Fighting the battle against HIV and global health challenges

Omega Diagnostics Group PLC
Annual Report and Group Financial Statements 2014

About Us

We're committed to addressing global health challenges

Our mission is to improve human health and well-being through innovative diagnostic products and global partnerships.

Founded in 1987 by the current CEO Andrew Shepherd, the Omega business 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 and Infectious diseases.

p18
Financial Review

p8
Our Core Markets

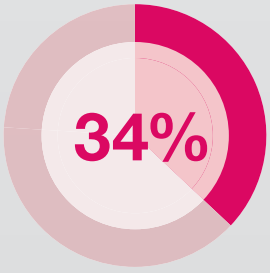
Allergy and autoimmune

Main products:

- Allergozyme
- Allergodip
- Genesis Elisa

Revenue share

£4.0m



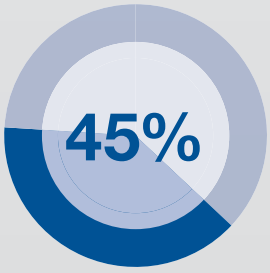
Food intolerance

Main products:

- Genarrayt® Microarray
- Food Detective
- Foodprint service

Revenue share

£5.2m



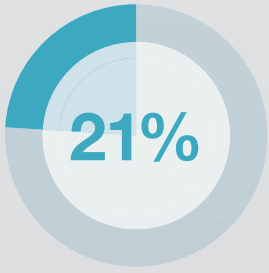
Infectious diseases

Main products:

- Immutrep Syphilis
- Micropath Bacterial tests
- Dengue Elisa

Revenue share

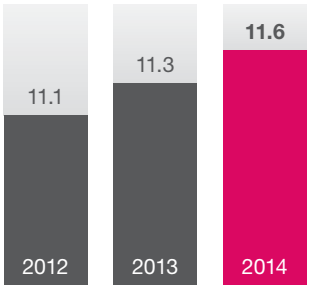
£2.4m



Financial Highlights

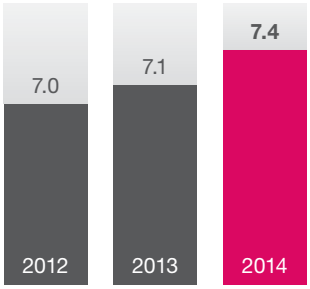
Sales (£m)

£11.6m ▲ 3%



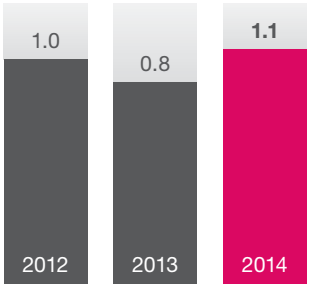
Gross profit (£m)

£7.4m ▲ 5%



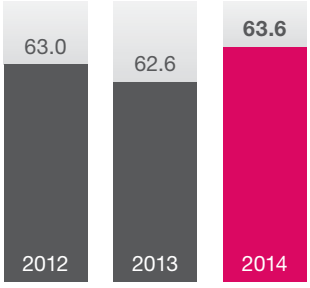
Adjusted profit before tax (£m)

£1.1m ▲ 41%



Gross profit (%)

63.6% ▲ 1ppt



Contents

Find up-to-date information at
www.omegadiagnostics.com

Our Year at a Glance

The Company has made progress on its strategic initiatives for the benefit of all stakeholders

Grant of US patent for Visitect® CD4

In the year, increased patent protection with patent awards in the US and Africa. This widens the protection from territories where patents have already been granted and with patents pending in other territories.

p4
Chairman's Statement

Visitect® CD4 – successful completion of technology transfer

In February 2014 the Company successfully completed a three-batch validation of the manufacturing protocol for the Visitect® CD4 test meeting the design parameters of clinical sensitivity, specificity, accuracy and reproducibility.

p16
Product Case Study

Visitect® CD4 at actual size. The test is designed to determine CD4+ T-cell levels to be determined quickly and conveniently using a finger-prick blood sample, enabling patients to receive life-saving antiretroviral treatment.

Visitect® CD4 chosen for Inaugural Nominet Trust 100

Our product has been chosen for the Inaugural Nominet Trust 100, a list that celebrates the people and organisations who are utilising digital technology to change the world for the better.

p16
Product Case Study

$600,000 grant from UNITAID to support manufacture

In February 2014 the company, in conjunction with UNITAID and the Burnet Institute, Melbourne, was awarded US $600,000 of grant funding to support initial inventory build and to establish an assembly facility in India for the Visitect® CD4 test.

US $540,000 was received by Omega in March 2014 and we have located a suitable facility in Pune, India.

p18
Financial Review

Equity placing to raise £4 million completed

On 10 June 2013 the Company raised £4 million before expenses through the issue of 23,529,412 new ordinary shares at 17 pence per share. The placing was oversubscribed and was supported by both new and existing shareholders.

www.omegadiagnostics.com
Keep up to date with our latest news.
View our RNS announcements online.

VISITECT® CD4 App development

Development completed and expected to be fully available in the coming year which will offer integration into cloud databases. This “mHealth” solution has met with great enthusiasm by global health organisations.

Significant progress on the IDS-iSYS automated analyser

To date eight allergens have completed all claim support work, an additional five allergens are now in various stages of the claim support programme and a further eleven allergens have been optimised and are ready to enter claim support at the earliest opportunity. Optimisation work continues with approximately twelve allergens in the early stages of assay development.

24/40 allergens optimised

Chairman's Statement

David Evans Non-executive Chairman

In summary

- Increased patent protection for CD4 with patent awards in the US and Africa.
- We successfully raised £4 million (before expenses) to ensure sufficient resources are available for our CD4 and allergy projects.
- Successful completion of the CD4 technology transfer project into a fully scalable manufacturing protocol.
- Finalisation of the specific allergy assay protocol for use with the IDS-iSYS instrument with allergens successfully completing the development programme.
- Burnet Institute and Omega successful in attracting grant funding from UNITAID with Omega receiving £0.4 million.

"The Group remains in a strong cash position with cash reserves of £3.1 million.

Strategy

Point-of-care (POC) testing

The Group has a clear strategy to become a market leader in the provision of POC testing for infectious diseases in large parts of the world where resources remain constrained and where there are substantial unmet needs. Visitect® CD4 is the first example of this where an estimated 17 million HIV positive patients cannot obtain the treatment they need through a lack of access to CD4 testing in rural areas. Visitect® CD4 is an instrument-free device that requires no power and no refrigeration facilities and can generate a result in 40 minutes. Beta studies in Kenya and India are providing further patient data to determine what, if any, aspects of the test require further optimisation. As this test nears commercialisation, we will continue to partner with major NGOs and global health organisations to ensure this test is delivered at the point of most need.

Through our partnership with the Burnet Institute, we also have access to a POC test for syphilis which can differentiate between active infections and past infections. According to World Health Organisation (WHO) estimates, there are 12 million new cases of syphilis each year with 90% occurring in developing countries. At present, there are no POC assays on the market that can detect specific IgM antibodies and we have recently increased our in-house resource and capability to move this project forward to provide a valuable tool for improved control of syphilis worldwide.

