Gross margin level
63%
+6% (2011: 59.6%)

* Adjusted profit before taxation is derived by taking statutory profit before tax of £479k (2011: £105k) and adding back IFRS-related discount charges of £45k (2011: £22k), amortisation of intangible assets of £415k (2011: £193k), share-based payment charges of £30k (2011: £8k), acquisition costs of £38k (2011: £412k) and fair value adjustments to financial derivatives of -£3k (2011: -£4k).

Chairman's Statement

The Group has taken steps to improve performance in all its segments with continued investment in people and product opportunities.

Notable achievements

The Group has made progress on a number of fronts:

> Turnover in excess of £10 million for the first time.
> Adjusted profit before tax of £1 million.
> iSYS development programme; first batch of six allergens moving through optimisation with a further 18 allergens having commenced optimisation.
> Increase in average revenue per Genarrayt® system (excluding Spain which, due to its size, skews the numbers) by 25% to £10,783.
> Strengthening of the Board with Jag Grewal as Sales and Marketing Director.
> Conclusion of feasibility with two allergens on a rapid, low sample volume platform that could eventually run between 10-20 allergen tests on a Point-of-Care ('POC') device.
> Direct access to Indian market achieved with incorporation of fully owned subsidiary Omega Dx (Asia) Pvt Ltd.
> Signing of license agreements with Burnet Institute, Melbourne for exclusive worldwide rights to POC tests for CD4 and Syphilis.

Segmental turnover

> The Allergy and Autoimmune division achieved a growth in turnover of 191%, with sales of £4.48 million (2011: £1.54 million) following a full year contribution from our German business.
> The Food Intolerance division continued to perform well with growth in turnover of 10% to £3.90 million (2011: £3.56 million) with a strong performance from Food Detective® and Genarrayt®.
> Turnover in the Infectious Disease division fell back by 2% to £2.75 million (2011: £2.80 million) reflecting the competitive nature of this division but the opportunity with CD4 is expected to significantly enhance performance.

Financial performance

Turnover for the Group increased by 41% to £11.12 million (2011: £7.90 million), which includes a full year's contribution of trading from our German business. Gross profit increased to £7.0 million (2011: £4.71 million) and the gross margin improved from 60% to 63% reflecting a segmental mix towards higher margin business. Adjusted profit before tax increased by 36% to £1.0 million (2011: £0.74 million) with our Food Intolerance division performing particularly well. A reconciliation between profit before tax and adjusted profit before tax is shown at the foot of the income statement on page 31.

EPS

Net finance costs have remained stable at £38k (2011: £31k) and the Group achieved an adjusted profit after tax of £1,052k being adjusted profit before tax of £1,004k plus the tax credit of £48k. This resulted in adjusted earnings per share of 1.2p (2011: 1.7p) due to the increased average shares in issue of 85,238,746 (2011: 38,278,631). Statutory profit after tax amounted to £527k (2011: £31k) which resulted in earnings per share of 0.6p versus earnings per share of 0.1p in the previous year.

Balance sheet

Assets

> Intangible assets reduced to £9.1 million (2011: £9.4 million) reflect ongoing amortisation and final adjustments to goodwill on the acquisition of the German IVD business.
> Inventories of £1.7 million (2011: £1.5 million) reflect growing business volumes.
> Cash at year end of £1.2 million (2011: £2.1 million).

Liabilities

> Trade and other payables reduced slightly to £1.5 million (2011: £1.6 million).
> Total borrowings and other financial liabilities reduced to £1.4 million (2011: £2.1 million) reflecting repayment of bank debt of £0.3 million and settlement of IDS-iSYS licence fee instalment of £0.4 million.

Funding

After the year end, the Company successfully negotiated an overdraft facility of £700,000 on normal commercial terms which is subject to an annual review and is repayable on demand.

Strategic direction

As the Group looks to build on its progress to date, it is clear that to achieve significant year-on-year growth we either need to increase the level of automation for customers or to provide POC tests to provide solutions for unmet needs in developing markets. From a market perspective, a focus on the growing BRIC countries is expected to yield above average results.

Automation

The ongoing development work with the IDS-iSYS instrument is key to the future growth of the Allergy division. This programme, as planned, is rightly consuming a significant part of the Group's resources and is intended to achieve a significant market share in this growing market. Work has also continued in evaluating our range of Autoimmune products on a third party's instrument with 12 out of 17 products validated to date.

POC tests

The signing of agreements with the Burnet Institute in Melbourne has provided worldwide exclusive access to their developed POC test for CD4, a biomarker which, when measured accurately, can detect the point in time at which antiretroviral therapy should commence for patients with HIV infection. The current gold standard flow cytometry tests are performed in a laboratory that have the disadvantage of results only becoming available at a later date, by which time, many patients have been 'lost' to treatment. The availability of a CD4 POC test meets a current unmet need in developing countries. The Group and the Burnet Institute have successfully completed the initial stages of a technology transfer for manufacturing, with a small scale batch of prototype devices meeting preliminary Burnet evaluation. We expect this to be officially launched at the 19th International AIDS conference, AIDS 2012, in Washington DC on 22-27 July 2012.

In addition, a separate agreement has been signed with the Burnet Institute, granting the Group exclusive worldwide rights to its Syphilis IgM POC test. This is the only test in the world that can differentiate active infections from past infections.

BRIC focus

The setting up of Omega Dx in India allows us to take direct control over the marketing and supply of products into the Indian market. Historically the largest market for the Group's Infectious Disease products, India, has a growing middle class population which represents a significant opportunity for both the Food Intolerance and Allergy range of products. The validation of the Autoimmune tests on an automated platform has been driven, initially, by an opportunity in China but which also provides an opportunity for international expansion.

Board and employees

I am pleased that we have appointed Jag Grewal as Group Sales and Marketing Director who is providing additional strength to Andrew and his team. Simon Keller's appointment as International Business Development Director for Food Intolerance will, I am sure, lead to better performance for this division. Finally, none of the progress above happens automatically and I am grateful for the hard work of all employees who have contributed to the results announced today.

Outlook

Turnover in the first quarter is in line with management expectation.

The current trading environment remains challenging given the levels of economic uncertainty in Europe and the continuing budgetary constraints of the individual healthcare systems.

As a consequence, it has recently emerged that the German healthcare system has begun a review of current reimbursement levels encompassing allergy testing in our market segment. At this stage, the timing and effect on the market is uncertain.

However, against that background, we have continued to build on our core strengths and diversify our business and there are a number of opportunities which I believe will mitigate any of the aforementioned risk over the medium term.

In particular, I believe the opportunity with CD4, which will commercially launch in July, offers the Group an ability to create significant strategic value based on the responses we have had to date from major global organisations.

The risks associated with our current allergy offering will be mitigated, not only through the launch of our allergy products on the IDS-iSYS at the end of the current financial year, but also with increased emphasis on export and alternative product offerings.

I look forward to updating you throughout the year.

David Evans
Non-executive Chairman
29 June 2012

Delivering Growth

2006

Omega Diagnostics Limited reverse into Quintessentially English plc then changed name to Omega Diagnostics Group PLC with a stated aim of seeking to acquire other companies within the medical diagnostics sector in order to gain substantive critical mass.

2007

Acquisition of Genesis Diagnostics Limited and Cambridge Nutritional Sciences Limited for an initial consideration of £5.7 million. Acquisition provided major growth opportunity to develop new products using two key technologies, the macroarray and microarray.

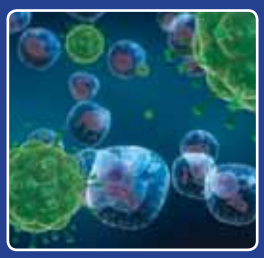
2009

Acquisition of Co-Tek (South West) Limited for cash consideration of £480k. Acquisition of an existing supplier allowed the Group to supply part of the range of the infectious disease products on a more competitive basis.

2010

Acquisition of the Allergy IVD business of Allergopharma for cash consideration of £4.9 million. The acquisition provided the Group with access to the high value allergy testing market.

Making Progress
Strategy



successful acquisitions + global partnerships = organic growth

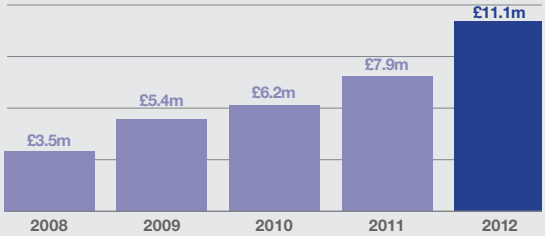
2011

Signing of an exclusive licence agreement with Immunodiagnostic Systems Holdings plc for the worldwide rights to develop and distribute allergy tests on its successful and US FDA-cleared IDS-iSYS automated instrument. Incorporation of Omega Dx (Asia) Pvt Limited, a subsidiary in India, in order to gain direct access to the Indian market.

2012

Signing of an exclusive licence agreement with the Burnet Institute in Australia for the worldwide rights to manufacture and distribute POC tests for CD4 and Syphillis. Continued progress on iSYS development with optimisation of first batch of six allergens continuing and intended launch in early 2013 with an initial range of 40-50 allergens on track.

Omega Group Sales
2008-2012



Automated Allergy Testing

Strategic insight: the combination of the allergy IVD business and the worldwide exclusive access to the IDS-iSYS is significantly contributing to the delivery of a competitive automated allergy system.

Progress

Key opinion leader contacts built up have also been useful to help direct the key performance indicators required for the assays. An initial tranche of eight allergens were used to demonstrate the overall technical feasibility of our intended approach and we are encouraged by the performance achieved to date.

We compared our prototype to a leading commercial automated test and to other available manual tests, and found it superior to all manual tests. Six of these eight are moving through optimisation and of the other two we have demonstrated that performance can be improved by either judicious selection of allergen extract raw material and/or alterations to the chemistry involved in making the active conjugates.

A start has been made to a following group of 18 more allergens and we remain confident that the program is on track for initial launch of between 40-50 allergy tests in Q4 of the financial year. To this end we now have a suite of four IDS-iSYS instruments commissioned and committed to the project and the team has been augmented with a new project leader who brings 14 years of product development experience gained at Hycor, one of the major allergy IVD companies.

We look forward to reporting continued progress over the remainder of the year.

Making Progress
Strategy

01 Insects

02 Foods

03 Seafood

04 Pets

05 Nuts

06 Pollens

07 Dust mites

large allergen bank

+

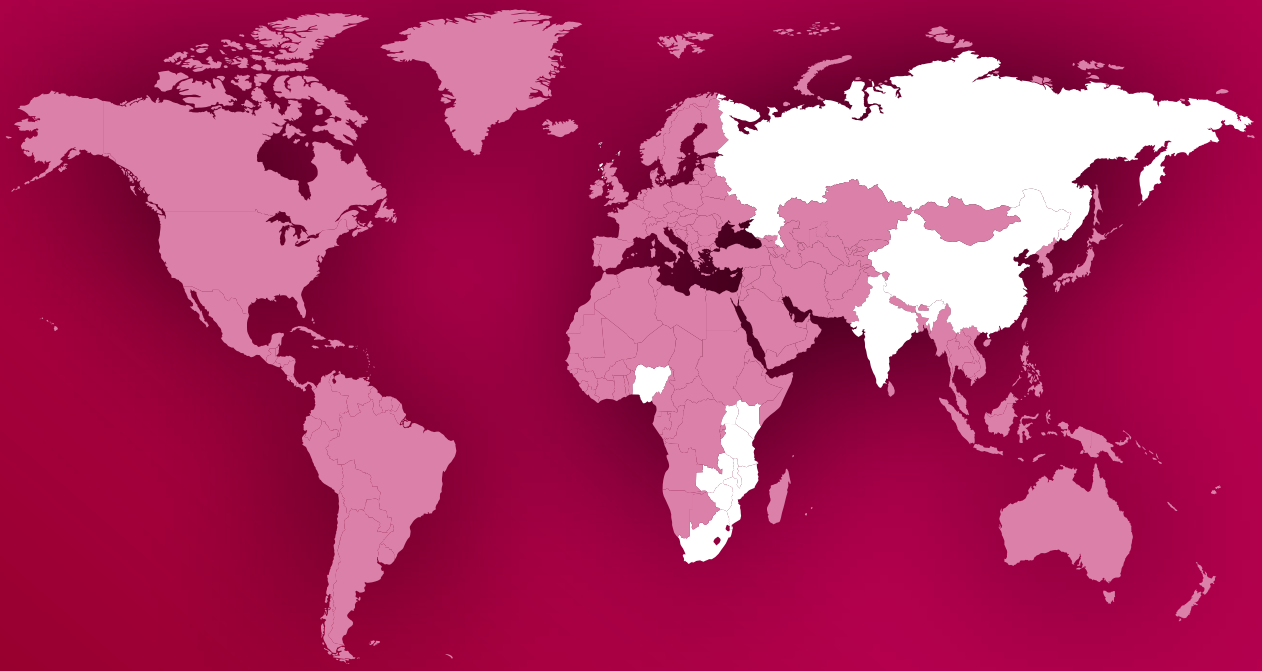
automated system

=

significant global opportunity

CD4

Point-of-Care test



Top 12 countries by HIV population	
South Africa	5.6m
Nigeria	3.3m
India	2.4m
Kenya	1.5m
Mozambique	1.4m
Tanzania	1.4m
Uganda	1.2m
Zimbabwe	1.2m
Russian Federation	0.98m
Zambia	0.98m
Malawi	0.92m
China	0.74m

Total number of:

HIV-infected individuals worldwide **33m**

HIV-infected individuals without access to treatment **17.1m**

HIV-infected individuals in developing countries **26.3m**

Potential no. of CD4 tests performed per year **34.2m**

Making Progress
Innovation

HIV is a major global health challenge affecting approximately 33 million people with five million new cases per year, mainly in the developing world and is the primary cause of disease burden in 12 countries, including South Africa and India.

CD4 is a marker, the measurement of which determines when to initiate antiretroviral treatment (ART).

The Burnet Institute have developed a POC CD4 test that provides an affordable, low complexity, but highly technical solution using a format similar to a home pregnancy test. The test is semi-quantitative and displays a visual line on the test strip that indicates whether the patient's CD4 count is above or below a set threshold (the current World Health Organisation (WHO) guidelines of 350 CD4 cells/µl). The innovative component of the technology resides in the method of capturing and quantifying a patient's T-cell associated CD4 (the diagnostic component) and differentiating this from the free CD4 in plasma or CD4 attached to other immune cells (monocytes).

CD4 testing remains a bottleneck of ART initiation due to the logistical difficulties for those HIV individuals living in rural areas in accessing a clinic with instrument based CD4 testing, where the timing between testing and reporting can often lead to a significant "loss to follow up" of patients. Thus, there is a clear unmet need for a lower cost, lower complexity and higher throughput technology for the quantification of CD4 T-cells in HIV-infected individuals that can be conducted in doctor's surgeries, routine pathology laboratories worldwide and in outreach clinics in resource-poor countries.

The VISITECT CD4 test requires only a finger-prick sample of blood and gives visual results in 40 minutes, allowing high throughput of samples. It is more affordable than any other CD4 technology on the market and does not require highly skilled laboratory technicians and can be performed by clinicians or field healthcare workers with minimal training. There is no requirement for cold chain storage, maintenance costs or any instrumentation. There is currently no other POC CD4 test on the market that does not require additional equipment in order to perform the test. As the test uses lateral flow technology already very familiar to health care workers using other POC tests, this makes the VISITECT CD4 test ideally placed for use in remote, point of care clinics where it can literally be transported in the pocket.

Implementation of the VISITECT CD4 test will directly increase the availability, access, scope and coverage of CD4 testing beyond the urban centres to reach the rural majority in India, South Africa and other developing countries. Substantially increasing the number of people with access to CD4 testing will reduce morbidity and mortality, decrease hospitalisation and loss to follow up. Use of only clinical criteria to start ART and lack of opportunity for regular CD4 monitoring is well known to be associated with delayed onset of treatment.

problem

> cost
> accessibility
> patient loss to treatment

+

> VISITECT CD4
> low cost test

=

solution

VISITECT CD4
Actual Size

Syphilis IgM

Point-of-Care test

In 43 countries out of 75 surveyed in 2010, 1% or more of pregnant women attending antenatal care tested positive for Syphilis.

9 countries where more than 5% of the pregnant women attending tested positive for Syphilis

34 countries where between 1% and 5% of the pregnant women attending tested positive for Syphilis

In pregnant women with untreated early Syphilis:

Pregnancies result in still birth	25%
New cases of Syphilis each year worldwide	12m
Neonatal death	14%
Perinatal deaths each year in Sub-Sahara Africa	500k

Making Progress
Innovation

Syphilis remains a worldwide public health problem. The World Health Organisation (WHO) estimates that there are 12 million new cases of Syphilis each year, with more than 90% occurring in developing nations.

In many developing countries, congenital Syphilis is a leading cause of still births and deaths among neonates.

A wide range of diagnostic tests exist to diagnose both active and past Syphilis infection, however many of these tests are of limited value in primary healthcare settings, especially in developing countries.

Point-of-Care tests (POC) that detect antibodies against *Treponema pallidum* have been widely available for a number of years; however there are no POC tests that can specifically detect IgM class antibodies to *Treponema pallidum* or distinguish between infections that are active or those that have been treated in the past. Hence, current POC tests have limited value in areas where Syphilis is endemic or in some high risk groups.

The Burnet Institute has developed a simple, test that allows the detection of *Treponema pallidum* specific IgM antibodies, without the interference of specific IgG antibodies. The test represents the first POC assay for the detection of specific IgM antibodies and should be a valuable tool for the improved control of Syphilis worldwide.