Automation

When we purchased the IVD allergy business in Germany in 2010, it was the first step in a plan to become a leading provider of allergy tests into clinical laboratories in a global market estimated to be worth over US $500 million per annum, dominated by one competitor. Since then, we have exclusively licensed the use of IDS' automated iSYS instrument for allergy testing and invested in a long development programme covering initial feasibility, lock-down of assay protocol, optimisation and claim support work. We have also set up an in-house manufacturing facility for reagent filling. During the second half of the year, we finally saw the first allergens to emerge from this programme following a successful claim support phase. We have eight allergens which can be run on the iSYS instrument that show comparable results to the market-leading competitor and a further 16 allergens which have now completed optimisation. Our strategic aim remains unaltered: to launch with a panel of 40 allergens, followed by a programme of menu extensions to achieve a number two market position. Our initial commercialisation plans involve working with IDS in markets where it has a direct presence, followed by expansion into other territories through third party distributors.

Financial performance

The Group performed well, particularly in the second half of the year, with turnover for the whole year increasing by 3% to £11.6 million (2013: £11.3 million). Gross profit increased to £7.4 million (2013: £7.1 million) and total overheads were maintained at approximately £6.8 million. Adjusted profit before tax (as defined on page 31) increased by 41% to £1.1 million, from million £0.8 million the year before, and adjusted earnings per share were 1.2 pence (2013: 1.3 pence) reflecting the higher average number of shares in issue throughout the year.

The Group remains in a strong cash position with cash reserves of £3.1 million (2013: £0.2 million) at the year end following the fundraising completed in June last year. A strong contribution from operating activities generated a cash inflow during the year of £1.7 million (2013: £1.0 million), ensuring we continued to manage our working capital with efficiency.

Corporate governance

The size and structure of the Board and its committees are kept under review to ensure an appropriate level of governance operates throughout the year. The Board comprises two Non-executive Directors and three Executive Directors who meet frequently during the year to discuss strategy and to review progress and outcomes against objectives. Whilst, as an AIM-quoted company, the Group is not required to comply with the full requirements of the UK Corporate Governance Code, we believe the Board has a good mix of skills and experience and a culture that easily enables the Non-executive members of the Board to challenge and advise the Executive team as appropriate.

The Audit Committee and the Remuneration Committee are comprised of the two Non-executive Directors and the Board believes the current make-up and number of committees remain appropriate for a Group of our size.

Board and employees

I am very pleased that we were able to appoint Bill Rhodes as a Non-executive Director to the Board during the year and his input and insightfulness is already providing a valuable contribution. His knowledge and experience from many years spent at Becton Dickinson and elsewhere will continue to support our strategy outlined above. I would like to reiterate past thanks to Mike Gurner who retired from the Board last year, and who contributed much to the Group since it first became a public company.

Much of the progress we have made would not be achieved without the hard work of our employees. We now have 145 individuals around the world and I would personally like to thank each and every one of them for their contribution throughout this year.

Positive outlook

Trading in the new financial year to date is in line with management expectations with the marginal growth in food intolerance testing being offset by the marginal decline in Allergy and Infectious disease testing.

Our future landscape is brightened, as well as dominated, by the prospects for our Visitect® CD4 test, which is now well into its field trials. However, we all have a dislike for complete uncertainty and that is our challenge in being able to set our budgets for the current year in relation to both the timing and quantum of CD4 revenues. CD4 will, without doubt, be a successful product for the Group, but we would be foolish to believe that our crystal ball is better than yours in being able to forecast with certainty the decision outputs from the NGO's we are working with. This is primarily a global tender-based business, with timing driven by the availability of funds and the then current view of the various governments as to need. Due to this fundamental timing uncertainty we have erred on the side of caution in terms of both revenues and building our overhead base ahead of the revenue curve. When those cautious assumptions change we will update the market accordingly.

We will make significant progress this year in terms of gaining market acceptance for CD4 and I believe the prospects for the Group overall are positive.

David Evans
Non-executive Chairman
20 June 2014

> **We are determined to deliver the true benefits and value from our unique Visitect® CD4 product.**

p14 Chief Executive's Review

p20 Governance

Our Business Model

Andrew Shepherd Chief Executive

In summary

Our aim is to maximise shareholder value and improve human health and well-being by generating returns from our wide range of specialist and innovative diagnostic products and through global partnerships.

- The profitability and strong cash contribution from core operating activities added to the commercial opportunities from the Visitect® CD4 test and automated iSYS platform are key to maximising shareholder value.
- The ongoing validation studies for the Visitect® CD4 test will lead to the roll out of the test in areas of the world where patients are currently unable to access testing and treatment.

Andrew Shepherd
Chief Executive
20 June 2014

1 We are committed to addressing global health challenges…

Our focus encompasses:

Targeting areas of significant opportunity

Omega's global reputation stems from its beginnings as a manufacturer of tests for a range of infectious diseases. This reputation led to the opportunity to license the CD4 technology to develop a point-of-care (POC) test for an estimated 17 million HIV positive patients who cannot currently access testing. We also have access to a POC test for syphilis which can differentiate between active and past infections. WHO estimates there are 12 million new cases of syphilis each year, with currently no POC assays on the market for detecting specific IgM antibodies.

Team of experts

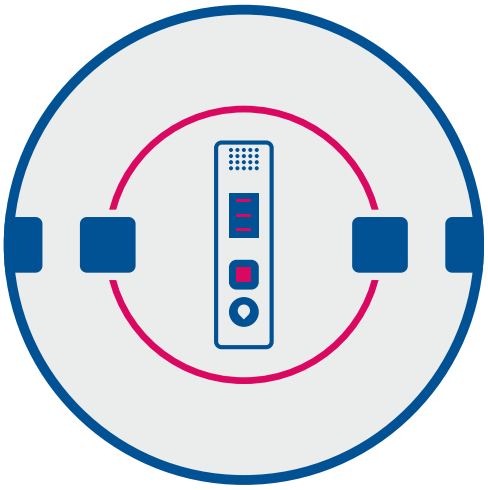
In recent years Omega has significantly expanded the senior management team, recruiting a number of key staff with years of experience within the medical diagnostics industry. Four additional development scientists have been recruited since the year end, further increasing in-house resource to accelerate the development projects. Bill Rhodes was also appointed in the year as a Non-executive Director and brings a wealth of global experience to Omega.

Strategic partnerships

Partnership with the Burnet Institute in Australia resulted in Omega securing an exclusive global licence to a unique, simple, lateral flow POC device which confirms whether a patient's CD4 count is above or below 350 cells µl. This has the opportunity to reduce significantly the number of patients lost to care as a result of the length of time between testing and treatment.

Partnership with Immunodiagnostic Systems Group plc (IDS) enabling Omega to develop a range of allergy immunoassays on IDS's automated system (IDS-iSYS). Combined with Omega's experience in assay development, this forms a strong platform for allergy testing.

2 through the commercialisation of a wide range of diagnostic products…



We achieve this through:

Licensing in opportunities

The Group will license in its needs in areas where it does not have in-house expertise, with the IDS instrument being an example of this. The Group looks to collaborate with world-leading global health partners who are well placed to undertake the early research phase and who then look to license out those opportunities, the Burnet Institute being an example of this.

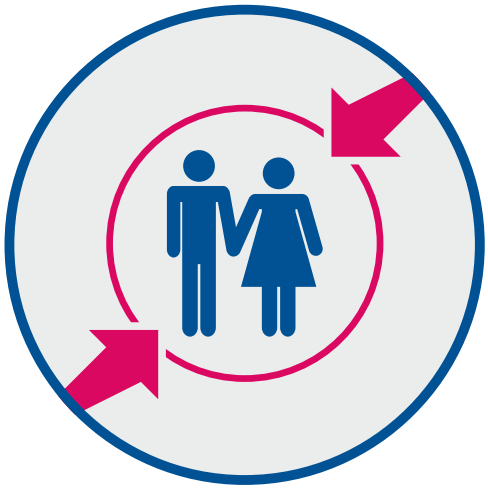
In-house development

The majority of Omega's products across all segments have been developed over many years through an investment in skilled teams of scientists.

Manufacturing and marketing expertise

Omega has acquired more than 25 years' experience in the development and manufacture of products within three segments: Allergy and autoimmune, Food intolerance and Infectious disease, with each of its sites possessing ISO 9001 and ISO 13485 accreditation and being compliant with directive 98/79/EC on medical devices. Omega has a skilled and experienced global marketing team who are highly knowledgeable in the Group's products and the markets that they are sold into.

3 and ensuring our products reach those who need them most



This is accomplished via:

Global distribution network

Omega has a strong distribution network in over 100 countries and a number of the distributors in place have had long-standing relationships with Omega and sell a wide range of the Company's products.

Direct markets

In Germany and India where Omega has a direct presence we have sales teams focused on the needs of end user customers.

Global health initiatives

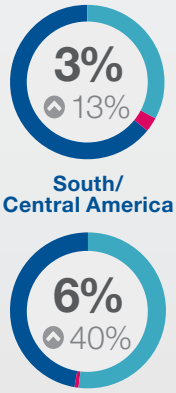
The commercialisation of the Visitect® CD4 test will see us working closely with Non-Governmental Organisations (NGOs), government ministries of health and global aid agencies in order to get the test to patients who urgently require to be tested and gain access to treatment.

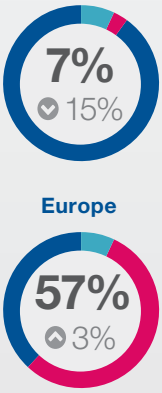
Our Core Markets

Well positioned to benefit from a truly global business

Omega is one of the UK's leading companies in the fast growing area of immunoassay. It has a global presence in over 100 countries worldwide through a combination of direct subsidiaries and a strong distribution network.

Group revenue share by geography





Americas

Market Dynamics
- Strong economy in Brazil and Mexico.
- Huge regulatory requirement in the US (FDA).

Performance highlights
- Growth of 88% of Food intolerance products in Brazil.

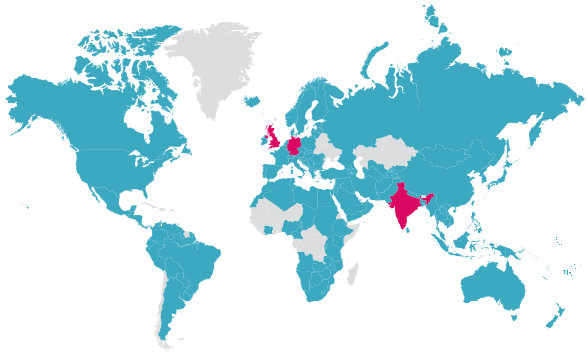
Market Outlook
- Focus on Mexico for growth opportunities.
- Expand on a strong market position for Food intolerance in Canada.

Europe

Market Dynamics
- Continued reimbursement pressure in Germany.
- Depressed markets in Southern Europe.
- New markets opening in Eastern Europe.

Performance highlights
- Business stabilised in Germany through a focus on customer service, education and training.
- Regional Allergodip panel development to support Export sales.
- Food intolerance remains strong in Spain and Italy.
- Food intolerance continues to grow (12%).

Market Outlook
- Grow export business out of Germany.
- Diversification of business in Germany to maximise resources.
- Continued growth in Food intolerance.

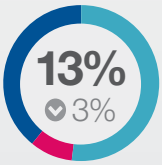


A global reach allows the group to benefit from fast growing economies in emerging markets while simultaneously mitigating challenging economic and political instability in certain regions of the world.

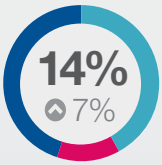
Countries where our products are distributed
Countries where we have a direct presence

Key Infectious diseases Allergy and autoimmune Food intolerance

Africa and Middle East



Asia and Far East



Middle East and Africa

Market Dynamics
- Political and economic instability.
- Currency availability and devaluation.
- Strong market in Africa for current infectious disease products but increased competition and price pressure.

Performance Highlights
- Launch of FoodPrint Arabia in Gulf Countries.
- Strong growth in Nigeria.

Market Outlook
- Continued growth of Food intolerance in Gulf Countries.
- Reverse trend in Infectious disease through Visitect® CD4 sales.

Asia and Far East

Market Dynamics
- Fast growing economies and increased expenditure on healthcare.
- Currency devaluation in India.

Performance Highlights
- Continued growth in India despite currency devaluation combined with improved product mix.
- Appointment of new distributor in Indonesia.
- New Food intolerance partner in Malaysia & Singapore.

Market Outlook
- Diversify portfolio in India.
- Focus on tier 2 & 3 cities in India.
- Implement manufacturing facility in India to gain access to lower production costs.

Our Strategy

A clear strategy to further the Group's progress

The Group's strategy is to increase profitability and shareholder value by becoming a market leader in the provision of POC testing for infectious diseases where there are substantial unmet needs and by becoming a leading provider of allergy tests in clinical laboratories.

1

POC testing for infectious diseases

Progress in 2014
Major step forward in the year with the successful completion of the technology transfer of the Visitect® CD4 test and the commencement of beta trials in India and Kenya. Completion of the development of the android smartphone App to record and transmit CD4 test results. Significant effort in priming the market for the test, establishing the Group as a serious contender in the global health arena.

Priorities for 2015
- Commercialisation of the CD4 test and roll-out to key target markets in Africa and beyond.
- Progress the development of Syphilis POC as well as a test for Schistosomiasis.

2

Automation of allergy tests on the IDS iSYS instrument

Progress in 2014
Eight allergens now fully completed and can be run on the iSYS instrument showing comparable results to the market-leading competitor and a further sixteen allergens which have now completed optimisation. Agreement to work alongside IDS in markets where it has a direct presence.

Priorities for 2015
- Launch the iSYS instrument with a panel of 40 allergens.
- Further programme of menu extensions to increase competitiveness.

3

Continue to grow Food intolerance revenues

Progress in 2014
Continued growth with sales of £5.2 million in year, an increase of 18% on the prior year. Additional instruments placed and broadening base of markets.