As developers of the technology, the Burnet Institute has entered into a worldwide exclusive license agreement with Omega Diagnostics Group PLC to manufacture and distribute the Syphilis test on a global basis. The product will be branded as VISITECT Syphilis IgM.

Sexually transmitted diseases are a major global cause of acute illness, infertility, long term disability and death, with severe medical and psychological consequences for millions of men, women and children. The World Health Organisation states that “in developing countries, STDs and their complications are amongst the top five disease categories for which adults seek health care. In women of childbearing age, STDs (excluding HIV) are second only to maternal factors as causes of disease, death and healthy life lost”. The presence of an untreated STD can also “increase the risk of both acquisition and transmission of HIV by a factor of up to 10”. Unlike HIV, many STDs can be treated and cured relatively easily and cheaply if diagnosed early enough. To fight these epidemics, authorities must act to expand access to testing and treatment facilities; to educate people about safer sex and risk reduction; and to counter the prejudice surrounding STD infections.

problem

> inability to detect an active infection

> accessibility

+

> VISITECT Syphilis IgM

=

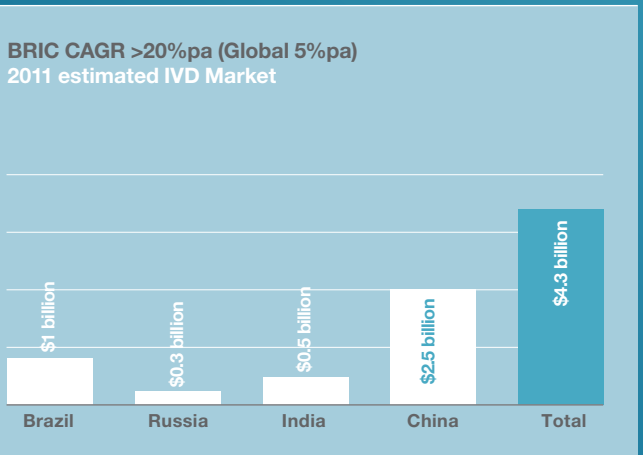
solution

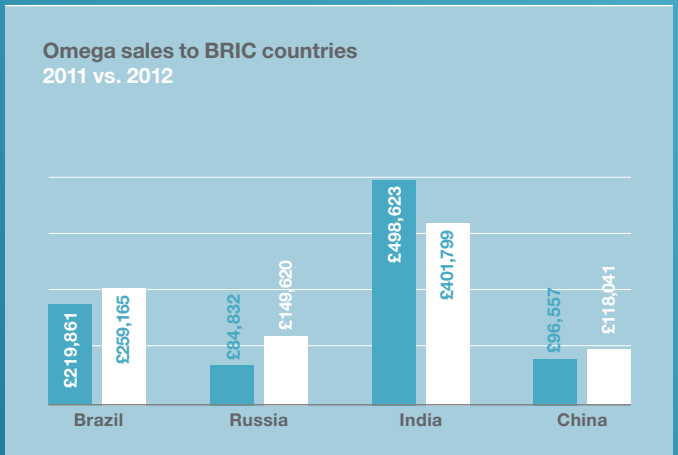
African mother with baby girl.
Location – Mmankgodi village, Botswana.

BRIC Focus

Direct and Distribution Presence

Cumulative Annual Growth Rate





Making Progress
Focus

India

The strategic move by the group to set up a direct presence in India enables more control and focus in an IVD market estimated to be worth £500 million with annual growth rates of 12%.

Going direct in India

> Omega market presence since 1993

> Existing Omega brand awareness – e.g. Pathozyme

> Key appointments with market knowledge

> Locally appointed managing director known to Omega management for almost 20 years

> Targeted sales

Prashant Maniar
Managing Director – Omega Dx (Asia) Pvt Limited
Prashant joined Omega Dx (Asia) in October 2011 as Managing Director. He has worked in the diagnostics industry for 22 years. He started his career as Production Head in Cadila Laboratories. He then spent 15 years working for GlaxoSmithKline and ThermoFisher Scientific in various roles establishing their diagnostic business in India with 14 collaborations with national and multinational companies. In his most recent role he established the Microbial Control business for Lonza India. He has been responsible for the commercial set up of Omega Dx(Asia) Pvt Ltd and heads up the team to transition the Groups business in India from distributor to wholly owned subsidiary.

> Government expenditure on IVD is 1% of Gross Domestic Product

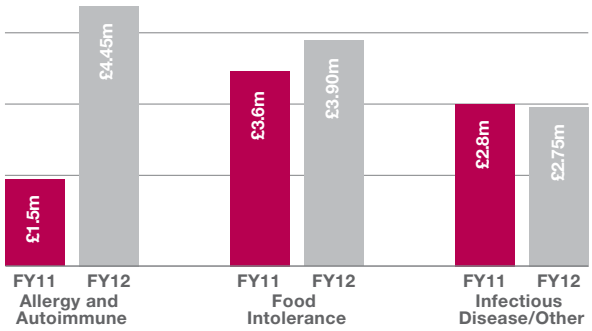
> Private IVD expenditure is 4 to 5 times higher

> 75% of the hospitals are privately owned

> 27,000 laboratories

Global Sales Overview

Total Sales – FY11 v FY12

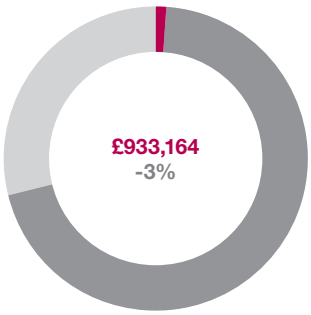


UK

8%

of total Group revenue

- Allergy and Autoimmune £36,128 (-33%)
- Food Intolerance £663,606 (+12%)
- Infectious/Other £233,430 (-25%)

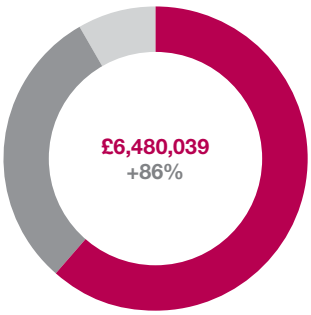


Europe

58%

of total Group revenue

- Allergy and Autoimmune £3,990,505 (+266%)
- Food Intolerance £1,960,803 (+5%)
- Infectious/Other £528,731 (+1%)

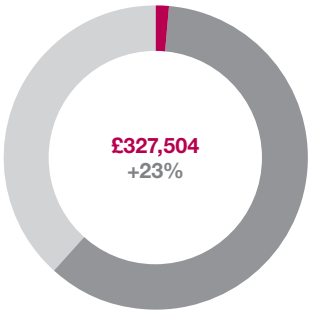


North America

3%

of total Group revenue

- Allergy and Autoimmune £4,519 (+5%)
- Food Intolerance £228,745 (+43%)
- Infectious/Other £94,240 (-8%)

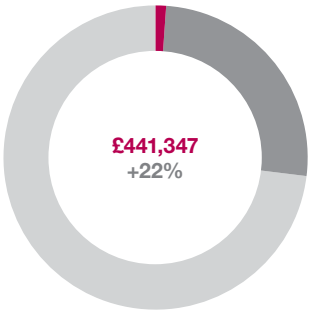


South/Central America

4%

of total Group revenue

- Allergy and Autoimmune £5,177 (+31%)
- Food Intolerance £114,613 (+133%)
- Infectious/Other £321,557 (+4%)

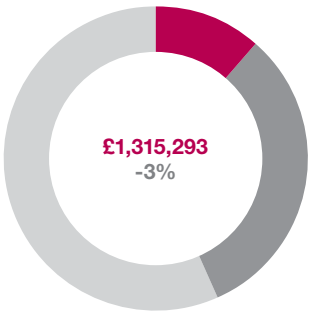


Asia and Far East

12%

of total Group revenue

- Allergy and Autoimmune £151,259 (-1%)
- Food Intolerance £419,289 (-10%)
- Infectious/Other £744,745 (+2%)

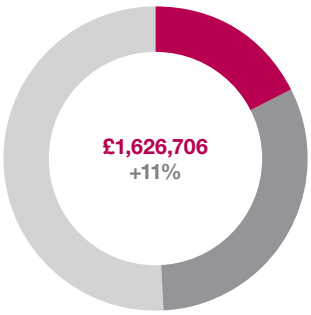


Africa and Middle East

15%

of total Group revenue

- Allergy and Autoimmune £289,185 (+24%)
- Food Intolerance £513,651 (+24%)
- Infectious/Other £823,870 (0%)



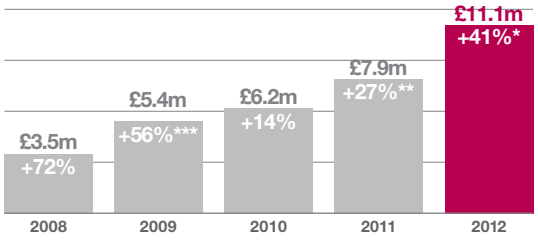
KPIs and Strategy
How do we measure our performance?

Sales

Progress made in 2012
Organic growth of 5% achieved and full years revenue for allergy IVD business.

Strategy for 2013
Commercialise iSYS, CD4 and Syphilis IgM and grow sales in India.

* like-for-like +5%
** like-for-like +12%
*** like-for-like +20%

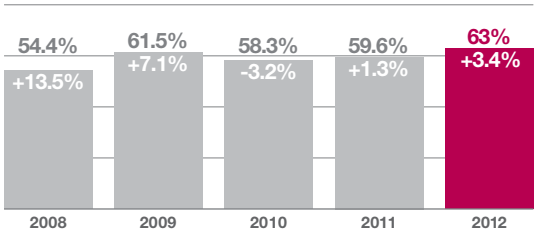


Gross Margin

Progress made in 2012
Increased gross margin level, through improved product mix.

Strategy for 2013
Focused margin improvements through product mix.

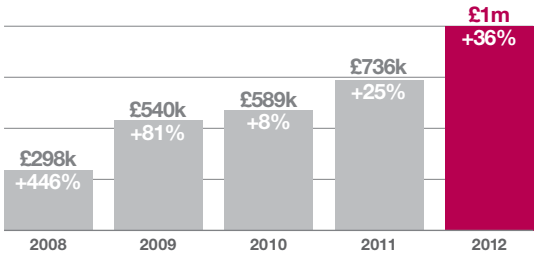
Year-on-year variations measured in percentage points.



Adjusted Profit Before Tax

Progress made in 2012
Increased by 36% on prior year.

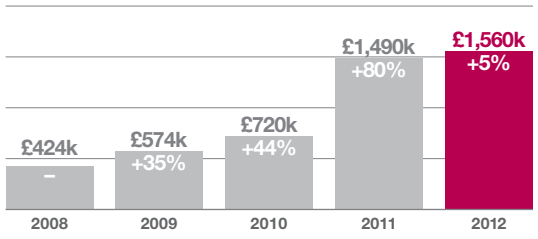
Strategy for 2013
Increase significantly through strategic revenue growth initiatives.



Food Intolerance – Genarrayt® Reagent Sales

Progress made in 2012
Significantly increased revenues outside of Spain.

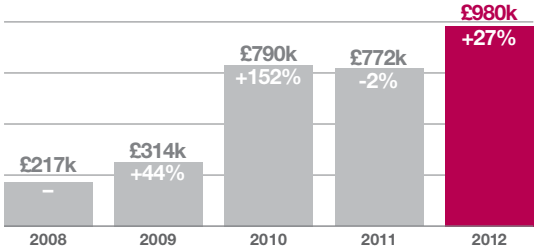
Strategy for 2013
To concentrate more on growing revenue per instrument.



Food Detective® Sales

Progress made in 2012
Increased penetration in key existing markets.

Strategy for 2013
Focus in BRIC country opportunities.



Chief Executive's Review

Omega Diagnostics: our mission is to improve human health and well-being through innovative diagnostic tests and global partnerships.

I am pleased to report that the Group has seen an increase in revenue for the year to £11.12 million, some 41% ahead of last year's figures (2011: £7.90 million) with like-for-like sales increasing by 5%.

We are very pleased with the progress the Group has made and the business is performing strongly. We are also looking forward to significant opportunities presented by direct access into the Indian market, the launch of a range of allergy tests on the automated IDS-iSYS platform and the new prospects that exist that could transform the performance within our Infectious Disease segment.

- New Team – In the year we have expanded our management team with some talented individuals. We now have a senior management team in place that can deliver further profitable growth.
- Focus – We have been careful to limit our strategic focus on our three core product segments so that our efforts have not been diluted.
- New products – Our search for new products in our strategic areas of activity has led to new opportunities that will fuel our growth in future years.
- Strategy – We continue to refine our strategy in order to take advantage of new opportunities.

Allergy and Autoimmune

The Allergy segment has benefited from a full year contribution following on from the acquisition of Allergopharma's IVD business in December 2010. Sales for Omega Diagnostics GmbH ('Omega GmbH'), our German subsidiary, grew by 305% to £3.87 million (2011: £0.96 million). On a full like-for-like basis, the growth in sales equates to 8%.

The delay in the export of allergy products from Omega GmbH, as previously highlighted, has been disappointing. This is being addressed through a combination of product improvements and amended software formats that are more suitable for export markets with the aim of validating these products to run on automated instruments that are widely available in international markets.

Sales of autoimmune tests increased by 5% to £615k (2011: £584k). We reported previously that the current range of autoimmune test kits were limited to small labs with manual test systems. Work has been undertaken during the year to revise the kit formats which will allow their use on a larger number of automation platforms similarly widely available in export markets. This strategy will allow our distributors to access larger parts of the market and extend the product life cycle.

Food Intolerance

This segment has seen an overall growth in sales of 10% to £3.90 million (2011: £3.56 million).

Sales of Genarrayt® reagents have grown to £1.56 million (2011: £1.49 million). 13 Genarrayt® systems (2011: 33 systems) were sold in the year bringing the total global placements to 108 systems. System sales revenue amounted to £88k (2011: £192k). However, this reduction in systems sold was an intentional decision to concentrate more on increasing sales traction across the installed instrument base. This is key to the future success of Genarrayt® and with the market reputation gaining momentum we are seeing more high quality sales leads develop in key countries as they appreciate the power of this innovative technology.

The Food Detective® test for food intolerance has seen a strong sales increase to £980k (2011: £772k). The number of countries where we have now sold product has continued to increase to 68 (2011: 54) with an increase in volumes to 60,782 kits (2011: 41,665). The top five markets account for 50% of sales with good growth in China and Brazil which fits with the Group's strategic focus on BRIC countries. Product registration in China is close to completion and we are hopeful for an early conclusion to this process.

Sales of Foodprint® tests through the CNS testing laboratory have grown to £0.48 million (2011: £0.33 million). The testing services for food intolerance and other related tests have shown an increase in business to £621k (2011: £452k) which has mainly been due to increased sales to offshore accounts which send samples into the CNS laboratory for testing. Various sales initiatives are underway to access large retail accounts in the UK and overseas who are interested in offering our lab services in order to widen their own service portfolio.

With the appointment of Simon Keller there is now a more focused approach to targeting the key customer groups of nutritionists and associated healthcare professionals.

Progress has continued, albeit slowly, with registration of Food Detective® in the United States by our partner Toyota Tsusho. The timeline to registration remains uncertain but ultimately we believe the potential market to be substantial.

Infectious Disease/Other

Sales of infectious disease tests reduced by 2% to £2.75 million (2011: £2.80 million). The market for the current range still remains highly competitive which goes to show that to increase sales in this sector in the future requires a step change in activity and focus.

Omega has been active in the IVD market, and specifically the infectious disease arena, for the last 25 years and has built up an enviable contact base which drives new opportunities. From discussions earlier in the year two new product opportunities came into focus which could lead to substantial future growth. The Group has exclusively in-licensed two test technologies from the Burnet Institute, a leading Australian medical research and public health organisation focused on improving the health of disadvantaged and marginalised groups.

The first in-licensed technology is a novel POC technology for CD4 testing at field level where current CD4 tests are unable to operate. Quantifying CD4 T-cells is a vital component to the management and care of HIV patients and is required to assess their candidacy for antiretroviral treatment (ART) as treatment begins once their count falls below 350 cells/µl, and to monitor their health during treatment every three to six months. This equates to a huge potential market as there is a growing demand for CD4 testing based on the number of individuals requiring to be placed on ART therapy but are as yet unidentified due to their rural location and/or lack of access to health facilities.

The second exclusive licence is for a POC test for detecting active Syphilis infection which is a major public health problem in developing countries. Although simple, reliable and affordable rapid tests for Syphilis are available, many of which are already produced by the Group, the Burnet test is the first POC test to make the important diagnostic distinction between active and past treated infections. Syphilis remains a major cause of stillbirth and neonatal death in many developing countries so this test is very important for screening pregnant women and identifying those patients requiring treatment of congenital Syphilis.

Subject to successful technology transfer processes, these tests have the potential to transform the Group's performance in this segment. The CD4 test, branded as VISITECT CD4, will be officially launched at the 19th International AIDS Conference, AIDS 2012, in Washington DC, USA on 22-27 July 2012.

Distribution network

Growth has been recorded in most geographic regions of the world with the exception of the UK which reduced by 3% to £933k (2011: £958k) and the Asia/Far East region which dropped by 3% to £1.32 million (2011: £1.35 million). These reductions were more than offset by good growth in Africa/Middle East with sales rising by 11% to £1.63 million (2011: £1.47 million) and in the European market by sales rising 86% to £6.5 million (2011: £3.5 million) as a result of a full year of revenue from our German subsidiary and strong performance with key users of the Genarrayt® Food Intolerance products. Sales to South/Central America rose by 22% to £441k (2011: £361k).

BRIC strategy

In the year, we have further concentrated our efforts on expanding our business in the BRIC group of countries and we have met with some success in three out of the four target countries. In Brazil we increased sales by 18% overall across the Group achieving sales of £259k (2011: £220k), in Russia we increased sales by 76% to £150k (2011: £85k) and in China we increased sales by 22% to £118k (2011: £97k). India showed a decline of 19% with sales of £402k (2011: £499k) which was due to the fact that the then distributor started to promote the products through a catalogue selling operation as opposed to a representative-based sales model which we know to be proven and successful in the Indian market. This change only served to reinforce our decision to move to selling direct in India and we expect the decline to be reversed.

SCDI Scotland's International Awards: International Award for Innovation in Product or Service Development 2011 Omega Diagnostics Group PLC. Presented by The Rt. Hon. Alex Salmond MSP, Scotland's First Minister to Andrew Shepherd, Chief Executive.

Chief Executive's Review continued

Following the establishment of our wholly owned Indian subsidiary in July 2011 a lot of effort has gone into making the plan become a reality. The inauguration ceremony of the new office in Mumbai took place at the end of January 2012 and since then, the core management team has been working hard to establish the office and internal procedures in readiness for the changeover from the current distributor. There has also been a lot of work involved with product registrations and employing the key members of staff required to run an India-wide sales operation. The result is that the Group will commence direct selling operations into the Indian market on 1 July 2012. Early pre-marketing activity has been successful in making the market aware of our change in distribution and early signs of future commercial success are encouraging.

Over the past few months, discussions have also been taking place with other IVD companies with a view to representing them in the Indian market. Early stage indications are that several new product ranges will be added to the Group's own product offerings. However, due to the lengthy registration process, the impact of third party sales will be minimal in the current financial year.

Research and development

Allergy and Autoimmune

Development of the allergy test panel on the IDS-iSYS automated system is progressing well. All key raw materials (allergen extracts, monoclonal antibodies and patient samples) made available as a result of our acquisition of the allergy IVD business have demonstrated proven value in the project. An initial tranche of eight allergens were used to demonstrate the overall technical feasibility of our intended approach and we are encouraged by the performance achieved to date. We compared our prototype with a leading commercial automated test and with other available manual tests. Our prototype correlated well with the automated test and it was found to be superior to all manual tests.

Six of these eight allergens are moving through optimisation and there has been significant progress in understanding how raw materials and process factors impact the performance of others. A start has been made to a second group of 18 allergens and we remain confident that the program is on track for initial launch of between 40-50 allergy tests in Q4 of the current financial year. To this end we now have a suite of four IDS-iSYS instruments commissioned and committed to the project and the team has been augmented with a new project leader who brings 14 years of product development experience gained at Hycor, which is one of the major allergy IVD companies. We look forward to reporting continued progress over the remainder of the year.

With regard to a multiplex platform, we have continued to review and evaluate market requirements for allergen specific IgE testing in multiplex and Rapid Test formats. The attributes of conventional Rapid Test technology are well suited to this aim and further work on this development is expected to be carried out in the year ahead.

Outlook

The outlook for the new financial year is very encouraging with good growth potential across all segments of the business. The addition of the new test technologies licensed in from the Burnet Institute should allow us to make a major impact in Global Health markets as these tests satisfy a current unmet clinical demand.

While there continues to be difficulties in the Eurozone countries, we believe our robust and diversified business model, BRIC-focused strategy and focus on new products not affected by these issues hold us in good stead for continued and profitable growth.

Andrew Shepherd
Chief Executive
29 June 2012

Official opening of Omega Dx (Asia) Office on 28 January 2012.

Financial Review

The Group has taken the next steps towards building a bigger business which has delivered profits of £1 million for the first time.

Financial performance

Group turnover increased by 40.8% to £11.12 million (2011: £7.90 million) including a full 12 months' contribution from Omega GmbH following its acquisition of the Allergopharma IVD division in December 2010. Gross profit increased by 48.8% to £7.0 million (2011: £4.71 million) and the gross margin improved from 59.6% to 63.0% reflecting a segmental mix towards higher margin business overall. Historically, Omega's revenue business has been weighted towards the second half but the seasonality of allergy testing, where higher first half sales through Omega GmbH resulted from a higher pollen count occurring in May and September, has resulted in the Group achieving total sales of £5.52 million in the first half and £5.60 million in the second half. However, this has had an effect on gross margin such that first half margin was 63.6% and second half margin was 62.3%.

Administration costs have increased by a net £962k to £4,471k (2011: £3,509k). Excluding last year's acquisition-related costs of £412k, the gross increase can be viewed as £1,374k. Of this increase, £1,115k relates to the full-year effect of Omega GmbH versus only three months' worth of cost in the prior year, costs having risen from £521k to £1,636k. Increased activity in development/technical accounts for a further increase in expenditure of £196k, related to uncapitalised iSYS development costs (see cash flow section below) and increased headcount in Operations and a remaining increase of £63k relates mainly to increases in depreciation/amortisation charges.

Sales and marketing costs have increased by £946k to £2,015k (2011: £1,069k). Again, much of this impact is related to full-year activity through Omega GmbH, including the running of a direct sales force, which has added £700k of cost (£996k v £296k). UK-related costs have increased by £176k reflecting the headcount investment at Director level and below with additional product manager positions being filled and £70k reflects initial costs incurred in India.

Adjusted profit before tax increased by 36.5%, achieving £1.0 million (2011: £0.74 million) for the first time. The profit split between first half and second half exhibited a more traditional weighting with £427k achieved in the first half and £577k in the second half. A reconciliation between profit before tax and adjusted profit before tax is shown at the foot of the income statement on page 31.

Taxation

There is a tax credit of £48k (2011: tax charge £74k) in the year, comprising a debit for current tax of £18k (2011: £125k) and a deferred tax credit of £66k (2011: £51k). The tax credit in the year has arisen due to increased research and development tax credits resulting from the expenditure incurred on the iSYS development programme. Prior year adjustments to the tax charge arise when there are differences between estimated figures chargeable to tax and final tax computations.

Earnings per share

Net finance costs are mainly unchanged at £38k (2011: £31k) and adjusted profit after tax of £1,052k (2011: £662k) is arrived at by taking adjusted profit before tax of £1,004k (2011: £736k) plus the tax credit of £48k (2011: charge of £74k).

Adjusted earnings per share (EPS) amounted to 1.2p (2011: 1.7p) and is arrived at by taking the adjusted PAT of £1,052k and dividing by 85,238,746 (2011: 38,278,631) being the diluted weighted average number of shares in issue for the year. Statutory profit for the year amounted to £527k (2011: £31k) which resulted in earnings per share of 0.6p versus earnings per share of 0.1p in the previous year.

Operational performance

Allergy and Autoimmune

The Allergy and Autoimmune division achieved a growth in turnover of 191%, with sales of £4.48 million (2011: £1.54 million), which includes the full 12 months trading contribution from Germany referred to above. Within these figures, sales of autoimmune products specifically rose by 5% to £615k (2011: £584k). The adjusted PBT for the division was £134k (2011: £37k), including iSYS development costs expensed to the income statement in the first half of the year before attainment of technical feasibility, after which, all iSYS-related development costs have been capitalised in accordance with current accounting standards.

Food Intolerance

The Food Intolerance division continued to perform well with growth in turnover of 10% to £3.90 million (2011: £3.56 million). The decision to concentrate on driving Genarrayt® reagent sales across the installed instrument base has led to a 25% increase in average revenue per instrument to £10,783 (2011: £8,631) in all markets excluding Spain. A further 13 systems were installed in the year increasing total placements to 108. Total reagent sales grew to £1.56 million (2011: £1.49 million).

Financial Review continued

Sales of Food Detective® recovered strongly this year with growth in turnover up by 27% to £0.98 million (2011: £0.77 million) with an exceptional performance in Poland where sales reached £0.2 million. Expectations are for continued growth in markets such as China and Brazil in line with the Group's focus on BRIC countries.

The Foodprint® laboratory service also recorded commendable revenue growth of 45.0% with sales up to £481k (2011: £332k) with a particularly strong performance in Ireland.

The adjusted PBT for this division grew by 15.5% to £1,136k from £983k the year before.

Infectious Disease/Other
Our Infectious Disease division has continued as the most price competitive segment in which we operate. Overall, divisional turnover reduced slightly to £2.75 million (2011: £2.80 million) and yielded an adjusted profit before tax of £316k (2011: £406k). Much of the difference relates to the UK where an apparent reduction in volumes shipped from Co-Tek is merely a phasing effect and a catch up to meet minimum contracted volumes will be seen in the first half of the new financial year.

Corporate costs
Net centralised costs include costs not allocated to any specific segment and, where the Group makes internal arrangements to fund segments via intercompany loans, interest is charged to the specific segment and the corresponding interest income is netted off through Corporate costs. Net centralised corporate costs for the current year amounted to £582k (2011: £690k), after including such interest income of £72k (2011: £Nil).

Treasury operations

Currency management
The Group continues to transact operations in three main currencies being sterling, euros and US dollars. In the case of transactions in euros and US dollars, the Group may be exposed to fluctuations in the rates of exchange against sterling. Where possible, the Group operates a natural hedge by entering into transactions of both a buying and selling nature that limits the risk of adverse exchange rate losses. The Company holds a reducing portion of its borrowings in US dollars where this loan can be serviced from a net surplus of US dollars generated from its trading activities. The exchange rate between sterling and the US dollar has been relatively stable throughout the year such that a translation loss of £1k (2011: gain £17k) has been recorded on these borrowings along with a loss on trading operations of £22k (2011: £22k) included within Administration costs.

The Group's net investment in and funding of Omega GmbH is in euros, which will give rise to foreign exchange variations from one period to another. In the year, a foreign exchange loss of £271k (2011: gain £189k), which has arisen due to a weaker euro, has been included within other comprehensive income.

Interest rate management
The Group operates certain derivative financial instruments for its sterling and US dollar borrowings. In the case of its sterling loan, the Group has an agreement with Bank of Scotland whereby the base rate element of the interest charge has been capped at 5.5% for the entire remaining term. In the case of the US dollar loan, the Group has two agreements with Bank of Scotland, one to cap the interest rate based on US Libor at 5% and one to operate a floor rate on US Libor of 2.25%. Under IFRS, these derivative financial instruments are required to be disclosed at their fair values as either assets or liabilities and there has been a fair value adjustment gain through the income statement of £3k (2011: £4k). Accordingly, at the balance sheet date, the Group had liabilities of derivative financial instruments of £Nil (2011: £3k).

Cash flow

Net cash flow generated from operations of £686k (2011: £348k) is ahead of last year due to the significant increase in the level of operating profits. Net cash used in investing activities of £1,199k (2011: £5,673k) includes the purchase of intangible assets of £769k (2011: £564k) of which, capitalised development expenditure in relation to the iSYS project amounted to £299k, incurred since 1 October 2011, the point in time at which all criteria in relation to IAS38 Intangible Assets were met. Net cash used in financing activities was £345k, all in the servicing and repayment of existing borrowings, leaving cash at the year-end of £1,159k (2011: £2,055k).

Net debt at the year-end amounted to £145k versus net cash at the prior year-end of £447k.

Financing

Following the end of the year, the Group has obtained additional resources with the granting from its principal banker, Bank of Scotland, of an overdraft facility of £700k. This facility was arranged on commercially acceptable terms and is annually renewable and repayable on demand.

Capital management

The financial performance of the Group is measured and monitored on a monthly basis through a combination of management reporting and KPIs. The Group manages its working capital requirements to ensure it continues to operate within the covenant limits applicable to any borrowing facilities whilst safeguarding the ability to continue to operate as a going concern. The Group funds its operations with a mixture of short and long-term borrowings or equity as appropriate with a view to maximising returns for shareholders and maintaining investor, creditor and market confidence. The use of funds for acquisitions is closely monitored by the Board so that existing funds are not adversely impacted by such activity and the Board reviews and approves an annual budget to help ensure it has adequate facilities to meet all its operational needs and to support future growth in the business.

Kieron Harbinson
Group Finance Director
29 June 2012

Board of Directors

David Evans
Non-executive Chairman
David joined Omega in 2000 as Non-executive Chairman. He has considerable experience within the diagnostics industry. As Financial Director he was a key member of the team that floated Shield Diagnostics Limited in 1993. He became Chief Executive Officer responsible for the merger of Shield Diagnostics Group plc with Axis Biochemicals ASA of Norway in 1999 to create Axis-Shield plc. In addition to his role as Non-executive Chairman of Omega, he holds Non-executive Directorships in a number of other companies.

Andrew Shepherd
Chief Executive
Andrew is the Founder and Chief Executive of Omega. He has worked in the medical diagnostics industry for 35 years. In 1986 he moved to Scotland to join Bioscot Limited and shortly afterwards, established Omega. He has used his technical experience and knowledge of exporting to oversee the significant growth of the export of Omega products. He is an active member of a number of relevant trade associations, and was a member of the Bill and Melinda Gates Foundation's (BMGF) Global Health Diagnostics Forum, which provided guidance to BMGF in advising on technology and future investments in worldwide diagnostics programmes for developing countries.

Kieron Harbinson
Finance Director
Kieron joined Omega in August 2002 as Finance Director. He has a broad experience in technology and related businesses. He started his career with Scotia Holdings PLC in 1984 and remained with the company for 14 years, occupying various roles including Group Financial Controller and Chief Accountant. These roles enabled him to acquire experience in corporate acquisitions, disposals and intellectual property matters. In addition he gained experience in various debt and equity transactions, and was involved in raising over £100 million for the company. He then joined Kymata Limited, a start-up optoelectronics company, as Finance Director. Over a period of 18 months, he was involved in raising approximately US$85 million of venture capital funding. The company was sold in 2001 to Alcatel for EUR134 million.

Jag Grewal
Sales and Marketing Director
Jag joined Omega in June 2011 as Group Sales and Marketing Director. He has worked in the medical diagnostics industry for 20 years having started out as a Clinical Biochemist in the NHS. In 1995 he joined Beckman Instruments where he developed a career spanning 15 years in sales and marketing holding a variety of positions in sales, product management and marketing management. In 2009 he left as Northern Europe Marketing Manager to join Serco Health where he helped create the first joint venture within UK pathology between Serco and Guys and St Thomas' Hospital. He is also past Chairman and current treasurer of the British In Vitro Diagnostics Association (BIVDA).

Michael Gurner
Non-executive Director
Michael led the flotation of the Company on AIM in 2006. He qualified as a Chartered Accountant in 1967, before embarking on a career in merchant banking with Keyser Ullmann, including M&A activities with the Ryan Group of Companies and holding senior management positions, including Managing Director of a fully listed company, Continuous Stationery plc, an acquisitive business forms manufacturer between 1986 and 1991. Thereafter he focused on turning around under-performing and ailing businesses, in association with Postern Executive Group Limited ('Postern'), a leading UK turnaround specialist which provided management teams for troubled companies. At Postern's request, he joined the board of several companies which were successfully turned around.

Senior Management Team

Dr Edward Valente
Group Research and Development Director
Edward joined Omega in March 2011 as Allergy Systems Director. He has worked in the medical diagnostics industry for 29 years. He started his career with Amersham International in 1983 where he held scientific and managerial positions in clinical diagnostics research and development. He then joined Shield Diagnostics in 1988 and held managerial positions in R&D and marketing. Latterly, he has been responsible for market development of new markers, including clinical studies, and design and development of immunoassay products on automated platforms for industry majors.

Mike Gordon
Group Operations Director
Mike joined Omega in October 2011 as Group Operations Director. He has worked in the Medical diagnostics industry for 28 years. He started his career with Inveresk Research International as a Development Scientist. He then joined Bioscot Ltd working through its transition to Cogent Diagnostics Ltd and onwards to Hycor Biomedical Ltd. During this time he has held the positions of Quality Manager, Production Director and latterly as Production and Logistics Manager for its last corporate owners. During this period he was responsible for the implementation of ISO 9001 and for successfully navigating the company through the process of US FDA registration and inspection.

Iain Logan
Group Financial Controller
Iain joined Omega in November 2010 as Group Financial Controller. He qualified as a Chartered Accountant in 2002 with PricewaterhouseCoopers in Edinburgh. He then worked at Murray International Holdings Limited in the head office finance team for three years performing a variety of financial accounting roles. He then moved on to Murray Capital Limited, the investment management company of Murray International Holdings Limited, gaining experience in all aspects of acquisitions, disposals and investment portfolio company analysis and management. His current role primarily covers responsibility for the financial reporting of the Group and management of the Group finance team.

Prashant Maniar
Managing Director – Omega Dx (Asia) Pvt Limited
Prashant joined Omega Dx (Asia) in October 2011 as Managing Director. He has worked in the diagnostics industry for 22 years. He started his career as Production Head in Cadila Laboratories. He then spent 15 years working for GlaxoSmithKline and ThermoFisher Scientific in various roles establishing their diagnostic business in India with 14 collaborations with national and multinational companies. In his most recent role he established the Microbial Control business for Lonza India. He has been responsible for the commercial set up of Omega Dx (Asia) Pvt Ltd and heads up the team to transition the Groups business in India from distributor to wholly owned subsidiary.

Jamie Yexley
Site Manager – Genesis Diagnostics Limited, Cambridge Nutritional Sciences Limited
Jamie joined Genesis and CNS in June 1999 as a Production Laboratory Assistant. He was promoted to Production Manager in 2005 and Operations Manager in 2009. He has been instrumental in seeing the Company through a sustained period of rapid growth and change. In 2012 he moved to the role of Site Manager. He has 20 years manufacturing experience with 13 years specifically in the medical diagnostics industry. Educated in Cambridge he has spent his professional career working in the manufacturing industry starting in an FMCG environment. Throughout his time with the Company he has been responsible for ICT where he is recognised as the Group's foremost expert.