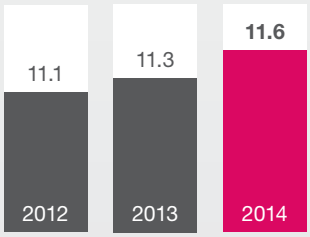
Priorities for 2015
- Continue to increase Genarrayt revenue per instrument.
- Grow revenues with introduction of new dried blood spot test.
- Broadening the portfolio in nutritional assessment.

Key Performance Indicators

It has been a year of solid performance for our core business. Total revenue was up by 3% to £11.6 million, principally due to a strong performance from our Food intolerance division.

Sales (£m)

£11.6m ▲ 3%

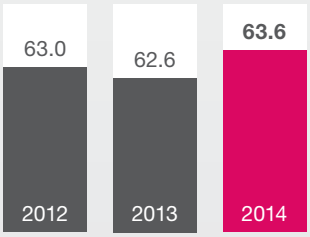


Progress made in 2014
Core business performed well especially in the second half of the year.

Strategy for 2015
Commercialise iSYS and CD4 and continue to grow sales in India.

Gross profit (%)

63.6% ▲ 1ppt

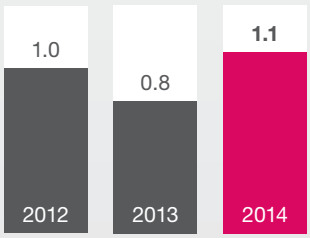


Progress made in 2014
Margin improved through revenue and product mix.

Strategy for 2015
Increase gross profit through the introduction of iSYS and CD4 sales.

Adjusted profit before tax (£m)

£1.1m ▲ 41%

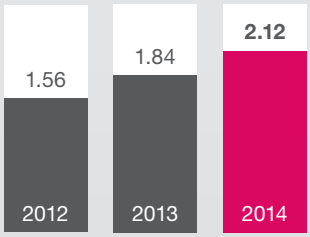


Progress made in 2014
Increased by 41% on prior year.

Strategy for 2015
Increase profitability through the commercialisation of iSYS and CD4.

Food intolerance – Genarrayt® (£m)

£2.12m ▲ 15%

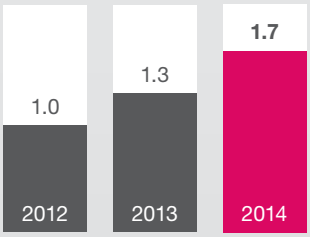


Progress made in 2014
Continued revenue growth across a number of markets.

Strategy for 2015
Continue to grow revenue per instrument and introduce dried blood spot testing.

Food Detective sales (£m)

£1.7m ▲ 36%



Progress made in 2014
Continued growth in the top five markets.

Strategy for 2015
Continue to promote the benefits of food intolerance in key markets.

Risks and Risk Management

Operating a system of internal control and risk management

The long-term success of the Group depends on the continual review, assessment and control of the key business risks it faces. The Group's principal risks and uncertainties are briefly outlined below.

Risk and description	Mitigating actions	Change
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 product segments 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.	World economies in which the Group operates continue to steadily recover from the recent economic downturns.
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 increasing the resource in this area and by conducting its operations within recognised quality assurance systems and undergoes external assessment to ensure compliance with these systems.	The Group continues to operate in the same jurisdictions and there have been no detrimental changes during the year.
Acquisition risk The success of the Group depends on 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 that meet certain criteria and by conducting a detailed due diligence review.	No acquisitions in the year.

Key Increase in risk | No change in risk | Decrease in risk

Risk and description	Mitigating actions	Change
Eurozone risk The euro area combines 18 countries with multiple domestic policies all having to operate under common monetary conditions. The legacy of the financial crisis and differing policy choices will continue to weigh more heavily on some than others.	The Group monitors those countries under pressure and mitigates the risk in those countries where it has trading relationships, with tighter credit control procedures and credit limits where necessary.	Although we have seen an easing of difficult economic conditions in Europe there remains risk around deflation and GDP growth forecasts.
Development risk The Group continues to undertake 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 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 Group also continues to monitor industry trends and customers' needs to ensure its development targets remain relevant.	Completion during the year of the CD4 technology transfer moves the Group closer to commercial launch of the product although the competition landscape continues to evolve and show signs of progress. The progress on the number of allergens optimised for use on the IDS-iSYS also moves the Group closer to the commercial launch of the product.
Foreign currency risk A significant proportion of the Group's sales are denominated in euros through Omega GmbH and in US dollars and the growing business through Omega Dx in India means that the Group is subject to risks associated with currency movements. Geopolitical tensions also exist in certain parts of the world which can lead to a tightening of monetary conditions.	Natural hedging is adopted where possible whereby certain goods and services are sourced in euros and US dollars to match liabilities with trading income in these currencies. It is currently the Group's policy to settle intercompany balances with Omega GmbH and Omega Dx within a short timescale.	Due to the investment in both Omega GmbH and Omega Dx we have increasing exposure to intercompany balances. We have also seen a devaluation of the Iranian currency have an adverse effect on sales in that country.

Chief Executive's Review

Andrew Shepherd Chief Executive

In summary

- Solid business performance – Group revenue increased by 3% to £11.6 million.
- Adjusted profit before tax increased by 41% to £1.1 million.
- Completed much of the foundation work for marketing Visitect® CD4 in a number of east African states and have begun this process in India, francophone Africa and the Far East.
- Global health activities enhanced by new product developments which positions us well for future growth.
- Board strengthened by appointment of Bill Rhodes.

> **Good progress being made to deliver the full value of Visitect® CD4 and exploit other opportunities through an increased presence in the global health market.**

IDS-iSYS Allergy

Development efforts have continued throughout the year and we continue to invest in facilities and skilled manpower to bring this project to fruition. We all appreciate that this project has taken longer to reach a marketable product than first anticipated and this has been a source of frustration for all concerned. However, when we do launch this product, from the results seen to date, we will have a product that will compete very well and will support our objective to secure a number two market position behind the current market leader.

CD4

Technology transfer

Our strategy of maximising shareholder value through the development of innovative new products, such as Visitect® CD4, using global partnerships with groups, such as the Burnet Institute, has taken a major move forward in the year with the successful completion of the technology transfer from bench top manufacture to a scalable and robust manufacturing protocol. You will recall that this involved successfully completing a three-batch validation of our manufacturing protocol, a process which involved validation of the test on venous blood samples at a UK reference laboratory.

Manufacturing

In the year, we established our UK facility for Visitect® CD4 production which is now fully validated under ISO approved procedures. We have also leased a facility and we will shortly commence the interior build of a manufacturing base in Pune, India. This has been part funded by a £0.4 million grant from the Burnet Institute which itself received a grant for US$1.6 million from UNITAID to fund large scale field trials in South Africa and India. The establishment of an Indian manufacturing facility will enable us to produce the test locally, thereby avoiding a punitive import duty rate that currently exists for Rapid Test imports into India. As well as producing Visitect® CD4 tests, we are aiming to manufacture other Rapid Tests for the Indian market and beyond where cost per test is a major barrier to market entry.

Field evaluations

The next stage of the process has involved testing the product under field conditions with the intention that patient data is used to determine what, if any, aspects of the test require fine-tuning. Such Beta trials are underway in Kenya and India and are providing the clinical data we need.

In India, 140 patient samples have been tested to date. Based on an interim analysis of these data, the test has produced results on venous blood samples which match with the Company's performance design parameters. Results to date on finger stick blood show similar overall diagnostic performance but with slightly lower levels of sensitivity and corresponding higher levels of specificity. This is being investigated as the trial proceeds.

The trial in Kenya has been extended beyond the initial 200 patients because test performance was just below optimal performance on both venous and finger stick blood and additional devices have already been sent to Kenya for further evaluation. The investigative site has also received additional user training by Omega staff, and we expect that these additional tests will allow us to determine, and correct, the root cause of this difference.

Procurement
A country's ability to purchase commercial quantities of Visitect® CD4 is dependent upon receiving a positive recommendation from its regulatory authority and Omega having attained CE Mark status for the product which is within sight. In resource-poor countries, supplies will be funded with NGO/Aid money and procured through supplier-approved channels. One major procurement agency has already evaluated our quality management system and confirmed Omega to be a very low risk supplier with regard to manufacturing Visitect® CD4.

As well as ease of use, another driver for the introduction of new CD4 testing technologies is a reduction in the cost per test which will allow more people to be tested and treated using available funds.

Marketing and training
Over the last year there has been a major effort in priming the market for the test to the point where the Company has developed a strong presence in the global health arena and is recognised as a serious contender. Visitect® CD4 is still the only instrument-free, disposable CD4 test available in the world despite competition from several other groups.

Training is a vital element in launching any new test technology and a training package has been developed which has proved successful in the initial field trial roll-out in Africa and India.

mHealth
In addition to the test itself, the development of the Android smartphone App to record and transmit Visitect® CD4 test results has completed its development and is also undergoing field trials. We expect this App to be fully available in the new financial year which will offer integration into cloud/LIMS host databases to provide last mile solutions in resource challenged environments. This so-called "mHealth" solution has met with great enthusiasm by NGOs and global health organisations as the test/App combination offers a complete solution from test site to management headquarters. mHealth itself is being seen as a new way of educating and providing health information solutions to governments and aid agencies so with the Visitect® App we are at the forefront of these developments.

Other global health developments

HIV Viral Load
This area of diagnostic testing is very challenging given that a complex test is expected to be used in a resource-poor setting by low skilled workers. While a few systems have been developed, they are far from true point-of-care (POC) tests. Discussions with several groups are underway which may deliver the test that is required but it is likely to be some time before any significant progress will be made due to the complexity of the technologies being utilised and the settings where the test will be used. Moving into the HIV Viral Load testing arena means an entrance into the molecular diagnostics market, the fastest growing sector of the IVD market.

Syphilis
Our development team is now working on other projects which have a high demand in the global health arena. One such assay is the Syphilis POC test developed by the Burnet Institute, and exclusively licensed to Omega, which can be used in the same resource-poor settings as Visitect® CD4.

As a global leader in the field of syphilis diagnostics we are already well placed to exploit this development as we are already promoting our current range of products around the world into many resource-poor countries. Currently, there are no POC tests that can detect active Syphilis, although many tests can detect past treated infections. The test, developed by Burnet, allows for the detection of an antibody that is only present at the active stage of infection and which disappears after successful treatment. This test will accurately diagnose active Syphilis and allow for immediate treatment at the point of care without the need for further laboratory analysis. This test could therefore result in significant improvements in the health of women and children through the prevention of stillbirths and severe neonatal morbidity. In 2008, the mortality associated with congenital Syphilis amounted to 1.4 million pregnant women. In addition to the test development, it is anticipated that an App will also be developed to work on the same Android smartphone as the Visitect® CD4 App, thereby linking the point of care result to management database systems.

Neglected Tropical Diseases (NTD)
Neglected Tropical Diseases (NTDs) disproportionately affect the world's poorest and most vulnerable people, inflicting serious disfigurement and disability, reducing productivity, quality of life, often resulting in death. The combined impact of NTDs rivals the effects of human immunodeficiency virus (HIV), Tuberculosis and Malaria. More and more funding is being donated to overcome these diseases to the point where development of appropriate diagnostic tests are now commercially viable.

Schistosomiasis
One example of an NTD is Schistosomiasis which is a disease caused by a worm that is present in many tropical countries. 200 million people are estimated to be infected with a further 600 million at risk. After Malaria, Schistosomiasis is the second most important disease caused by a parasite. It is likely that as programmes to control Schistosomiasis roll out in Africa there will be an increasing need for a test that detects the disease sensitively and specifically. Omega is working with an expert in this disease area and good early progress is being made in the development of a new lateral flow test. It is anticipated that field trials could commence in the second half of the year.

Outlook

The new financial year is set to be a dynamic one with Visitect® CD4 coming to the market. The sales potential is high but, as alluded to above, in the NGO/aid market sector there are some hurdles to overcome such as individual country evaluations and approvals. We remain confident about selling significant quantities of product; however, the timing to forecast when this business will materialise is not an exact science. The core business remains in good shape as evidenced by the increase in Food intolerance sales and increased profit before tax so we are well positioned to take advantage of the good conditions to deliver on our goals of launching Visitect® CD4 and the iSYS Allergy platform later in the year.

By focusing on our core strategic areas and with increased focus on global health markets we believe that we are building a secure and stable platform for growth and enhanced profitability.

Andrew Shepherd
Chief Executive
20 June 2014

Product Case Study

HIV remains the primary cause of global disease burden in 12 countries, including South Africa and India. We are addressing this challenge through our revolutionary Visitect® CD4 test

Training health care workers in Kenya to run Visitect® CD4 tests.

Further to the completion of the technology transfer announced in February 2014, Visitect® CD4 tests have been supplied for initial field validation studies to evaluate performance in India and Kenya.

As well as patient sample evaluations the Kenyan study also included evaluation of the Visitect® CD4 mHealth App Smartphone Reader.

The success of these initial studies will lead to a roll-out of validation studies into other countries.

In parallel with these trial activities, claim support studies have commenced in the UK to support the regulatory requirements in connection with CE-Marking the test.

Sign posts directing patients to the Kenya Medical Research Institute in Busia, Kenya where the initial field trial has been taking place.

HIV is a major global health challenge affecting approximately 33 million people worldwide

Top 12 countries by HIV population

* Reference: UNAIDS report on the global AIDS epidemic (2010).

More than 2/3 of this population are in developing countries

That's 26.3 million people

But more than half don't have access to treatment – 17.1 million people

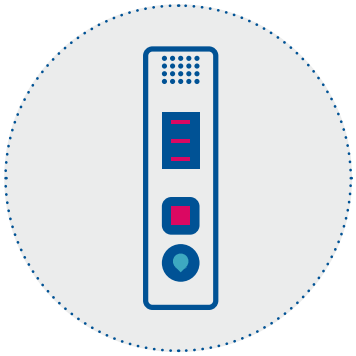
The advantages of the Visitect® CD4 test

Finger-prick blood sampling

Instrument-free testing

Results obtained in 40 minutes

Convenient and easy to use



Low cost – just US$5 per test

Visitect® CD4 is portable and light

Perform multiple tests at once

Proven lateral flow technology

Financial Review

Kieron Harbinson Finance Director

In summary

- Group revenue increased by 3% to £11.6 million.
- Food intolerance sales increased by 18% to £5.2 million.
- Increase in gross margin percentage to 63.6%.
- Adjusted profit before tax increased by 41% to £1.1 million.
- Adjusted earnings per share of 1.2 pence.
- Cash in hand at the end of the year of £3.1 million.