Karsten Brenzke
Site Manager – Omega Diagnostics GmbH
Karsten joined Omega GmbH in November 2010 as a consultant to facilitate the acquisition of the IVD business from Allergopharma. He was then appointed on a permanent basis initially as Finance Manager before being appointed as Site Manager in May 2012. He has worked for different industry companies in the finance control function with his longest stay of seven years at Zeppelin Power Systems where he gained experience in mergers and post-merger-integration.

Directors' Report

The Directors present their Annual Report and Group financial statements for the year ended 31 March 2012.

Principal activities
The principal activity of the Company is as a holding Company. The principal activity of the Group is the manufacture, development and distribution of medical diagnostics products.

Results and dividends
The result for the year is a profit of £526,983 (2011: profit of £31,457) which has been taken to reserves. The Directors do not propose to pay a dividend. The results are disclosed in more detail in the Chairman's Statement on pages 2 and 3 and the Financial Review on pages 19 to 20.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Company loss for the year ended 31 March 2012 is £89,416 (2011: profit of £31,021).

Business review and future development
A review of business and future development is discussed in more detail in the Chairman's Statement, Chief Executive's Review and Financial Review commencing on pages 2, 16 and 19 respectively. Key performance indicators are disclosed and discussed on page 15.

Research and development
Research and development activity has increased in the year. Details of research and development activity are contained in the Chief Executive's Review on pages 16 to 18. Costs in the year amounted to £785,390 (2011: £250,055). Costs of £486,584 in relation to research activities (2011: £250,055) were expensed through the statement of comprehensive income and costs of £298,806 in relation to product development (2011: £Nil) were capitalised and included within intangible assets detailed in Note 9.

Directors
The names of the Directors who have served the Group throughout the year are:

David Evans
Michael Gurner
Kieron Harbinson
Andrew Shepherd
Geoff Gower (resigned 31 March 2012)
Jag Grewal (appointed 30 June 2011)

Biographies of all Directors still serving at the year-end are on page 21.

Directors' interests
The beneficial interests of Directors who have served throughout the year are listed in the Directors' Remuneration Report on pages 25 and 26. There are no non-beneficial interests held by Directors. There have been no changes to any Director's interests in the shares of the Group between 31 March 2012 and the date of this report.

Major interests in shares
As at 11 June 2012 the Group had been notified that the following shareholders held more than 3% of the Group's issued ordinary share capital:

	Number of 4p Ordinary shares	Percentage
Legal & General Investment Management	15,300,000	17.95%
Octopus Investments	11,196,870	13.14%
Matrix VCT plc	8,333,250	9.78%
Unicorn AIM VCT plc	4,266,650	5.01%
JM Finn Nominees Limited	3,540,667	4.15%
Brewin Dolphin Securities	3,493,118	4.10%
Williams de Broe	3,169,967	3.72%
Hargreave Hale Nominees Limited	3,162,466	3.71%
David Evans	2,870,134	3.37%

Supplier payment policy
It is the Group's policy to agree the terms of payment with its suppliers, to ensure its suppliers are made aware of those terms and to pay in accordance with them.

Trade creditors of the Group at 31 March 2012 were equivalent to 60 days (2011: 57 days) based on the average daily amount invoiced by suppliers during the year.

Directors' Report continued

Employees
The Group encourages communication with its employees and favours an environment where staff can put forward their ideas, suggestions and concerns on any matter that involves them. The Group gives full and fair consideration to applications for employment made by disabled people, having regard to their particular aptitudes and abilities. Where an employee becomes disabled in the course of their employment, where possible, arrangements will be made for appropriate retraining to match their abilities with their duties.

Principal risks and uncertainties
The Board meets regularly to review operations and to discuss risk areas. The Corporate Governance Report contains details of the Group's system of internal control. Note 23 to the financial statements contains details of financial risks faced by the Group.

The Board is also aware of non-financial risk areas including:

General economic conditions
The Group may be faced with changes in the general economic climate in each territory in which it operates that may adversely affect the financial performance of the Group. Factors which may contribute include the level of direct and indirect competition against the Group, industrial disruption, rate of growth of the Group's sectors and interest rates. The Group seeks to mitigate this risk by conducting operations on a broad geographic basis and by introducing new technologies to remain innovative.

Regulatory risk
The manufacturing, marketing and use of the Group's products are subject to regulation by government and regulatory agencies in many countries. Of particular importance is the requirement to obtain and maintain approval for a product from the applicable regulatory agencies to enable the Group's products to be marketed. Approvals can require clinical evaluation of data relating to safety, quality and efficacy of a product. The Group seeks to mitigate regulatory risk by conducting its operations within recognised quality assurance systems and undergoes external assessment to ensure compliance with these systems.

Acquisition risk
The success of the Group depends upon the ability of the Directors to assimilate and integrate the operations, personnel, technologies and products of acquired companies. The Group seeks to mitigate this risk by selecting companies which meet certain selection criteria and by conducting a detailed due diligence review.

Eurozone Risk
Recent turmoil in the economic conditions in Europe increases the risk of one or more countries exiting the Eurozone. This could lead to currency devaluation in those countries which could lead to adverse economic impacts elsewhere. Approximately one third of the Group's revenue is derived in Germany where the euro is the functional reporting currency. The Group does not currently have operations located in any other European country. However, in the event of a country's exit from the eurozone, potentially higher volatility of the euro could lead to a reduction in the reported trading results of our German operation when translated into sterling. The Group is seeking to mitigate risk in countries such as Spain and Italy, where it has trading relationships, by tightening credit control procedures and reviewing credit limits where necessary.

Development Risk
The Group is undertaking an increased level of development activity than in the past with the aim of launching new products in the future. There is no guarantee that development activity will lead to the future launch of products. Such development activity can meet technical hurdles that are unable to be overcome and market and competition activity can render the output from development activities as obsolete. The Group seeks to mitigate the risk around development activities by ensuring that development programmes are planned in accordance with recognised industry quality standards, managed by people with the requisite skills. The Company also continues to monitor industry trends and customer needs to ensure its development targets remain relevant.

Donations
The Group made no charitable donations in the year (2011: £Nil) nor any political donations (2011: £Nil).

Auditors
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Directors' statement as to disclosure of information to auditors
The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 23. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

Kieron Harbinson
Company Secretary
29 June 2012

Directors' Remuneration Report

As an AIM-quoted Company, the Group is not required to produce a remuneration report that satisfies all the requirements of the Companies Act. However, the Directors are committed to providing information on an open basis and present their Remuneration Report as follows:

Remuneration Committee

The Remuneration Committee is comprised of Michael Gurner, as Chairman, and David Evans. The committee meets as and when required to determine and agree with the Board the policy for the remuneration of the Group's Chief Executive, Chairman, Executive Directors and the Company Secretary. The objective of this policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Group. No Director or manager shall be involved in any decisions as to their own remuneration.

Remuneration policy

The Group's policy is that the remuneration arrangements, including pensions, for subsequent financial years should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives, thereby enhancing shareholder value.

Incentive schemes/share option schemes

On 12 August 2011, Jag Grewal was issued with an option over 100,000 ordinary shares of the Group under the Company's EMI Share Option Scheme following his appointment as an Executive Director on 30 June 2011.

Directors' service contracts

Andrew Shepherd entered into a service contract with the Group on 23 August 2006, under which he was appointed as Chief Executive on an annual salary of £85,000. His salary was increased to £131,250 per annum from 1 April 2009 and then further increased to £145,000 per annum from 1 April 2011. The agreement will continue until terminated by either party giving to the other not less than 12 months' notice in writing.

Kieron Harbinson entered into a service contract with the Group on 23 August 2006, under which he was appointed as Finance Director and Company Secretary on an annual salary of £72,500. His salary was increased to £94,500 per annum from 1 April 2009 and then further increased to £115,000 per annum from 1 April 2011. The agreement will continue until terminated by either party giving to the other not less than three months' notice in writing.

David Evans was appointed a Non-executive Director of the Group on 19 September 2006 and, was entitled to an annual fee of £25,000 from 1 April 2008. The agreement will continue until terminated by either party giving to the other not less than one month's notice in writing.

Michael Gurner was appointed a Non-executive Director of the Group on 19 September 2006 and he was entitled to an annual fee of £15,000. This fee was increased to £20,000 per annum from 1 January 2009. The agreement will continue until terminated by either party giving to the other not less than one month's notice in writing.

Jag Grewal entered into a service contract with the Group on 30 June 2011, under which he was appointed as an Executive Director on an annual salary of £110,000. The agreement will continue until terminated by either party giving to the other not less than three months' notice in writing.

Andrew Shepherd, Kieron Harbinson and Geoff Gower received bonuses within the year of £13,125, £9,450 and £16,000 respectively. These were non-contractual and calculated at 10%, 10% and 20% of their basic annual salaries at 31 March 2011 based on the financial results achieved for the year ending 31 March 2011.

In the prior year Andrew Shepherd, Kieron Harbinson and Geoff Gower received bonuses of £19,688 and £23,625 and £2,000 respectively. These were non-contractual and calculated at 15%, 25% and 2.5% of their basic annual salaries based on the successful acquisition of the allergy business and certain assets of Allergopharma Joachim Ganzer KG.

Directors' emoluments

Consolidated	Fees/basic salary £	Bonuses £	Benefits in kind £	Total 2012 £	Total 2011 £
Executive					
Andrew Shepherd	145,000	13,125	–	**158,125**	150,938
Kieron Harbinson	115,000	9,450	1,238	**125,688**	119,363
Jag Grewal	82,500	–	–	**82,500**	–
Geoff Gower	94,000	16,000	1,516	**111,516**	80,183
Non-executive					
David Evans	25,000	–	–	**25,000**	25,000
Michael Gurner	20,000	–	–	**20,000**	20,000

Directors' Remuneration Report continued

The amounts paid in the year towards Directors' pension contributions were as follows:

Directors' pension contributions

	2012 £	2011 £
Andrew Shepherd	**7,250**	6,562
Kieron Harbinson	**5,750**	4,613
Jag Grewal	**–**	–
Geoff Gower	**13,500**	7,333

Directors' interests in the 4p ordinary shares of Omega Diagnostics Group PLC.

	31 March 2012	31 March 2011
David Evans	**2,870,134**	2,870,134
Michael Gurner	**246,671**	246,671
Kieron Harbinson	**294,150**	204,150
Andrew Shepherd	**1,955,530**	1,955,530
Jag Grewal	**–**	–
Geoff Gower	**500,000**	500,000

The Directors have no interest in the shares of subsidiary companies.

Directors' share options

	At 1 April 2011	Granted during the year	Lapsed during the year	Exercised during the year	At 31 March 2012	Option price	Date of grant	Earliest exercise date	Expiry date
David Evans	390,822	–	–	–	**390,822**	19p	10/12/2008	10/12/2009	10/12/2018
Andrew Shepherd	703,480	–	–	–	**703,480**	19p	10/12/2008	10/12/2009	10/12/2018
Kieron Harbinson	468,987	–	–	–	**468,987**	19p	10/12/2008	10/12/2009	10/12/2018
Jag Grewal	–	100,000	–	–	**100,000**	13.25p	12/8/2011	12/8/2012	12/8/2021
Geoff Gower	20,000	–	–	–	**20,000**	19p	5/5/2009	5/5/2010	5/5/2019

David Evans was issued with an option under the Unapproved Option Scheme and Andrew Shepherd, Kieron Harbinson, Jag Grewal and Geoff Gower were issued with options under the Company's EMI Option Scheme.

The share price at 31 March 2012 was 10.25p. The highest and lowest share price during the year was 16.2p and 9.75p respectively.

Approved by the Board

Michael Gurner
Non-executive Director
29 June 2012

Corporate Governance Report

As an AIM-quoted Company, the Group is not required to produce a corporate governance report that satisfies all the requirements of the Combined Code. However, the Directors are committed to providing information on an open basis and present their Corporate Governance Report as follows:

The Board of Directors

The Board currently comprises: one Non-executive Chairman; one Non-executive Director; and three Executive Directors, who are the Chief Executive, the Finance Director and the Sales and Marketing Director. David Evans, Non-executive Chairman and Michael Gurner, Non-executive Director are considered by the Board to be independent in character and judgement. Michael Gurner is the senior independent Non-executive Director. The Board meets at regular intervals and is responsible for setting corporate strategy, approving the annual budget, reviewing financial performance, agreeing the renewal of and any new banking/treasury facilities and approving major items of capital expenditure. The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively.

During the financial year, the Board met on 11 occasions. Of the 11 meetings Andrew Shepherd attended ten, with Michael Gurner, David Evans, Kieron Harbinson and Geoff Gower attending 11, and Jag Grewal attending all eight meetings he was entitled to attend following his appointment.

The Chairman has additional Non-executive Directorships of the following companies:

Epistem Holdings plc
Momentum Biosciences Limited
Scancell Holdings plc
EKF Diagnostics plc
Sirigen Limited
Cytox Limited
Venn Life Sciences Limited
BBI Holdings Limited
Diagnostics Capital Limited
Lochglen Whisky Limited
St Andrews Golf Art Limited
Horizon Discovery Limited
Spectrum Limited (Rainbow Seed Fund)
OptiBiotix Health Limited

The Audit Committee

The Audit Committee has met on two occasions during the year and once since the year-end. The Committee is comprised of David Evans, as Chairman, and Michael Gurner and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Committee shall also review preliminary results announcements, summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

The Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the Group's external auditors. The Committee also oversees the relationship with the external auditors including approval of remuneration levels, approval of terms of engagement and assessment of their independence and objectivity. In so doing, they take into account relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. Ernst & Young LLP have been auditors to Omega Diagnostics Limited ('ODL') since 2000 and were appointed as Auditors to the Group following completion of the reverse takeover of ODL in September 2006.

The Committee has reviewed the effectiveness of the Group's system of internal controls and has considered the need for an internal audit function. At this stage of the Group's size and development, the Committee has decided that an internal audit function is not required, as the Group's internal controls system in place is appropriate for its size. The Committee will review this position on an annual basis.

The Committee also reviews the Group's arrangements for its employees raising concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee ensures that such arrangements allow for independent investigation and follow-up action.

The Remuneration Committee

The Remuneration Committee has met on two occasions during the year and once since the year end. The Committee is comprised of Michael Gurner, as Chairman, and David Evans and has primary responsibility for determining and agreeing with the Board the remuneration of the Company's Chief Executive, Chairman, Executive Directors, the Company Secretary and such other members of the Executive management as it is designated to consider. The remuneration of the Non-executive Directors shall be a matter for the Chairman and the Executive Directors of the Board. No Director or manager shall be involved in any decisions regarding their own remuneration.

Corporate Governance Report continued

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness throughout the year. Such a system can only provide reasonable assurance against misstatement or loss.

The Board monitors financial controls through the setting and approval of an annual budget and the regular review of monthly management accounts. Management accounts contain a number of indicators that are designed to reduce the possibility of misstatement in financial statements.

Where the management of operational risk requires outside advice, this is sought from expert consultants, and the Group receives this in the areas of employment law and health and safety management.

The Group is compliant with industry standard quality assurance measures and undergoes regular external audits to ensure that accreditation is maintained.

Communication with shareholders

The Board recognises the importance of communication with its shareholders. The Group maintains informative websites for Genesis Diagnostics Limited, Omega Diagnostics Limited, Cambridge Nutritional Sciences Limited and Omega GmbH containing information likely to be of interest to existing and new investors. In addition, the Group retains the services of financial PR consultants, providing an additional contact point for investors. The Board encourages shareholder participation at its Annual General Meeting, where shareholders can be updated on the Group's activities and plans.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review, which runs on pages 2 to 3 and pages 16 to 20. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 19 to 20. In addition, Note 23 to the financial statements includes the Group's objectives, policies and processes for its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has adequate financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries.

As a consequence, the Directors believe that the Group is well-placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

Kieron Harbinson
Company Secretary
29 June 2012

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year end. Under Company Law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position of the Group and Company, financial performance of the Group and cash flows of the Group and Company for that period. In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group and Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgments and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Omega Diagnostics Group PLC

We have audited the financial statements of Omega Diagnostics Group PLC for the year ended 31 March 2012 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Changes in Equity, Company Cash Flow Statement and the related Notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2012 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Annie Graham (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
29 June 2012

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2012

	Note	2012 £	2011 £
Continuing operations			
Revenue	7	**11,124,053**	7,902,036
Cost of sales		**(4,120,259)**	(3,195,742)
Gross profit		**7,003,794**	4,706,294
Administration costs		**(4,471,381)**	(3,508,810)
Selling and marketing costs		**(2,015,300)**	(1,069,027)
Other income – government grants and related assistance		**–**	7, 769
Operating profit	7	**517,113**	136,226
Finance costs	5	**(48,542)**	(33,052)
Finance income – interest receivable	7	**10,856**	1,950
Profit before taxation		**479,427**	105,124
Tax credit/(charge)	6	**47,556**	(73,667)
Profit for the year		**526,983**	31,457
Other comprehensive income			
Exchange differences on translation of foreign operations		**(271,130)**	189,009
Actuarial gain on defined benefit pensions		**56,000**	41,984
Tax credit		**16,585**	–
Other comprehensive income for the year		**(198,545)**	230,993
Total comprehensive income for the year		**328,438**	262,450
Earnings Per Share (EPS)			
Basic and Diluted EPS on profit for the year	22	**0.6p**	0.1p

Adjusted Profit Before Taxation

for the year ended 31 March 2012

	2012 £	2011 £
Profit before taxation	**479,427**	105,124
IFRS-related discount charges (included within Finance costs)	**45,225**	21,968
Fair value adjustments to financial derivatives (included within Finance costs)	**(2,981)**	(4,086)
Amortisation of intangible assets (included within Administration costs)	**415,419**	192,907
Share-based payment charges (included within Administration costs)	**29,716**	7,873
Acquisition related costs (included within Administration costs)	**37,461**	412,045
Adjusted profit before taxation	**1,004,267**	735,831
Earnings Per Share (EPS)		
Adjusted EPS on profit for the year	**1.2p**	1.7p

Adjusted profit before taxation is derived by taking statutory profit before taxation and adding back IFRS-related discount charges, amortisation of intangible assets, share-based payment charges, acquisition costs and fair value adjustments to financial derivatives. This is not a primary statement.