"We are focusing our resources on achieving commercialisation of Visitect® CD4 and our Allergy iSYS project.

Financial performance

It has been a year of solid performance for our core business. Total revenue was up by 3% to £11.6 million, principally due to a strong performance from our Food intolerance division. Gross profit increased by 5% to £7.4 million, leading to a higher margin of 63.6%.

Costs have been carefully managed throughout the year so that overheads were effectively unchanged at £6.8 million. Adjusted profit before tax increased significantly to £1.1 million compared to £0.8 million the year before. The UK companies continue to benefit from the enhanced R&D tax credit system and a net tax credit of £0.15 million has been recognised in the year. Accordingly, adjusted profit after tax of £1.25 million, on an average 104 million shares in issue, resulted in adjusted earnings per share of 1.2 pence. This is slightly reduced from 1.3 pence in the previous year where adjusted after tax profits of £1.1 million were earned on an average 85 million shares in issue.

Segmental revenue performance

Food intolerance

The Food intolerance division has consistently performed well over a number of years, exhibiting an 18% compound annual growth rate in revenue over the last five years. For this year, total Food intolerance sales were £5.18 million (2013: £4.39 million).

Sales of Food Detective® grew by 35% to £1.69 million (2013: £1.25 million) with particularly strong sales performances in Poland and Brazil. Total volumes exceeded 100,000 units for the first time, achieving sales of 106,312 (2013: 85,214). Excluding component sales to China, the average selling price per kit was £22.55 (2013: £22.01), the highest level seen in the last three years.

Sales of Genarrayt® reagents grew by 15% to £2.12 million (2013: £1.84 million) with strong performances again in both the Spanish and French markets. However, it is pleasing to see a broadening base of other markets with the top five markets by revenue accounting for 63% of total sales this year versus 70% last year. The Group sold a further 13 instruments in the year, taking the cumulative number of installations to 132 instruments in 35 countries, and revenue per instrument (excluding Spain) increased by 7% to £13,746 (2013: £12,885).

Our Foodprint® laboratory service achieved sales of £0.64 million (2013: £0.61 million) and we produced and sold 7,985 patient reports in the year (2013: 7,529) at an average price of £79.55 per report (2013: £80.65).

Allergy and autoimmune

Sales for the Allergy and autoimmune division are comprised of Allergy sales of £3.52 million (2013: £3.62 million) and sales of autoimmune products of £0.45 million (2013: £0.54 million). The Allergy sales are derived almost exclusively from our Omega GmbH business in Germany which is operating in an environment of reimbursement restrictions. 12 out of the 17 health regions we operate in are under such restrictions, but despite these regions collectively accounting for approximately 54% of total allergy sales, the overall reduction in Omega GmbH allergy sales was limited to 6% in euro terms. In reported sterling terms, the reduction was only 3% due to an average stronger euro/sterling exchange rate throughout the year of 1.186 (2013: 1.223). The strategy has been to reinforce customer relationships through training, service and account management to secure the business and to prioritise allergy testing over other testing (e.g. microbiology tests) in a market which has declined by approximately 5% over the last two years.

We continue to sell autoimmune products into markets where automation is ever increasing. Despite these headwinds, most of our country markets have maintained their position and the drop-off is attributable to a reduction in Iran where reimbursement restrictions have occurred due to a severe devaluation of the Iranian currency.

Infectious disease

Infectious disease sales amounted to £2.45 million (2013: £2.71 million) in the year. The reduction of £0.26 million is principally down to two factors. First, the loss of business from a UK customer who experienced financial difficulties led to a sales reduction of £0.16 million. Since the year end, we have recommenced selling small volumes of product to this customer as its situation has recently begun to improve. Second, the devaluation of the Iranian currency referred to above has also had a similar effect in reducing Infectious disease sales through our distributor by £0.1 million. Despite these issues, they have been mitigated by growth in other areas, particularly in India and Brazil.

Research and development

Total investment in research and development was £1.61 million (2013: £1.17 million) representing 14% of Group turnover. Expenditure is focused on our two key areas of interest. We spent £0.94 million (2013: £0.83 million) on our Allergy iSYS project and £0.43 million (2013: £0.20 million) on our Visitect® CD4 project. Both these amounts have been capitalised on the balance sheet in accordance with IAS 38 – Development Costs. Earlier stage R&D expenditure amounted to £0.24 million (2013: £0.14 million) which has been expensed through the income statement.

Intangible assets

The Group has intangible assets of £11.3 million comprising goodwill of £4.7 million, separately identifiable intangible assets of £3.9 million and capitalised development costs of £2.7 million.

Goodwill

Goodwill of £4.7 million arose as to £3.0 million on acquiring Genesis/CNS in 2007, £0.4 million on acquiring Co-Tek in 2009 and £1.3 million in acquiring the allergy IVD business in Germany in 2010. There has been no impairment of goodwill on any of the acquisitions to date.

Intangible assets

Separately identifiable intangible assets have been recognised on acquisition: £2.0 million on Genesis/CNS of which £0.6 million has been amortised to date; £0.1 million on Co-Tek which has been fully amortised; and £1.8 million on Omega GmbH of which £0.8 million has been amortised to date. A purchased licence of £1.5 million, the final £0.5 million instalment for which was paid in the year (2013: £0.1 million), relates to the exclusive global access rights to the IDS-iSYS platform for allergy testing, which, to date, has not been amortised.

Capitalised development costs

Capitalised development costs have been incurred to date comprising £2.1 million on the Allergy iSYS project and £0.6 million on the Visitect® CD4 project, neither of which has been amortised to date. The amortisation of these capitalised development costs, along with the purchased licence referred to above, will only start after commercialisation of these assets. Going forward, this particular subset of amortisation charges will not be added back in the computation of the Group's routinely reported adjusted profit before tax.

Property, plant and equipment

The Group has invested £0.5 million (2013: £0.3 million) in the year, including a combined £0.4 million at the Alva-based headquarters in Scotland on its Visitect® CD4 manufacturing assembly unit along with plant and machinery to undertake the bottle filling of individual allergy reagents for the iSYS system.

Financing

In June last year, the Company successfully completed an institutional placing of 23,529,412 ordinary shares, at 17 pence per share, raising £4 million (gross) in the process. At the year end, the Group still had over £3 million of cash in hand. In May of this year, the Company renewed its overdraft facility at a level of £1 million and, accordingly, the Group remains in a strong position to fund its activities.