Consolidated Balance Sheet

as at 31 March 2012

	Note	2012 £	(Restated)* 2011 £
ASSETS			
Non-current assets			
Intangibles	9	**9,136,072**	9,376,571
Property, plant and equipment	10	**2,068,509**	1,954,485
Deferred taxation	15	**150,332**	84,913
Retirement benefit surplus	19	**85,639**	41,984
		11,440,552	11,457,953
Current assets			
Inventories	11	**1,689,549**	1,502,659
Trade and other receivables	12	**2,417,500**	2,369,701
Income tax receivable		**4,054**	16,683
Cash and cash equivalents		**1,159,132**	2,054,877
		5,270,235	5,943,920
Total assets		**16,710,787**	17,401,873
EQUITY AND LIABILITIES			
Equity			
Issued capital		**12,977,107**	12,977,107
Retained earnings		**347,403**	(10,751)
Total equity		**13,324,510**	12,966,356
Liabilities			
Non-current liabilities			
Long-term borrowings	13	**794,389**	1,275,832
Other financial liabilities	20	**–**	549,663
Deferred taxation	15	**503,728**	520,607
Derivative financial instruments	23	**454**	3,435
Total non-current liabilities		**1,298,571**	2,349,537
Current liabilities			
Short-term borrowings	13	**509,811**	332,499
Trade and other payables	14	**1,453,018**	1,615,705
Other financial liabilities	20	**124,877**	–
Income tax payable		**–**	137,776
Total current liabilities		**2,087,706**	2,085,980
Total liabilities		**3,386,277**	4,435,517
Total equity and liabilities		**16,710,787**	17,401,873

* The prior year balance sheet was restated to reflect an adjustment to the fair value of stock that was acquired as part of the allergy IVD business where the fair value in 2011 was determined provisionally (Note 8).

David Evans
Non-executive Chairman
29 June 2012

Kieron Harbinson
Finance Director
29 June 2012

Omega Diagnostics Group PLC
Registered number: 5017761

Consolidated Statement of Changes in Equity

for the year ended 31 March 2012

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2010	1,562,246	4,368,716	(281,074)	5,649,888
Issue of share capital for cash consideration	2,583,334	5,166,668	–	7,750,002
Expenses in connection with share issue	–	(703,857)	–	(703,857)
Profit for the year ended 31 March 2011	–	–	31,457	31,457
Other comprehensive income – net exchange adjustments	–	–	189,009	189,009
Other comprehensive income – actuarial gain on defined benefit pensions	–	–	41,984	41,984
Total comprehensive income	–	–	(18,624)	12,958,483
Share-based payments	–	–	7,873	7,873
Balance at 31 March 2011	4,145,580	8,831,527	(10,751)	12,966,356
Profit for the year ended 31 March 2012	–	–	526,983	526,983
Other comprehensive income – net exchange adjustments	–	–	(271,130)	(271,130)
Other comprehensive income – actuarial gain on defined benefit pensions	–	–	56,000	56,000
Other comprehensive income – tax credit	–	–	16,585	16,585
Total comprehensive income	–	–	317,687	13,294,794
Share-based payments	–	–	29,716	29,716
Balance at 31 March 2012	**4,145,580**	**8,831,527**	**347,403**	**13,324,510**

Consolidated Cash Flow Statement

for the year ended 31 March 2012

	Note	2012 £	2011 £
Cash flows generated from operations			
Profit for the year		**526,983**	31,457
Adjustments for:			
Taxation		**(47,556)**	73,667
Finance costs		**48,542**	33,052
Finance income		**(10,856)**	(1,950)
Operating profit before working capital movement		**517,113**	136,226
Increase in trade and other receivables		**(47,799)**	(623,918)
(Increase)/decrease in inventories		**(186,890)**	95,707
(Decrease)/increase in trade and other payables		**(37,697)**	466,546
Gain on sale of property, plant and equipment		**(283)**	(3,949)
Depreciation	10	**264,710**	144,292
Amortisation of intangible assets	9	**415,419**	192,907
Share-based payments		**29,716**	7,873
Taxation paid		**(143,306)**	(67,501)
Cash flow from operating activities		**810,983**	348,183
Settlement of acquisition related liability		**(125,000)**	–
Cash flow from operating activities		**685,983**	348,183
Investing activities			
Finance income		**10,856**	1,950
Purchase of property, plant and equipment	10	**(454,179)**	(200,977)
Purchase of intangible assets		**(768,968)**	(563,653)
Sale of property, plant and equipment		**13,681**	5,499
Outflow on acquisition of subsidiaries	8	**–**	(4,916,049)
Net cash used in investing activities		**(1,198,610)**	(5,673,230)
Financing activities			
Finance costs		**(12,563)**	(26,446)
Proceeds from issue of share capital		**–**	7,750,002
Expenses of share issue	16	**–**	(703,857)
Loan repayments		**(272,832)**	(276,744)
Finance lease repayments		**(60,030)**	(62,795)
Net cash (used in)/from financing activities		**(345,425)**	6,680,160
Net (Decrease)/increase in cash and cash equivalents		**(858,052)**	1,355,113
Effects of exchange rate movements		**(37,693)**	20,964
Cash and cash equivalents at beginning of year		**2,054,877**	678,800
Cash and cash equivalents at end of year		**1,159,132**	2,054,877

Company Balance Sheet

as at 31 March 2012

	Note	2012 £	2011 £
ASSETS			
Non-current assets			
Investments	21	**10,774,918**	10,655,361
Intangible assets	9	**984,663**	984,663
		11,759,581	11,640,024
Current assets			
Trade and other receivables	12	**4,344,833**	4,949,986
Income tax receivable		**–**	12,627
Cash and cash equivalents		**18,869**	552,702
		4,363,702	5,515,315
Total assets		**16,123,283**	17,155,339
EQUITY AND LIABILITIES			
Equity			
Issued capital		**13,966,782**	13,966,782
Retained earnings		**232,939**	292,639
Total equity		**14,199,721**	14,259,421
Liabilities			
Non-current liabilities			
Long-term borrowings	13	**794,389**	1,262,470
Other financial liabilities	20	**–**	549,663
Derivative financial instruments	23	**454**	3,435
Total non-current liabilities		**794,843**	1,815,568
Current liabilities			
Short-term borrowings	13	**496,450**	272,470
Trade and other payables	14	**507,382**	690,012
Other financial liabilities	20	**124,887**	–
Income tax payable		**–**	117,868
Total current liabilities		**1,128,719**	1,080,350
Total liabilities		**1,923,562**	2,895,918
Total equity and liabilities		**16,123,283**	17,155,339

David Evans
Non-executive Chairman
29 June 2012

Kieron Harbinson
Finance Director
29 June 2012

Company Statement of Changes in Equity

for the year ended 31 March 2012

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2010	1,934,528	4,986,109	253,745	7,174,382
Issue of share capital for cash consideration	2,583,334	5,166,668	–	7,750,002
Expenses in connection with share issue	–	(703,857)	–	(703,857)
Profit for the year ended 31 March 2011	–	–	31,021	31,021
Total comprehensive income	–	–	284,766	14,251,548
Share-based payments	–	–	7,873	7,873
Balance at 31 March 2011	4,517,862	9,448,920	292,639	14,259,421
Loss for the year ended 31 March 2012	–	–	(89,416)	(89,416)
Total comprehensive income	–	–	203,223	14,170,005
Share-based payments	–	–	29,716	29,716
Balance at 31 March 2012	**4,517,862**	**9,448,920**	**232,939**	**14,199,721**

Company Cash Flow Statement

for the year ended 31 March 2012

	2012 £	2011 £
Cash flows generated from operations		
(Loss)/profit for the year	**(89,416)**	31,021
Adjustments for:		
Taxation	**7,528**	105,241
Finance costs	**45,338**	25,730
Finance income	**(79,944)**	(19,905)
Operating (loss)/profit before working capital movement	**(116,494)**	142,087
Decrease/(increase) in trade and other receivables	**605,150**	(1,177,250)
(Decrease)/increase in trade and other payables	**(182,630)**	250,847
Taxation paid	**(112,768)**	(81,193)
Share-based payments	**29,716**	7,873
Net cash flow from operating activities	**222,974**	(857,636)
Investing activities		
Finance income	**79,944**	19,905
Purchase of intangible assets	**(435,000)**	(435,000)
Outflow/investment on acquisition of subsidiaries	**(119,557)**	(4,937,058)
Net cash used in investing activities	**(474,613)**	(5,352,153)
Financing activities		
Finance costs	**(9,362)**	(19,124)
Proceeds from issue of share capital	**–**	7,750,002
Expenses of share issue	**–**	(703,857)
Loan repayments	**(272,832)**	(276,744)
Net cash (used in)/from financing activities	**(282,194)**	6,750,277
Net (Decrease)/increase in cash and cash equivalents	**(533,833)**	540,488
Cash and cash equivalents at beginning of year	**552,702**	12,214
Cash and cash equivalents at end of year	**18,869**	552,702

Notes to the Financial Statements

for the year ended 31 March 2012

1 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of Omega Diagnostics Group PLC for the year ended 31 March 2012 were authorised for issue by the Board of Directors on 29 June 2012, and the balance sheets were signed on the Board's behalf by David Evans and Kieron Harbinson. Omega Diagnostics Group PLC is a Public Limited Company incorporated in England. The Company's ordinary shares are traded on the AIM Market.

2 ACCOUNTING POLICIES

Basis of preparation

The accounting policies which follow set out those policies which have been applied consistently to all periods presented in these financial statements. These financial statements are presented in sterling and have been prepared in accordance with IFRS as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006.

In relation to IFRS 8 – Operating Segments, the Group has identified the Executive Board as the Chief Operating Decision Maker with responsibility for decisions over the allocation of resources to operating segments and for the monitoring of their performance. The Group reports performance of the following three segments:

Allergy and Autoimmune
Food Intolerance
Infectious Disease and Other

Basis of consolidation

The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Intangible assets

Goodwill

Business combinations are accounted for under IFRS 3 using the acquisition method. Goodwill represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is subject to an annual impairment review and whenever events or changes in circumstances indicate that the carrying value may be impaired. After initial recognition, goodwill is stated at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the related cash generating units monitored by management, usually at business segment level or statutory Company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Other intangible assets

Intangible assets acquired as part of a business combination are recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition at fair value at the acquisition date, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over the expected useful lives, with charges included in administration costs, as follows:

Technology assets	–	5-20 years
Customer relationships	–	5-10 years
Supply agreements	–	5 years
Other intangibles	–	5 years
Software	–	5 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Research and development costs

Expenditure on research, which is incurred up to the point of manufacturing validation, is written off as incurred. Thereafter, expenditure on product development which meets certain criteria is capitalised and amortised over its useful life. The manufacturing validation stage is when it is probable that the product will generate future economic benefits, and the following criteria have been met: technical feasibility; intention and ability to sell the product; availability of resources to complete the development of the product; and the ability to measure the expenditure attributable to the product. The useful life of the intangible asset is determined on a product by product basis, taking into consideration a number of factors. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets to their estimated residual values over their estimated useful lives, on a straight line basis as follows:

Land and property	–	33 years, straight line with no residual value
Leasehold improvements	–	10 years, straight line with no residual value
Plant and machinery	–	8-10 years, straight line with no residual value
Motor vehicles	–	5 years, straight line with no residual value

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives are reviewed annually and where adjustments are required, these are made prospectively.

Impairment of assets
The Group and Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group and Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their net present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is defined as standard cost or purchase price and includes all direct costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at the lower of original invoice amount and recoverable amount. A provision for doubtful amounts is made when there is objective evidence that collection of the full amount is no longer probable. Significant financial difficulty or significantly extended settlement periods are considered to be indicators of impairment. Normal average payment terms vary from payment in advance to 90 days. Balances are written off when the probability of recovery is assessed as remote.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Financial instruments
Under IAS39, financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets are classified as either:

> financial assets at fair value through profit or loss
> loans and receivables

Financial assets at fair value through profit or loss
The Group uses derivative financial instruments to reduce its exposure to fluctuations in interest rates, both in sterling and US dollars. The Group does not hold or issue derivatives for speculative or trading purposes. Derivative financial instruments with positive fair values are recognised as assets measured at their fair values at the balance sheet date. The fair value of interest rate contracts is determined by reference to market values for similar instruments that have similar maturities. Changes in fair value are recognised in the income statement included in finance costs, due to the fact that hedge accounting has not been applied.

Loans and receivables
Trade receivables that do not carry any interest and have fixed or determinable payment amounts that are not quoted in an active market are classified as loans and receivables. Loans and receivables with a maturity of less than 12 months are included in current assets and are measured at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified as either:

> financial liabilities at fair value through profit or loss
> other liabilities

Notes to the Financial Statements continued

2 ACCOUNTING POLICIES (CONTINUED)

Financial liabilities at fair value through profit or loss
The Group uses derivative financial instruments to reduce its exposure to fluctuations in interest rates, both in sterling and US dollars. The Group does not hold or issue derivatives for speculative or trading purposes. Derivative financial instruments with negative fair values are recognised as liabilities measured at their fair values at the balance sheet date. The fair value of interest rate contracts is determined by reference to market values for similar instruments that have similar maturities. Changes in fair value are recognised in the income statement included in finance costs, due to the fact that hedge accounting has not been applied.

Other financial liabilities, whether used as part of the consideration for acquisitions which include deferred consideration or not, are designated by the Group as financial liabilities at fair value through profit and loss. They are measured at the present value of the consideration expected to be payable by discounting the expected future cash flows at prevailing interest rates. At initial recognition, the quantum of liability to be recognised will depend upon management's expectation, at that date, of the amount that would ultimately be payable. Where there is a change in the expectation of future cash flows or interest rates, the change is reflected through the income statement.

Other liabilities
Trade payables are not interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. For long-term bank borrowings stated at amortised cost, transaction costs that are directly attributable to the borrowing instrument are recognised as an interest expense over the life of the instrument.

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of the new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised.

Financial assets and liabilities that are held for trading and other assets and liabilities designated as such on inception are included at fair value through profit and loss. Financial assets and liabilities are classified as held for trading if they are acquired for sale in the short-term. Derivatives are also classified as held for trading unless they are designated as hedge instruments. Assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Company's investments in subsidiaries
The Company recognises its investments in subsidiaries at cost. The carrying value of investments is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Presentation currency
The financial statements are presented in UK pounds sterling. Transactions in currencies other than sterling are recorded at the prevailing rate of exchange at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Foreign currencies
Non-monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. Gains and losses arising on retranslation are included in the net profit or loss for the year. The trading results of the overseas subsidiaries are translated at the average exchange rate ruling during the year, with the exchange difference between the average rates and the rates ruling at the balance sheet date being taken to reserves. Any difference arising on the translation of the opening net investment, in the overseas subsidiaries, and of applicable foreign currency loans, are dealt with as adjustments to reserves.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales-related taxes. Sales of goods are recognised when the significant risks and rewards of ownership are transferred to the customer. This will be when goods have been dispatched and the collection of the related receivable is reasonably assured. Revenue relates to the sale of medical diagnostic kits.

Government grants
Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Government grants in respect of capital expenditure are credited to a deferred income account and are released to the income statement over the expected useful lives of the relevant assets by equal annual instalments.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of their lease period and useful life. The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligation is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals applicable to operating leases, where substantially all the benefits and risks remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Share-based payments

Equity-settled transactions

For equity-settled transactions, the Group measures the award by reference to the fair value at the date at which they are granted and it is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than conditions linked to the price of the shares of the Company (market conditions).

Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining grant date fair value. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market or non-vesting condition, be treated as vesting as described above.

This includes any award where non-vesting conditions within the control of the Group or the employee are not met. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Pension contributions

Contributions to personal pension plans of employees on a defined contribution basis are charged to the income statement in the year in which they are payable.

The Group also operates two defined benefit plans in Germany, which are closed to new members. Obligations under defined benefit plans are measured at discounted present values by actuaries, while plan assets are recorded at fair value. The operating and financing costs of pensions are charged to the income statement in the period in which they arise and are recognised separately. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of comprehensive income.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax and deferred tax is charged or credited in other comprehensive income or directly to equity if it relates to items that are credited or charged in other comprehensive income or directly to equity. Otherwise, income tax and deferred tax is recognised in profit or loss.

Notes to the Financial Statements continued

2 ACCOUNTING POLICIES (CONTINUED)

Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimation and uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the financial information are discussed below. Further judgements, assumptions and estimates are set out in the Group financial statements.

Valuation of intangible assets

Management judgement is required to estimate the useful lives of intangible assets having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

Impairment of goodwill

Goodwill is tested annually for impairment. The test considers future cash flow projections of cash generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference. Further analysis of the estimates and judgements is disclosed in Note 9.

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The carrying value of the deferred tax asset at 31 March 2012 is £150,332 (2011: £84,913). Further details are contained in Note 15.

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations, which are considered relevant to the Group, with an effective date after the date of these financial statements.

International Accounting Standards (IAS/IFRSs)		Effective date
IAS1	Presentation of Items of Other Comprehensive Income (Amendments to IAS1)	1 July 2012
IAS12	Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets	1 January 2012
IAS19	Employee Benefits (Amendment)	1 January 2013
IFRS7	Financial Instruments: Disclosures (Amendment)	1 July 2011
IFRS9	Financial Instruments	1 January 2013
IFRS10	Consolidated Financial Statements	1 January 2013
IFRS11	Joint Arrangements	1 January 2013
IFRS12	Disclosure of Interests in Other Entities	1 January 2013
IFRS13	Fair Value Measurement	1 January 2013

The above standards and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

3 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year.

4 SEGMENT INFORMATION

Following the completion in the prior year of the acquisition of the In-Vitro diagnostics business of Allergopharma Joachim Ganzer KG and the incorporation of Omega GmbH the Group carried out a review of internal reporting and the information presented to the Board.

For management purposes the Group is organised into three operating divisions: Allergy and Autoimmune, Food Intolerance and Infectious Disease and Other. The Allergy and Autoimmune division specialises in the research, development, production and marketing of in-vitro Allergy and Autoimmune tests used by doctors to diagnose patients with allergies and autoimmune diseases.

The Food Intolerance division specialises in the research, development and production of kits to aid the detection of immune reactions to food. It also provides clinical analysis to the general public, clinics and health professionals as well as supplying the consumer Food Detective® test.

The Infectious Diseases division specialises in the research, development and production and marketing of kits to aid the diagnosis of Infectious Diseases.

Corporate consists of centralised corporate costs which are not allocated across the three business divisions.

Inter-segment transfers or transactions are entered into under the normal commercial conditions that would be available to unrelated third parties.

Business segment information

2012	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease /Other £	Corporate £	Group £
Statutory presentation					
Revenue	4,488,210	4,456,689	2,762,572	–	11,707,471
Inter-segment revenue	(11,436)	(555,984)	(15,998)	–	(583,418)
Total revenue	4,476,774	3,900,705	2,746,574	–	11,124,053
Operating costs	(4,616,762)	(2,863,458)	(2,450,586)	(676,134)	(10,606,940)
Operating profit/(loss)	(139,988)	1,037,247	295,988	(676,134)	517,113
Other operating income	–	–	–	–	–
Net finance (costs)/income	(72,095)	(197)	–	34,606	(37,686)
Profit/(loss) before taxation	**(212,083)**	**1,037,050**	**295,988**	**(641,528)**	**479,427**
Adjusted profit before taxation					
Profit/(loss) before taxation	(212,083)	1,037,050	295,988	(641,528)	479,427
IFRS-related discount charges	12,344	–	–	32,881	45,225
Fair value adjustments to financial derivatives	–	–	–	(2,981)	(2,981)
Amortisation of intangible assets	296,667	98,748	20,004	–	415,419
Acquisition costs	37,461	–	–	–	37,461
Share-based payment charges	–	–	–	29,716	29,716
Adjusted profit/(loss) before taxation	**134,389**	**1,135,798**	**315,992**	**(581,912)**	**1,004,267**

Notes to the Financial Statements continued

4 SEGMENT INFORMATION (CONTINUED)

2011	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease /Other £	Corporate £	Group £
Statutory presentation					
Revenue	1,539,206	3,997,989	2,862,036	–	8,399,231
Inter-segment revenue	–	(438,879)	(58,316)	–	(497,195)
Total revenue	1,539,206	3,559,110	2,803,720	–	7,902,036
Operating costs	(1,593,544)	(2,654,817)	(2,421,619)	(1,103,599)	(7,773,579)
Operating profit/(loss)	(54,338)	904,293	382,101	(1,103,599)	128,457
Other operating income	–	4,000	3,769	–	7,769
Net finance costs	–	(6,969)	–	(24,133)	(31,102)
Profit/(loss) before taxation	(54,338)	901,324	385,870	(1,127,732)	105,124
Adjusted profit before taxation					
Profit/(loss) before taxation	(54,338)	901,324	385,870	(1,127,732)	105,124
IFRS-related discount charges	–	–	–	21,968	21,968
Fair value adjustments to financial derivatives	–	–	–	(4,086)	(4,086)
Amortisation of intangible assets	90,942	81,961	20,004	–	192,907
Acquisition costs	–	–	–	412,045	412,045
Share-based payment charges	–	–	–	7,873	7,873
Adjusted profit/(loss) before taxation	36,604	983,285	405,874	(689,932)	735,831

The segment assets and liabilities are as follows:

2012	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease /Other £	Corporate £	Group £
Segment assets	7,784,700	5,800,726	1,791,682	20,161	15,397,269
Unallocated assets	–	–	–	–	1,313,518
Total assets	**7,784,700**	**5,800,726**	**1,791,682**	**20,161**	**16,710,787**
Segment liabilities	383,998	306,478	618,849	268,570	1,577,895
Unallocated liabilities	–	–	–	–	1,808,382
Total liabilities	**383,998**	**306,478**	**618,849**	**268,570**	**3,386,277**

2011	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease /Other £	Corporate £	Group £
Segment assets	7,995,211	5,641,980	1,572,562	35,647	15,245,400
Unallocated assets	–	–	–	–	2,156,473
Total assets	7,995,211	5,641,980	1,572,562	35,647	17,401,873
Segment liabilities	693,826	299,347	395,273	227,259	1,615,705
Unallocated liabilities	–	–	–	–	2,819,812
Total liabilities	693,826	299,347	395,273	227,259	4,435,517

Unallocated assets comprise cash, income tax receivable, deferred taxation and derivative financial instruments. Unallocated liabilities comprise interest-bearing loans, borrowings, other financial liabilities, derivative financial instruments, deferred taxation and income tax payable.

Information about major customers
No single customer accounts for 10% or more of group revenues.

Geographical information
The Group's geographical information is based on the location of its markets and customers. Sales to external customers disclosed in the geographical information are based on the geographical location of its customers. The analysis of segment assets and capital expenditure is based on the geographical location of the assets.

	2012 £	2011 £
Revenues		
UK	933,164	957,788
Germany	3,875,905	1,092,943
Rest of Europe	2,604,134	2,399,994
North America	327,505	266,938
South/Central America	441,347	361,164
Asia and Far East	1,315,293	1,352,732
Africa and Middle East	1,626,705	1,470,477
	11,124,053	7,902,036

2012	Intangibles £	Property, plant and equipment £	Retirement benefit surplus £	Inventories £	Trade and other receivables £	Total £
Assets						
UK	**6,142,429**	**867,105**	**–**	**852,810**	**2,071,704**	**9,934,048**
Germany	**2,990,422**	**1,174,008**	**85,639**	**836,739**	**339,591**	**5,426,399**
India	**3,221**	**27,396**	**–**	**–**	**6,205**	**36,822**
Unallocated assets	**–**	**–**	**–**	**–**	**–**	**1,313,518**
Total assets	**9,136,072**	**2,068,509**	**85,639**	**1,689,549**	**2,417,500**	**16,710,787**

2011	Intangibles £	Property, plant and equipment £	Retirement benefit surplus £	Inventories £	Trade and other receivables £	Total £
Assets						
UK	6,025,685	679,455	–	705,653	1,917,905	9,328,698
Germany	3,579,575	1,275,030	41,984	568,318	451,795	5,916,702
Unallocated assets	–	–	–	–	–	2,156,473
Total assets	9,605,260	1,954,485	41,984	1,273,971	2,369,700	17,401,873

Notes to the Financial Statements continued

4 SEGMENT INFORMATION (CONTINUED)

	2012	2011
Liabilities		
UK	**1,234,205**	975,162
Germany	**328,379**	640,543
India	**15,311**	–
Unallocated liabilities	**1,808,382**	2,819,812
Total liabilities	**3,386,277**	4,435,517
Capital expenditure		
UK	**310,208**	120,281
Germany	**113,638**	80,697
India	**30,333**	–
Total capital expenditure	**454,179**	200,978

5 FINANCE COSTS

Consolidated	2012 £	2011 £
Interest payable on loans and bank overdrafts	**14,862**	24,624
Exchange difference on loans	**577**	(16,776)
Unwinding of discounts	**32,880**	21,968
Fair value adjustment to financial derivatives	**(2,981)**	(4,086)
Finance leases	**3,204**	7,322
	48,542	33,052

6 TAXATION

Consolidated	2012 £	2011 £
(a) Tax charged in the income statement		
Current tax – current year	**–**	(125,148)
Current tax – prior year adjustment	**(18,158)**	–
Deferred tax – current year	**66,583**	51,121
Deferred tax – prior year adjustment	**(869)**	360
	47,556	(73,667)
(b) Tax relating to items charged or credited to other comprehensive income		
Deferred tax on actuarial gain on retirement benefit obligations	**(21,393)**	–
Deferred tax on net exchange adjustments	**37,978**	–
Total tax credit	**16,585**	–

Consolidated	2012 £	2011 £
(c) Reconciliation of total tax charge		
Factors affecting the tax charge for the year:		
Profit before tax	**479,427**	105,124
Effective rate of taxation	**26%**	28%
Profit before tax multiplied by the effective rate of tax	**124,651**	29,435
Effects of:		
Expenses not deductible for tax purposes and permanent differences	**6,815**	123,842
Research and development tax credits	**(151,954)**	(43,197)
Tax under/(over)-provided in prior years	**19,027**	(360)
Adjustment due to different overseas tax rate	**(1,015)**	(5,965)
Impact of UK rate change on deferred tax	**(45,080)**	(30,088)
Tax (credit)/charge for the year	**(47,556)**	73,667

In March 2012 the UK government announced its intention to accelerate the planned phased decrease in the rate of corporation tax, with a reduction to 24% on 1 April 2012 and a planned further reduction of 1% per annum until the rate reaches 22% by 1 April 2014. At 31 March 2012 the change in the corporation tax rate from 26% to 24% had been substantively enacted and therefore the UK deferred tax assets and liabilities included within these results have been calculated based on the current UK corporation tax rate of 24%. The estimated impact of the proposed further reduction of the rate to 22% would be to reduce the deferred tax liability by £29,450.

7 REVENUE AND EXPENSES

Consolidated	2012 £	2011 £
Revenues		
Revenue – sales of goods	**11,124,053**	7,902,036
Finance income	**10,856**	1,950
Total revenue	**11,134,909**	7,903,986

Notes to the Financial Statements continued

7 REVENUE AND EXPENSES (CONTINUED)

Consolidated	2012 £	2011 £
Operating profit is stated after charging		
Material costs	**3,568,638**	2,361,191
Depreciation	**264,710**	144,292
Amortisation of intangibles	**415,419**	192,907
Net foreign exchange losses	**21,722**	22,108
Research and development costs	**486,584**	250,055
Impairment of trade receivables	**–**	22,676
Operating lease rentals	**193,822**	194,122
Share-based payments	**29,716**	7,873
Auditor's remuneration		
– Fees payable to the Company's auditors for the audit of the annual accounts	**23,300**	26,000
– Fees payable to the Company's auditors for other services		
– Taxation	**14,550**	10,500
– Local statutory audit of subsidiaries	**50,000**	42,000
– Local statutory audit of the parent Company	**5,000**	5,000
– All other services	**–**	8,000

All research and development costs noted above were charged directly to administration costs in the income statement.

Staff costs

The average monthly number of employees (including Directors) was:

Consolidated	2012 number	2011 number
Operations	**70**	65
Management and administration	**37**	28
Employee numbers	**107**	93

Their aggregate remuneration comprised:

	2012 £	2011 £
Wages and salaries	**3,647,364**	2,276,187
Social security costs	**477,883**	252,774
Pension costs	**207,620**	86,082
Share-based payments	**29,716**	7,873
	4,362,583	2,622,916

Equity-settled share-based payments

Consolidated and Company

The share-based payment plans are described below.

EMI Option Scheme and Unapproved Option Scheme

The plans are equity-settled plans and the fair value is measured at the grant date. Under the above plans, share options are granted to Directors and employees of the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest one year after the date of grant and are not subject to any performance criteria.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Second Unapproved Option Scheme (SUOS)

The plan is an equity-settled plan and the fair value is measured at the grant date. Under the above plan, share options may be granted to third parties for provision of services to the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest three years after the date of grant and are not subject to any performance criteria.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Under the EMI Option Scheme 90,000 options lapsed during the year and a further 450,000 were granted.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2012 number	2012 WAEP	2011 number	2011 WAEP
Outstanding 1 April	**1,923,289**	**19.00p**	1,903,289	19.00p
Granted during the year under the EMI Option Scheme	**450,000**	**12.60p**	40,000	16.75p
Granted during the year under the SUOS	**–**	**–**	–	–
Exercised during the year	**–**	**–**	–	–
Lapsed during the year under the EMI Option Scheme	**(90,000)**	**–**	(20,000)	–
Outstanding at 31 March	**2,283,289**	**–**	1,923,289	–
Exercisable at 31 March	**1,833,289**	**–**	1,813,289	–

Notes to the Financial Statements continued

7 REVENUE AND EXPENSES (CONTINUED)

The following table lists the inputs to the model used for the year ended 31 March 2012 and 31 March 2011:

	EMI Option Scheme and Unapproved Option Scheme	
	2012	2011
Dividend yield	**0%**	0%
Expected volatility	**52%**	107%
Risk-free interest rate	**3.42%**	3.48%
Weighted average remaining contractual life	**6.7**	7.7
Weighted average share price	**12.6p**	16.75p
Exercise price	**12.6p**	16.75p
Model used	**Black-Scholes**	Black-Scholes

The expected life of the options is based on management's assumption of the options' life due to the lack of any historical data on the exercise period of these options. The assumption takes into account the experience of employees and Directors and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be the actual outcome.

Directors' remuneration

Consolidated	2012 £	2011 £
Fees	**45,000**	45,000
Emoluments	**477,829**	350,484
	522,829	395,484
Contributions to personal pension	**26,500**	18,508
	549,329	413,992
Members of a defined contribution pension scheme at the year end:	**3**	3

Information in respect of individual Director's emoluments is provided in the Directors' Remuneration Report on pages 25 and 26.

8 ACQUISITION OF SUBSIDIARIES

In the prior year on 21 December 2010, the Group acquired the business and certain assets of the in-vitro allergy diagnostics business of Allergopharma Joachim Ganzer KG.

The Group incorporated a 100% owned subsidiary, Omega GmbH, which was used to purchase the business and assets. The business specialises in the research, development, production and marketing of in-vitro allergy tests used by doctors to diagnose patients with allergies.

The prior year consolidated financial statements include the results for the period from 21 December 2010 to 31 March 2011. The current year financial statements include the results for the 12 month period to 31 March 2012.

At March 2011 the Group recognised a provisional fair value for items of stock as previously disclosed. Further analysis of these stock items has resulted in increases in the stock fair value at the acquisition date of £228,688 with a corresponding decrease in goodwill of £228,688. Book and fair values, including measurement period adjustments recognised during the reporting period, of the net assets at date of acquisition were as follows:

	Omega GmbH book value £	Fair value adjustments at 31 March 2011 £	2012 Restatements Total £	Restated 2011 Total £
Intangible assets				
– supply arrangements	–	529,000	–	529,000
– technology assets	–	166,000	–	166,000
– customer relationships	–	1,135,000	–	1,135,000
Property, plant and equipment	1,332,491	(151,107)	–	1,181,384
Inventories	677,059	(121,725)	228,688	784,022
Trade and other receivables	63,520	–	–	63,520
Cash and cash equivalents	–	–	–	–
Trade and other payables	(182,156)	(104,130)	–	(286,286)
Income tax payable	–	–	–	–
Deferred tax liability	–	–	–	–
Net assets	1,890,914	1,453,038	228,688	3,572,640
Goodwill on acquisition	–	1,572,097	(228,688)	1,343,409
	–	–	–	4,916,049
Fair value of consideration	–	–	–	4,916,049
Acquisition costs	–	–	–	1,115,902
	–	–	–	6,031,951

Cost of the acquisition

The total acquisition cost of £4,916,049 was settled in one cash payment. Acquisition costs amounted to £1,115,902 (£412,045 is included within administration costs in the prior year in the statement of comprehensive income).

Funding

To fund the cost of the acquisition, the Group raised £7,750,002 (before expenses of £703,857) via the placing of 64,583,350 new ordinary shares at a price of 12p per share.

Goodwill

The acquisition of the business and certain assets of the in-vitro allergy business resulted in goodwill of £1,343,409. This amount of goodwill is the total amount deductible for tax purposes in line with current German tax law.

This goodwill represents the advantages, synergies and strategic value to be derived from adding the business to the Group as follows:

> driving export sales of current IVD business allergy products through the existing Omega international distribution network and
> apply existing Genarrayt® microarray test platform to IgE allergy screening. Automation of the test procedure will allow more rapid processing of higher test volumes and
> developing an instrumentation strategy for performing allergy diagnostics through an automated ‘closed system’ instrument through an agreement with Immunodiagnostic Systems Holdings Plc.

Notes to the Financial Statements continued

9 INTANGIBLES

	Restated Goodwill £	Licences/ Software £	Supply arrangements £	Technology assets £	Customer relationships £	Development costs £	Total
Cost							
At 31 March 2010	3,349,878	–	–	1,975,000	100,000	–	5,424,878
On acquisition	1,343,409	–	529,000	166,000	1,135,000	–	3,173,409
Additions	–	1,113,316	–	–	–	–	1,113,316
Currency translation	52,015	176	20,248	6,521	45,349	–	124,309
At 31 March 2011	4,745,302	1,113,492	549,248	2,147,521	1,280,349	–	9,835,912
Additions	–	26,424	–	8,338	–	–	34,762
Additions internally generated	–	–	–	–	–	299,206	299,206
Currency translation	(72,361)	(3,500)	(27,334)	(9,054)	(60,409)	(400)	(173,058)
At 31 March 2012	**4,672,941**	**1,136,416**	**521,914**	**2,146,805**	**1,219,940**	**298,806**	**9,996,822**
Accumulated amortisation							
At 31 March 2010	–	–	–	255,104	10,000	–	265,104
Amortisation charge in the year	–	9,813	26,955	107,217	48,922	–	192,907
Currency translation	–	176	483	152	519	–	1,330
At 31 March 2011	–	9,989	27,438	362,473	59,441	–	459,341
Amortisation charge in the year	–	37,528	108,243	132,753	136,895	–	415,419
Currency translation	–	(1,570)	(5,202)	(1,634)	(5,604)	–	(14,010)
At 31 March 2012	**–**	**45,947**	**130,479**	**493,592**	**190,732**	**–**	**860,750**
Net book value							
31 March 2012	**4,672,941**	**1,090,469**	**391,435**	**1,653,213**	**1,029,208**	**298,806**	**9,136,072**
31 March 2011	4,745,302	1,103,503	521,810	1,785,048	1,220,908	–	9,376,571
31 March 2010	3,349,878	–	–	1,719,896	90,000	–	5,159,774

Of the licences/software balance above, £984,663 is held on the balance sheet of the Company and relates to the IDS licences.