Grant funding

We announced in the year that the Burnet Institute was successful in being awarded a UNITAID grant for US $1.6 million to initiate field evaluations in India and South Africa. Omega is the collaborating partner in this initiative and is the means by which the Burnet Institute will be able to deliver on its project manufacturing goal. The Burnet Institute agreed to provide Omega with grant funding of £0.36 million and 90% of these funds were received before the end of the year. Manufacturing facilities have been located in Pune, India, and since the year end, a five-year lease has been taken out over these premises to accelerate delivery of this goal. We also received an interim instalment of £32,000 from Scottish Enterprise under the Regional Selective Assistance Programme.

Operating cash flow

Omega continues to manage its working capital efficiently and generated operating income of £1.67 million (2013: £1.01 million) in the year, including the grant income referred to above. Excluding this grant income, the Group has achieved a conversion rate of adjusted operating profit (operating profit plus amortisation of intangible assets plus share-based payments) to operating cash of 122% (2013: 129%).

Foreign exchange

The Group has investments in overseas operations and conducts trading transactions in currencies other than sterling. The principal currencies used and the average foreign exchange rates in the year are as follows:

	2013/14	2012/13
Sterling/US dollar	**1.60**	1.58
Sterling/euro	**1.186**	1.223
Sterling/Indian rupee	**96.33**	85.54

Profit and loss account

The Group has foreign-denominated bank accounts to allow for the receipt and settlement of amounts in connection with its normal trading operations. These transactions are subject to timing differences between when they are transacted and when they are settled which can give rise to foreign exchange differences. Foreign-denominated receivables, payables and bank balances are restated into sterling at closing balance sheet dates which also gives rise to foreign exchange differences. During the year, the Group incurred exchange losses of £74,000 (2013: £2,000) on these transactions which has been charged through the income statement.

Other comprehensive income

The Group has net assets in Germany and India, held in fully owned subsidiaries. The original investments in these subsidiaries are held at historic exchange rates. The difference between these historic balances and their restated amounts at the most recent closing balance sheet rates gives rise to movements which are recorded through other comprehensive income and included within retained earnings on the balance sheet. During the year, there has been a charge of £127,000 (2013: £27,000 credit) on the retranslation of foreign operations.

Kieron Harbinson
Group Finance Director
20 June 2014

Andrew Shepherd
Chief Executive
20 June 2014

The Strategic Report was approved by the Board of Directors on 20 June 2014 and signed on its behalf by Kieron Harbinson, Group Finance Director, and Andrew Shepherd, Chief Executive.

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 40 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 senior finance roles. 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.

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 (resigned 8 July 2013)
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.

William Rhodes (appointed 1 May 2013)
Non-executive Director
During his 14 year career with Becton, Dickinson and Co., one of the world's leading suppliers of medical, diagnostic and life science research products, Bill held a number of senior leadership positions, and until the end of 2012, was BD's Senior Vice President, Corporate Strategy and Development, being responsible for BD's worldwide mergers and acquisitions and corporate strategies. Previously, he was Worldwide President of BD Biosciences, a business segment with turnover of over US$1.0 billion, including the provision of flow cytometry instruments and their associated reagents for CD4 testing used in a wide range of laboratory settings. Prior to working for BD, Bill held senior business development positions with Pfizer Inc. and Johnson and Johnson.

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 30 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 was 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 30 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 24 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 has transitioned the Group's 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.

Corporate Governance Report

As an AIM-quoted company, the Group is not required to produce a corporate governance report nor comply with the requirements of the UK Corporate Governance 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 William Rhodes, Non-executive Director, are considered by the Board to be independent in character and judgement. 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, approving major items of capital expenditure and reviewing and approving acquisitions. The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively. William Rhodes was appointed to the Board as a Non-executive Director on 1 May 2013.

During the financial year, the Board met on eleven occasions. Of the eleven meetings David Evans, Andrew Shepherd, Kieron Harbinson and Jag Grewal attended all eleven and William Rhodes attended nine out of ten meetings he was entitled to attend. Michael Gurner resigned as a Director on 8 July 2013 and attended three out of three meetings he was entitled to attend.

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

- Epistem Holdings plc
- Momentum Biosciences Limited
- Scancell Holdings plc
- EKF Diagnostics plc
- Cytox Limited
- Venn Life Sciences plc
- Diagnostic Capital Limited
- Lochglen Whisky Limited
- St Andrews Golf Art Limited
- Spectrum Limited (Rainbow Seed Fund)
- OptiBiotix Health Limited
- Permaitha Limited
- Integrated Magnetic Systems Limited
- Collagen Solutions plc

The Audit Committee

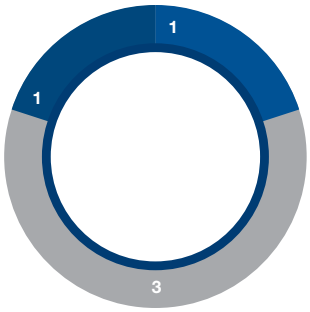
The Audit Committee has met on two occasions during the year and once since the year end. The Committee is comprised of David Evans, as Chairman, and William Rhodes and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and financial reporting, 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. William Rhodes replaced Michael Gurner who resigned from the Board on 8 July 2013.

Responsibilities of the Board

- Setting corporate strategy
- Approving the annual budget
- Reviewing financial performance
- Agreeing the renewal of and any new banking/treasury facilities
- Approving major items of capital expenditure
- Reviewing and approving acquisitions

The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively.

Executive/Non-executive Board membership



Board attendance throughout the year

	Board	Audit	Remuneration
David Evans	11/11	3/3	3/3
Andrew Shepherd	11/11	—	—
Kieron Harbinson	11/11	—	—
Jag Grewal	11/11	—	—
Michael Gurner	3/3	—	—
William Rhodes	9/10	3/3	3/3

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, re-appointment 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 three occasions during the year. The Committee is comprised of David Evans, as Chairman, and William Rhodes and has primary responsibility for determining and agreeing with the Board the remuneration of the Company's Chief Executive, Chairman, Executive Directors, 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. William Rhodes replaced Michael Gurner who resigned from the Board on 8 July 2013.

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 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 Strategic Report, which runs on pages 6 to 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 and 19. In addition, Note 22 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 recent renewal of overdraft facilities as well as the successful fundraising of £4 million in June 2013 means that the Group has significant 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 and fully capitalise on the new product opportunities 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
20 June 2014

Advisers

Nominated adviser and broker
finnCap Limited
60 New Broad Street
London EC2M 1JJ

Auditors
Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

Solicitors
Brodies LLP
15 Atholl Crescent
Edinburgh EH3 8HA

Registrar
Share Registrars Limited
Suite E
First Floor, 9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

PR
Walbrook PR Limited
4 Lombard Street
London EC3V 9HD

Country of incorporation
England & Wales

Omega Diagnostics Group PLC
Registered number: 5017761

Directors' Report

The Directors present their Annual Report and Group financial statements for the year ended 31 March 2014.

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 £692,851 (2013: £582,266) which has been taken to reserves. The Directors do not propose to pay a dividend. The results are disclosed in more detail in the Strategic Report on pages 6 to 19.

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 profit for the year ended 31 March 2014 is £65,166 (2013: £59,896).

Business review and future development
A review of business and future development is discussed in more detail in the Strategic Report. Key performance indicators are disclosed and discussed on page 11.