Impairment testing of goodwill

The Group tests goodwill annually for impairment or more frequently if there are indicators of impairment. The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Genesis-CNS amounts to £3,016,892 (2011: £3,016,892), Co-Tek £332,986 (2011: £332,986) and Omega GmbH £1,323,063 (2011: £1,395,424).

The recoverable amount of Genesis-CNS, Co-Tek and Omega GmbH has been determined based on a value in use calculation using cash flow projections based on the financial budget approved by the Board covering the period to 31 March 2013, with projected cash flows thereafter through to March 2017 based on a growth rate of 4.8% per annum. The key assumptions used in the budget for Genesis-CNS are the sales projections which are predicated on the continued success of the Genarrayt® and Food Detective® assays being commercialised on an international basis and the gross margins which can be achieved from the sales of these products. The key assumption used in the budget for Co-Tek is the growth in sales of the Company's Micropath™ range of products where increased volumes are dependent upon having accessed a lower manufacturing cost through the acquisition of Co-Tek itself. The budget for Omega GmbH assumes continued organic growth in sales in the German market as well as achieving an increase in export sales through the existing Omega international distribution network. The Omega GmbH forecast also includes revenues in years two to five from the IDS-iSYS platform which will allow more rapid processing of higher volume tests.

In all three cases, the Company also makes assumptions in regard to having sufficient production personnel to cope with increased volumes. The discount rate applied to cash flows is 12.5% for the Group which takes account of other risks specific to each segment such as currency risk, geography and price risk. The discount rate is the weighted average cost of pre-tax cost of debt financing and the pre-tax cost of equity financing. Cash flows beyond the budget period are extrapolated for Genesis-CNS, Co-Tek and Omega GmbH over the next four years using a growth rate of 4.8% that equates to the current growth rate in the IVD industry. Thereafter, a Nil growth rate has been assumed for prudence. As a result, there has been no impairment to the carrying value of goodwill.

Sensitivity analysis

Base forecasts show headroom of £4.8 million above carrying value for Genesis-CNS, headroom of £354k above carrying value for Co-Tek and headroom of £6.75 million for Omega GmbH. Sensitivity analysis has been undertaken to assess the impact of any reasonably possible change in key assumptions. If the growth rate were to drop from 4.8% to 3.8% this would have the effect of reducing the headroom in Genesis-CNS by £164k over five years, in Co-Tek by £14k over five years and in Omega GmbH by £146k over five years.

For Genesis-CNS, the discount rate would have to increase to 48.5% or the growth rate would have to be a decline of 37.5% for the headroom to reduce to Nil.

For Co-Tek, the discount rate would have to increase to 48.5% or the growth rate would have to be a decline of 30.5% for the headroom to reduce to Nil.

For Omega GmbH, the discount rate would have to increase to 71% or the growth rate would have to be a decline of 83% for the headroom to reduce to Nil.

10 PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land and Property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 31 March 2010	–	150,443	1,568,712	–	1,719,155
Additions	24,758	31,180	145,040	–	200,978
Acquisitions	662,937	–	445,893	72,554	1,181,384
Disposals	–	–	(7,490)	–	(7,490)
Currency translation	25,637	2	17,265	2,857	45,761
At 31 March 2011	713,332	181,625	2,169,420	75,411	3,139,788
Additions	10,281	40,953	402,945	–	454,179
Disposals	–	–	(38,585)	(22,438)	(61,023)
Currency translation	(35,800)	(696)	(28,475)	(3,764)	(68,735)
At 31 March 2012	**687,813**	**221,882**	**2,505,305**	**49,209**	**3,464,209**
Accumulated amortisation					
At 31 March 2010	–	79,924	966,330	–	1,046,254
Charge in the year	4,772	15,855	117,499	6,166	144,292
Disposals	–	–	(5,938)	–	(5,938)
Currency translation	105	4	465	122	696
At 31 March 2011	4,877	95,783	1,078,356	6,288	1,185,304
Charge in the year	19,513	23,055	202,253	19,889	264,710
Disposals	–	–	(38,476)	(9,199)	(47,675)
Currency translation	(940)	(109)	(4,446)	(1,144)	(6,639)
At 31 March 2012	**23,450**	**118,729**	**1,237,687**	**15,834**	**1,395,700**
Net book value					
31 March 2012	**664,363**	**103,153**	**1,267,618**	**33,375**	**2,068,509**
31 March 2011	708,455	85,842	1,091,064	69,123	1,954,485
31 March 2010	–	70,519	602,382	–	672,903

The net book value of plant and machinery held under finance leases at 31 March 2012 is £38,073 (2011: £64,513).

Notes to the Financial Statements continued

11 INVENTORIES

	2012 £	Restated* 2011 £
Raw materials	**896,810**	746,714
Work in progress	**139,803**	138,105
Finished goods and goods for resale	**652,936**	617,840
	1,689,549	1,502,659

* The prior year balance sheet was restated to reflect an adjustment to the fair value of stock that was acquired as part of the allergy IVD business where the fair value in 2011 was determined provisionally (Note 8).

12 TRADE AND OTHER RECEIVABLES

Consolidated	2012 £	2011 £
Trade receivables	**2,237,309**	2,022,761
Less provision for impairment of receivables	**(14,117)**	(14,117)
Trade receivables – net	**2,223,192**	2,008,644
Prepayments and other receivables	**194,308**	361,057
	2,417,500	2,369,701

The Directors consider that the carrying amount of trade receivables and other receivables approximates their fair value.

Company	2012 £	2011 £
Prepayments and other receivables	**20,160**	35,633
Due from subsidiary companies	**4,324,673**	4,914,353
	4,344,833	4,949,986

Analysis of trade receivables

Consolidated	2012 £	2011 £
Neither impaired nor past due	**1,543,940**	1,344,201
Past due but not impaired	**679,252**	664,443

Company	2012 £	2011 £
Neither impaired nor past due	**4,324,673**	4,914,353

Ageing of past due but not impaired trade receivables

Consolidated	2012 £	2011 £
Up to three months	**503,826**	511,680
Between three and six months	**103,578**	99,888
More than six months	**71,848**	52,875

The Directors consider that the carrying amount of trade receivables and other receivables approximates their fair value.

The credit quality of trade receivables that are neither past due nor impaired is assessed internally with reference to historical information relating to counterparty default rates. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and no collateral is held as security.

13 INTEREST-BEARING LOANS AND BORROWINGS AND FINANCIAL INSTRUMENTS

Consolidated	2012 £	2011 £
Current		
Bank loans	**136,450**	272,470
Other loans	**360,000**	–
Obligations under finance leases	**13,361**	60,029
	509,811	332,499
Non-current		
Bank loans	**–**	136,235
Obligations under finance leases	**–**	13,362
Other loans	**794,389**	1,126,235
	794,389	1,275,832
Bank loans comprise the following:		
£136,450 variable rate loans 2012 (base rate + 2.0%: 2011 base rate +2.0%)	**136,450**	408,705
	136,450	408,705
Less current instalments	**(136,450)**	(272,470)
	–	136,235

The Group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum payments under finance leases and hire purchase contracts are as follows:

	2012 £	2011 £
Future minimum payments due:		
Not later than one year	**13,667**	63,233
After one year but not more than five years	**–**	13,676
	13,667	76,909
Less finance charges allocated to future periods	**306**	3,518
Present value of minimum lease payments	**13,361**	73,391
The present value of minimum lease payments is analysed as follows:		
Not later than one year	**13,361**	60,030
After one year but not more than five years	**–**	13,361
	13,361	73,391

Consolidated	2012 £	2012 £
Other loans comprise the following:		
Vendor loan – 2014 (base rate)	**1,154,389**	1,126,235
	1,154,389	1,126,235

The term loans are secured by a floating charge over the assets of the Group. Cross guarantees between Omega Diagnostics Group PLC, Omega Diagnostics Limited, Genesis Diagnostics Limited and Cambridge Nutritional Sciences Limited are in place, and Omega Diagnostics Group PLC has given the Bank of Scotland a debenture secured over the assets of the Company. Two Directors have also provided personal guarantees of £100,000 in support of the term loan.

Notes to the Financial Statements continued

13 INTEREST-BEARING LOANS AND BORROWINGS AND FINANCIAL INSTRUMENTS (CONTINUED)

There are two Bank of Scotland term loans of £60,000 (2011: £180,000) and US$122,220 (2011: US$366,660) repayable in equal monthly instalments of £10,000 and US$20,370, both with a maturity date of 4 September 2012.

Company	2012 £	2012 £
Current		
Bank loans	**136,450**	272,470
Other loans	**360,000**	–
	496,450	272,470
Non-current		
Bank loans	**–**	136,235
Other loans	**794,389**	1,126,235
	794,389	1,262,470

Bank loans comprise the following:		
£136,450 variable rate loan 2012 (base rate + 2.0%: 2011 base rate +2.0%)	**136,450**	408,705
	136,450	408,705
Less current instalments	**(136,450)**	(272,470)
	–	136,235

Company	2012 £	2011 £
Other loans comprise the following:		
Vendor loan – 2014 (base rate)	**1,154,389**	1,126,235
	1,154,389	1,126,235

14 TRADE AND OTHER PAYABLES

Consolidated	2012 £	2011 £
Trade payables	**962,115**	916,401
Social security costs	**101,118**	85,136
Accruals and other payables	**389,785**	614,168
	1,453,018	1,615,705

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

Company	2012 £	2011 £
Trade payables	**47,428**	34,297
Accruals and other payables	**96,255**	192,962
Due to subsidiary companies	**363,699**	462,753
	507,382	690,012

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

15 DEFERRED TAXATION

The deferred tax asset is made up as follows:

Consolidated	2012 £	2011 £
Decelerated capital allowances	**32,107**	6,765
Temporary differences	**9,287**	8,192
Tax losses carried forward	**108,938**	69,956
	150,332	84,913

A deferred tax asset has been recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The deferred tax liability is made up as follows:

Consolidated	2012 £	2011 £
Fair value adjustments on acquisition	**446,062**	514,109
Accelerated capital allowances	**36,273**	6,498
Retirement benefit obligations	**21,393**	–
	503,728	520,607

16 SHARE CAPITAL

Company	2012 number	2011 number
Authorised share capital		
Ordinary shares of 4 pence each	**184,769,736**	184,769,736
Deferred shares of 0.9 pence each	**123,245,615**	123,245,615
Issued and fully paid share capital		
At the beginning of the year	**85,216,257**	20,632,907
Issued during the year	**–**	64,583,350
At the end of the year	**85,216,257**	85,216,257

	2012 £	2011 £
Shares allotted for cash		
Aggregate nominal value	**–**	2,583,334
Share premium	**–**	5,166,668
Expense of issue	**–**	(703,857)
Consideration received	**–**	7,046,145

On 21 December 2010, the Company issued 64,583,350 ordinary shares of 4p each at a price of 12p per share. The costs involved in the share issue were £703,857.

During the year to 31 March 2012, the Company granted options over 450,000 ordinary shares at an exercise price of between 10.62p and 13.25p per share. The options will expire if not exercised within ten years of the date of grant.

Notes to the Financial Statements continued

17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Consolidated	2012 £	2011 £
Land and buildings:		
Within one year	**175,119**	110,846
Within two to five years	**299,116**	100,340
Other:		
Within one year	**18,703**	20,264
Within two to five years	**30,150**	40,187

Land and buildings leases in force for Omega Diagnostics Ltd premises extend to 30 June 2021. The land and buildings leases in force for the premises of Genesis Diagnostics Ltd and Cambridge Nutritional Sciences have been recently re-negotiated and now extend to March 2017.

Other leases are in force for office equipment items and extend to time periods ranging from June 2012 to May 2014. The leases may be extended at the expiry of their term.

Performance bonds

The Group has performance bonds and guarantees in place amounting to £30,000 at 31 March 2012 (2011: £30,000).

18 RELATED PARTY TRANSACTIONS

Remuneration of key personnel

The remuneration of the key management personnel of Omega Diagnostics Group PLC, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	2012 £	2011 £
Short-term employee benefits	**885,439**	395,484
Share-based payments	**–**	–
Post-employment benefits	**31,679**	18,508
	917,118	413,992

Included within short-term employee benefits are amounts paid to MBA Consultancy of £25,000 (2011: £25,000), a Company controlled by David Evans and £20,000 (2011: £20,000) to Holdmer Associates Ltd, a company controlled by Michael Gurner.

Other related party transactions

During the year there have been transactions between the parent Company, Omega Diagnostics Limited, Genesis Diagnostics Limited, Cambridge Nutritional Sciences, Co-Tek (South West) Limited and Omega GmbH, largely relating to payment of fees. The amounts outstanding at the year end are as follows:

At 31 March 2012	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £
Omega Diagnostics Group PLC	–	(1,466,926)	53,087	310,612	–	(2,857,747)
Omega Diagnostics Ltd	1,466,926	–	(319,849)	(142,722)	–	–
Genesis Diagnostics Ltd	(53,087)	319,849	–	(66,098)	–	–
Cambridge Nutritional Sc. Ltd	(310,612)	142,722	66,098	–	–	–
Co-Tek (South West) Ltd	–	–	–	–	–	–
Omega GmbH	2,857,747	–	–	–	–	–

At 31 March 2011	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £
Omega Diagnostics Group PLC	–	(1,404,637)	(633,167)	462,753	(12,219)	(2,864,330)
Omega Diagnostics Ltd	1,404,637	–	(209,081)	(156,812)	5,138	(130,508)
Genesis Diagnostics Ltd	633,167	209,081	–	(559,409)	–	–
Cambridge Nutritional Sc. Ltd	(462,753)	156,812	559,409	–	–	–
Co-Tek (South West) Ltd	12,219	(5,138)	–	–	–	–
Omega GmbH	2,864,330	130,508	–	–	–	–

During the year there were transactions between the Company and its subsidiaries as follows:

	2012 £	2011 £
Balance at 1 April	**4,451,600**	1,001,461
Charges to subsidiary companies	**712,536**	1,106,669
Charges from subsidiary companies	**–**	–
Transfers of cash to subsidiary companies	**–**	3,086,328
Transfers of cash from subsidiary companies	**(1,203,162)**	(742,858)
Balance at 31 March 2012	**3,960,974**	4,451,600

Note 13 discloses personal guarantees made by two of the Directors in support of the bank term loan.

19 RETIREMENT BENEFIT OBLIGATIONS

The Group operates pension schemes for the benefit of its UK and overseas employees.

Details of the Defined Contributions Scheme for the Group's employees are given below in Note (a). Details of the Defined Benefits Schemes for the Group's German employees and details relating to these schemes are given below in Note (b). During the year Group accounted for these pension schemes under IAS19 'Employee Benefits'.

a) Defined Contribution Schemes
The Group makes contributions to personal plans of employees on a defined contribution basis. The Group does not have ownership of the schemes, with individual plans being arrangements between the employee and pension provider. For new hires in Germany, post 1 January 2011, the support fund (LV 1871 Unterstutzungskasse e.V) is the defined contribution scheme used. The total group contributions for the year amounted to £57,713 (2011: £46,518).

b) Defined Benefit Schemes
The Deutscher Pensionsfonds AG and the LV 1871 Unterstutzungskasse e.V schemes give the rights to defined future benefits. Of these benefits the past service component is based on years of service and salary as of 1 January 2011 and are provided by the Deutscher Pensionsfonds AG. The remaining benefits based on years of service after 1 January 2011 as well as salary increases are provided by the LV 1871 Unterstutzungskasse e.V scheme. These are mainly dependent on the number of earning years and salary level at pension age. The commitments are covered through an insurance company and are compliant with the requirements of German insurance laws. Pension costs relating to each scheme operating in Germany are charged in accordance with IAS19 'Employee Benefits'. Formal valuations of each scheme have been carried out by Towers Watson (Reutlingen) GmbH, who are independent, professionally qualified actuaries, on 3 May 2012 using the following assumptions.

	2012	2011
Discount rate at 31 March	**5.0%**	5.50%
Expected return on plan assets at 31 March	**4.20%**	4.20%
Future salary increases	**2.50%**	2.50%
Future pension increases	**1.75%**	1.50%
Turnover rate	**2.0%**	2.60%

Notes to the Financial Statements continued

19 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

(i) The amounts recognised in the balance sheet are as follows:

	2012 £	2011 £
Present value of funded obligations	**1,358,452**	1,174,883
Fair value of plan assets	**1,444,091**	1,216,867
Net Asset	**85,639**	41,984

(ii) The amounts recognised in the income statement are as follows:

	2012 £	2011 £
Current service costs	**150,513**	39,564
Interest on obligation	**61,456**	–
Expected return on plan assets	**(51,769)**	–
Total included in employee benefits expense	**160,200**	39,564

The current service costs for the year, £160,200 (2011: £39,564) have been included in administration costs.

(iii) The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2012 £	2011 £
Actuarial losses on defined benefit obligation	**(29,087)**	(1,802)
Actuarial gains on plan assets	**85,087**	(11,047)
Acquisition gains	**–**	54,833
Total actuarial gain on pensions	**56,000**	41,984

(iv) Changes in the present value of the defined benefit obligation are as follows:

	2012 £	2011 £
Opening defined benefit obligation	**1,174,883**	–
Current service cost	**150,513**	39,564
Interest cost	**61,456**	–
Acquisition/Business combination	**–**	1,133,517
Experience adjustments on plan liabilities	**29,087**	1,802
Exchange differences on foreign plans	**(57,487)**	–
Benefits paid	**–**	–
Closing defined benefit obligation	**1,358,452**	1,174,883

Acquisition/Business combination liability above includes an unrecognised gain of £54,833.

(v) Changes in the fair value of plan assets are as follows:

	2012 £	2011 £
Opening fair value of plan assets	**1,216,867**	–
Expected return	**51,769**	–
Actuarial gains/(losses)	**85,087**	(11,047)
Contributions by employer	**149,907**	39,564
Exchange differences on foreign plans	**(59,539)**	–
Benefits paid	**–**	–
Acquisition/Business combination	**–**	1,188,350
Closing fair value of plan assets	**1,444,091**	1,216,867

(vi) The major categories of plan assets as a percentage of total plan assets are as follows:

	2012	2011
Equities	**18%**	10%
Bonds/Debt instruments	**71%**	40%
Property	**–**	–
Cash/other	**11%**	50%

The asset figures above are now weighted with the underlying assets.

The Group expects to contribute £150,000 to its defined benefit pension plans in the year to 31 March 2013.

(vii) Mortality assumptions
Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in Germany. In the calculations, the mortality rate used, is in accordance with Heubeck Richttafeln's basis of calculation for group pension insurance, 2005G. Other assumptions have been set in accordance with Heubeck Richttafeln's basis of calculation for group pension insurance, as set out in schedule 2005G.

(viii) History of experience adjustments:

	2012 £	2011 £
Defined benefit obligation	**1,358,452**	1,174,883
Plan assets	**1,444,091**	1,216,867
Surplus	**85,639**	41,984
Experience adjustments (Gains)/losses on plan liabilities	**(105,486)**	1,802
Experience adjustments (Gains)/losses on plan assets	**(85,087)**	11,047

20 OTHER FINANCIAL LIABILITIES

Consolidated and Company	2012 £
As at 1 April 2011	**549,663**
Discount un-wind in year	**10,224**
Payment in year to IDS	**(435,000)**
As at 31 March 2012	**124,887**

At 31 March 2012 and 31 March 2011 other financial liabilities comprise unconditional future commitments under the licence agreement with IDS.

Notes to the Financial Statements continued

21 INVESTMENTS

Company

The Company's investments in subsidiaries which are all 100% owned are comprised of the following:

	Country of incorporation	2012 £	2011 £
Investment in Omega Diagnostics Limited	UK	**1,752,884**	1,752,884
Investment in Genesis Diagnostics Limited	UK	**1,815,623**	1,815,623
Investment in Cambridge Nutritional Sciences Limited	UK	**4,063,553**	4,063,553
Investment in Co-Tek (South West) Limited	UK	**480,978**	480,978
Investment in Bealaw (692) Limited	UK	**1**	1
Investment in Bealaw (693) Limited	UK	**1**	1
Investment in Omega GmbH	Germany	**2,542,321**	2,542,321
Investment in Omega Dx (Asia) Pvt Limited	India	**119,557**	–
		10,774,918	10,655,361

The new investment in the year relates to the incorporation of a wholly owned subsidiary in India, Omega Dx (Asia) Pvt Limited.

The new investment in the prior year relates to the 100% owned subsidiary, Omega GmbH, which was used to purchase the business and certain assets of the in-vitro allergy diagnostics business of Allergopharma Joachim Ganzer KG.

Bealaw (692) Limited and Bealaw (693) Limited are both dormant companies which have never traded.

22 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. Diluting events are excluded from the calculation when the average market price of ordinary shares is lower than the exercise price.

	2012 £	2011 £
Profit attributable to equity holders of the Group	**526,983**	31,457

	2012 Number	2011 Number
Basic average number of shares	**85,216,257**	38,278,631
Share options	**22,489**	–
Diluted weighted average number of shares	**85,238,746**	38,278,631

Adjusted Earnings per share on profit for the year

The Group presents adjusted earnings per share which is calculated by taking adjusted profit before taxation and adding the tax credit or deducting the tax charge in order to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

	2012 £	2011 £
Adjusted profit attributable to equity holders of the Group	**1,051,823**	662,164

23 FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise loans, finance leases, financial derivatives and cash. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group has other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. The categories of financial instruments are summarised in the following tables:

Assets as per the consolidated balance sheet	Assets at fair value through profit and loss £	Loans and receivables £	Total £
2012			
Trade receivables	–	2,223,192	2,223,192
Cash and cash equivalents	–	1,159,132	1,159,132
	–	**3,382,324**	**3,382,324**

Assets as per the consolidated balance sheet	Assets at fair value through profit and loss £	Loans and receivables £	Total £
2011			
Trade receivables	–	2,008,644	2,008,644
Cash and cash equivalents	–	2,054,877	2,054,877
	–	**4,063,521**	**4,063,521**

Assets as per the Company balance sheet	Assets at fair value through profit and loss £	Loans and receivables £	Total £
2012			
Due from subsidiary companies	–	4,324,673	4,324,673
Cash and cash equivalents	–	18,869	18,869
	–	**4,343,542**	**4,343,542**

Assets as per the Company balance sheet	Assets at fair value through profit and loss £	Loans and receivables £	Total £
2011			
Due from subsidiary companies	–	4,914,352	4,914,352
Cash and cash equivalents	–	552,702	552,702
	–	**5,467,054**	**5,467,054**

Notes to the Financial Statements continued

23 FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2012			
Derivative financial instruments (held for trading)	454	–	454
Trade payables	–	962,115	962,115
Obligations under finance leases	–	13,361	13,361
Bank loans	–	136,450	136,450
Other loans (designated on initial recognition)	1,154,389	–	1,154,389
Other financial liabilities	–	124,887	124,887
	1,154,843	**1,236,813**	**2,391,656**

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2011			
Derivative financial instruments (held for trading)	3,435	–	3,435
Trade payables	–	916,401	916,401
Obligations under finance leases	–	73,391	73,391
Bank loans	–	408,705	408,705
Other loans (designated on initial recognition)	1,126,235	–	1,126,235
Other financial liabilities	–	549,663	549,663
	1,129,670	1,948,160	3,077,830

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2012			
Derivative financial instruments (held for trading)	454	–	454
Trade payables and amounts due to subsidiary companies	–	411,127	411,127
Bank loans	–	136,450	136,450
Other loans (designated upon initial recognition)	1,154,389	–	1,154,389
Other financial liabilities	–	124,887	124,887
	1,154,843	**672,464**	**1,827,307**

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2011			
Derivative financial instruments (held for trading)	3,435	–	3,435
Trade payables and amounts due to subsidiary companies	–	497,050	497,050
Bank loans	–	408,705	408,705
Other loans (designated upon initial recognition)	1,126,235	–	1,126,235
Other financial liabilities	–	549,663	549,663
	1,129,670	1,455,418	2,585,088

Within other loans designated at fair value through profit and loss is the vendor loan note of £1.1 million which was issued in September 2007. It carries a coupon of base rate only and is repayable in three equal instalments in September 2012, 2013 and 2014. The interest is rolled up and repayable with the final capital payment. The fair value is calculated as the future cash flows expected to result based on current estimates of interest rates. There has been no change in the year to the fair value of the loan due to changes in credit risk. The movement in the year of £28,154 (2011: £27,470) is due to the effect of unwinding discount factors and is included within finance charges in the income statement.

Financial risk management

The principal financial risks to which the Group is exposed are those relating to foreign currency, credit, liquidity and interest rate. These risks are managed in accordance with Board-approved policies.

Foreign currency risk

The Group operates in more than one currency jurisdiction and is therefore exposed to currency risk on the retranslation of the income statement and the balance sheet of its overseas subsidiaries from euros and rupees into its functional currency of pounds sterling. The Company funds its subsidiaries by a mixture of equity and intercompany loan financing and these balances are subject to exchange rate movements that can give rise to movements in equity. The Group also buys and sells goods and services in currencies other than the functional currency, principally in Euros and US dollars. The Group has US dollar and euro denominated bank accounts and where possible, the Group will offset currency exposure where purchases and sales of goods and services can be made in these currencies. The Group's non-sterling revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. It is currently Group policy not to engage in any speculative transaction of any kind but this will be monitored by the Board to determine whether it is appropriate to use additional currency management procedures to manage risk. At 31 March 2012 (and 31 March 2011) the Group has not entered into any hedge transactions.

The following table demonstrates the sensitivity to a possible change in currency rates on the Group's profit before tax and equity through the impact of sterling weakening against the US dollar, the euro and the Canadian dollar.

	Decrease in currency rate	Effect on profit before tax £	Effect on equity £
2012			
Trade and other receivables	5%	52,924	–
Trade and other payables	5%	(30,360)	–
Cash and cash equivalents	5%	16,589	–
Bank loans	5%	(4,024)	–
Net investment in overseas subsidiary	5%	–	98,112
2011			
Trade and other receivables	5%	51,965	–
Trade and other payables	5%	(43,720)	–
Cash and cash equivalents	5%	47,301	–
Bank loans	5%	(12,037)	–
Net investment in overseas subsidiary	5%	–	234,827

An increase in currency rate of 5% would have a similar opposite effect. The sensitivity around bank loans above represents the entire impact on the Company's profit before tax and equity.

Notes to the Financial Statements continued

23 FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group conducts its operations in many countries, so there is no concentration of risk in any one area. In most cases, the Group grants credit without security to its customers. Credit worthiness checks are undertaken before entering into contracts with new customers, and credit limits are set as appropriate. The Group conducts most of its operations through distributors and is therefore able to maintain a fairly close relationship with its immediate customers. As such, the Group monitors payment profiles of customers on a regular basis and is able to spot deteriorations in payment times. An allowance for impairment is made that represents the potential loss in respect of individual receivables where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An analysis of trade receivables from various regions is analysed in the following table:

	2012 Trade receivables £	2011 Trade receivables £
UK/Europe	**1,238,068**	1,166,709
North America	**72,395**	88,768
South/Central America	**103,192**	95,336
Asia and Far East	**320,735**	346,106
Africa and Middle East	**488,802**	311,725
	2,223,192	2,008,644

Capital management

An explanation of the Group's capital management process and objectives is set out in the Capital management section on page 20 of the Financial Review.

Liquidity risk

The Group's objective is to maintain sufficient headroom to meet its foreseeable financing and working capital requirements. The Group has in place drawn loan facilities and in the case of bank loans, regularly monitors performance to ensure compliance with all covenants. The Group also maintains a surplus balance of cash and cash equivalents to ensure flexible liquidity to meet financial liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2012 based on the undiscounted cash flows of liabilities which include both future interest and principal amounts outstanding based on the earliest date on which the group can be required to pay. The amounts of future interest are not included in the carrying value of financial liabilities on the balance sheet.

Consolidated	Less than 3 months £	3 to 12 months £	1 to 5 years £	Total £
2012				
Trade and other payables	962,115	–	–	962,115
Obligations under finance leases	6,614	6,747	–	13,361
Bank loans	68,779	68,271	–	137,050
Vendor loan	–	360,000	845,658	1,205,658
	1,037,508	**435,018**	**845,658**	**2,318,184**
2011				
Trade and other payables	916,401	–	–	916,401
Obligations under finance leases	16,624	46,609	13,677	76,910
Bank loans	70,278	208,458	136,942	415,678
Vendor loan	–	–	1,205,658	1,205,658
	1,003,303	255,067	1,356,277	2,614,647

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2012 based on the undiscounted cash flows of liabilities based on the earliest date on which the Company can be required to pay.

Company	Less than 3 months £	3 to 12 months £	1 to 5 years £	Total £
2012				
Trade payables and amounts due to subsidiary companies	411,127	–	–	411,127
Bank loans	68,779	68,271	–	137,050
Vendor loan	–	360,000	845,658	1,205,658
	479,906	**428,271**	**845,658**	**1,753,835**
2011				
Trade payables and amounts due to subsidiary companies	497,050	–	–	497,050
Bank loans	70,278	208,458	136,942	415,678
Vendor loan	–	–	1,205,658	1,205,658
	567,328	208,458	1,342,600	2,118,386

Interest rate risk

All of the Group's borrowings are at variable rates of interest. The Group has an exposure to interest rate risk on changes in US dollar and sterling interest rates. To manage the interest rate risk, the Group has taken out interest rate hedge instruments relative to the two bank loans which will be repaid by September 2012. The change in fair value of these interest rate hedge instruments has been taken to the income statement in full.

The following table demonstrates the sensitivity to a possible change in interest rates on the Group's profit before tax through the impact on floating rate borrowings and cash balances.

Consolidated	Increase in basis points	Effect on profit before tax and equity £
2012		
Cash and cash equivalents	25	4,018
Bank loans – GBP	25	(300)
– USD	25	(382)
Vendor loan	25	(2,750)
2011		
Cash and cash equivalents	25	2,557
Bank loans – GBP	25	(612)
– USD	25	(777)
Vendor loan	25	(2,750)

Notes to the Financial Statements continued

The following table demonstrates the sensitivity to a possible change in interest rates on the Company's profit before tax through the impact on floating rate borrowings and cash balances.

Company	Increase in basis points	Effect on profit before tax and equity £
2012		
Cash and cash equivalents	25	714
Bank loans – GBP	25	(300)
– USD	25	(382)
Vendor loan	25	(2,750)
2011		
Cash and cash equivalents	25	721
Bank loans – GBP	25	(612)
– USD	25	(777)
Vendor loan	25	(2,750)

Fair values

The carrying amount for all categories of financial assets and liabilities disclosed on the balance sheet and in the related notes to the accounts is equal to the fair value of such assets and liabilities as at both 31 March 2012 and 31 March 2011. The monetary value attributable to these financial assets and liabilities is the same value that has been disclosed in the related Notes to the accounts.

The valuation methods used to fair value the financial assets and liabilities have been disclosed in Note 2 to the Financial Statements under the heading of Financial instruments.

The carrying amount recorded in the balance sheet of each financial asset as at 31 March 2012 and 31 March 2011, including derivative financial instruments, represent the Group's maximum exposure to credit risk.

Derivative financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of the financial derivatives, detailed below, have been valued using the hierarchy above and have been categorised as level 2.

Consolidated and Company	2012 £	2011 £
Included in non-current assets		
Interest rate instruments	–	–
Included in non-current liabilities		
Interest rate instruments	**454**	3,435

The derivative financial instruments comprise:

a) An interest rate cap of 5.5%, the floating rate option being Bank of England daily base rate.
b) An interest cap and floor of 5.0% and 2.25% respectively, the floating option rate being USD-Libor.

The Group does not hold or issue derivatives for speculative or trading purposes.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Omega House, Hillfoots Business Village, Clackmannanshire, FK12 5DQ on 28 August 2012 at 11am for the following purposes:

Ordinary business

1. To receive and adopt the reports of the Directors and the Auditors and the audited accounts for the year ended 31 March 2012.

2. To reappoint Ernst & Young LLP as Auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.

3. To re-elect Mr Kieron Harbinson as a Director of the Company.

4. That in accordance with section 551 of the Companies Act 2006 the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ('Rights') up to an aggregate nominal amount of £1,136,103.12 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the conclusion of the next annual general meeting of the Company or, if earlier, on 31 October 2013 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006, but without prejudice to any allotment already made or to be made pursuant to such authority.

Special business

Resolution 6 is proposed as a special resolution.

5. That, conditional on the passing of resolution 4 above, and in accordance with section 570 of the Companies Act 2006, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by resolution 4, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

   5.1 the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective number of ordinary shares held by them but subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and

   5.2 the allotment of equity securities otherwise than pursuant to sub paragraph 5.1 above up to an aggregate nominal amount of £170,432.48;

and provided that this power shall expire on conclusion of the next annual general meeting of the Company or, if earlier, on 31 October 2013 save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

Kieron Harbinson
Company Secretary
29 June 2012

Notice of Annual General Meeting continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A proxy need not be a member of the Company.

2. A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's Registrars, Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, West Street, Farnham, Surrey GU9 7LL, so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.

3. Copies of contracts of service of Directors with the Company or with any of its subsidiary undertakings, will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.

4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 26 August 2012 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

Registered in England and Wales number 5017761

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Notes

Notes

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Omega Diagnostics Ltd
Formed in 1987, ODL specialises in Infectious Diseases, particularly Syphilis, TB and Dengue Fever.

www.omegadiagnostics.com

Omega Dx (Asia) Pvt Ltd
Incorporated in July 2011 to provide direct access to the Indian market.

www.omegadxasia.com

Genesis Diagnostics Ltd
Formed in 1994, Genesis is one of the UK's leading manufacturers of high quality ELISA based diagnostic kits. The Company specialises in the research, development and production of kits to aid the diagnosis of autoimmune and Infectious Diseases, and for the detection of immune reactions to food.

www.elisa.co.uk

Cambridge Nutritional Sciences Ltd
Formed in 2001, CNS provides clinical analysis to the general public, clinics and health professionals as well as supplying the consumer Food Detective® test.

www.cambridge-nutritional.com

GmbH
Formed in 2010, Omega GmbH acquired the IVD allergy business of Allergopharma and is located in Reinbek, Germany.

www.omegadiagnostics.de

www.omegadiagnostics.com