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 14 and 15. Costs in the year amounted to £1,615,240 (2013: £1,167,274). Costs of £245,873 in relation to research activities (2013: £140,810) were expensed through the statement of comprehensive income and costs of £1,369,367 in relation to product development (2013: £1,026,464) were capitalised and included within intangible assets as detailed in Note 8.

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

- David Evans
- Michael Gurner (resigned 8 July 2013)
- Kieron Harbinson
- Andrew Shepherd
- Jag Grewal
- William Rhodes (appointed 1 May 2013)

Biographies of all Directors serving at the year end are on page 20.

Directors' interests
The beneficial interests of Directors who have served throughout the year are listed in the Directors' Remuneration Report on pages 27 and 28. 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 2014 and the date of this report.

Major interests in shares
As at 31 May 2014 the following shareholders held more than 3% of the Group's issued ordinary share capital:

	Number of 4 pence ordinary shares	Percentage
Legal & General Investment Management	19,476,471	17.91%
Liontrust Asset Management	8,711,494	8.01%
Octopus Investments Limited	6,676,930	6.14%
Mobeus Equity Partners LLP	6,541,600	6.02%
Unicorn Asset Management	4,266,750	3.92%
Charles Stanley Stockbrokers	3,695,149	3.40%
Barclays Stockbrokers	3,406,962	3.13%
Killik & Co LLP	3,395,643	3.12%
Richard Sneller	3,365,000	3.09%

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 Strategic Report contains details of the Group's system of internal control. Note 22 to the financial statements contains details of financial risks faced by the Group.

Donations
The Group made no charitable donations in the year (2013: £Nil) nor any political donations (2013: £Nil).

Auditors
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution for their re-appointment 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 20. 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
20 June 2014

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 David Evans and William Rhodes. 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 and Executive Directors. 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

During the year, Andrew Shepherd was issued with an option over 800,000 ordinary shares of the Group, Kieron Harbinson was issued with an option over 640,000 ordinary shares of the Group and Jag Grewal was issued with an option over 610,000 ordinary shares of the Group. All of the options were granted on 25 February 2014 and were under the Company's EMI Share Option Scheme.

William Rhodes was issued with an option over 2,130,406 ordinary shares of the Group. The option was granted under the Company's third Unapproved Option Scheme.

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 twelve 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. Michael Gurner resigned on 8 July 2013.

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.

William Rhodes was appointed a Non-executive Director of the Group on 1 May 2013 and is entitled to an annual fee of £40,000. The agreement will continue until terminated by either party giving to the other not less than one month's notice in writing.

Directors' emoluments

Consolidated	Fees/basic salary £	Bonuses £	Benefits in kind £	**Total 2014 £**	Total 2013 £
Executive					
Andrew Shepherd	145,000	—	—	**145,000**	145,000
Kieron Harbinson	115,000	—	1,561	**116,561**	116,506
Jag Grewal	110,000	—	—	**110,000**	110,000
Non-executive					
David Evans	25,000	—	—	**25,000**	25,000
William Rhodes	36,667	—	—	**36,667**	—
Michael Gurner	10,000	—	—	**10,000**	20,000

Directors' Remuneration Report continued

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

Directors' pension contributions

	2014 £	2013 £
Andrew Shepherd	**7,250**	7,250
Kieron Harbinson	**5,750**	5,750
Jag Grewal	**5,500**	5,500

Directors' interests in the 4 pence ordinary shares of Omega Diagnostics Group PLC:

	31 March 2014	31 March 2013
David Evans	**2,870,134**	2,870,134
Michael Gurner	**418,730**	271,671
Kieron Harbinson	**363,562**	294,150
Andrew Shepherd	**2,677,206**	2,618,030
Jag Grewal	**68,604**	—
William Rhodes	**—**	—

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

Directors' share options

	At 1 April 2013	Granted during the year	Lapsed during the year	Exercised during the year	At 31 March 2014	Option price pence	Date of grant	Earliest exercise date	Expiry date
David Evans	390,822	—	—	—	**390,822**	19.0p	10/12/08	10/12/09	10/12/18
William Rhodes	—	2,130,406	—	—	**2,130,406**	15.25p	04/07/13	04/07/16	04/07/23
Andrew Shepherd	703,480	—	—	—	**703,480**	19.0p	10/12/08	10/12/09	10/12/18
	600,000	—	—	—	**600,000**	14.5p	05/07/12	05/07/15	05/07/22
	—	800,000	—	—	**800,000**	30.5p	25/02/14	25/02/17	25/02/24
Kieron Harbinson	468,987	—	—	—	**468,987**	19.0p	10/12/08	10/12/09	10/12/18
	300,000	—	—	—	**300,000**	14.5p	05/07/12	05/07/15	05/07/22
	—	640,000	—	—	**640,000**	30.5p	25/02/14	25/02/17	25/02/24
Jag Grewal	100,000	—	—	—	**100,000**	13.25p	12/08/11	12/08/12	12/08/21
	200,000	—	—	—	**200,000**	14.5p	05/07/12	05/07/15	05/07/22
	—	610,000	—	—	**610,000**	30.5p	25/02/14	25/02/17	25/02/24

During the year Andrew Shepherd, Kieron Harbinson and Jag Grewal were issued with options under the Company's EMI Option Scheme and William Rhodes was issued with options under the Company's third Unapproved Option Scheme.

The share price at 31 March 2014 was 27.62 pence. The highest and lowest share price during the year was 31.62 pence and 13.12 pence respectively.

Approved by the Board

David Evans
Non-executive Director
20 June 2014

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 (IFRSs) 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 judgements and estimates that are reasonable.

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 Auditors' 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 2014 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 22. 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 auditors' 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 on 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 Group Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently material based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 Strategic Report and 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.

James Nisbet (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
20 June 2014

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2014

	Note	2014 £	2013 £
Continuing operations			
Revenue	7	**11,593,870**	11,262,898
Cost of sales		**(4,223,000)**	(4,209,905)
Gross profit		**7,370,870**	7,052,993
Administration costs		**(4,741,186)**	(4,448,646)
Selling and marketing costs		**(2,102,359)**	(2,297,702)
Operating profit	7	**527,325**	306,645
Finance costs	5	**(28,975)**	(32,914)
Finance income – interest receivable	7	**44,691**	2,493
Profit before taxation		**543,041**	276,224
Tax credit	6	**149,810**	306,042
Profit for the year		**692,851**	582,266
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**(126,514)**	26,970
Tax credit/(charge)		**13,488**	(4,922)
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods			
Actuarial gain/(loss) on defined benefit pensions		**51,941**	(50,439)
Tax (charge)/credit		**(12,071)**	12,900
Other comprehensive income for the year		**(73,156)**	(15,491)
Total comprehensive income for the year		**619,695**	566,775
Earnings per share (EPS)			
Basic and diluted EPS on profit for the year	21	**0.7p**	0.7p

Adjusted Profit Before Taxation
for the year ended 31 March 2014

	2014 £	2013 £
Profit before taxation	**543,041**	276,224
IFRS-related discount charges (included within Finance costs)	**12,575**	25,046
Fair value adjustments to financial derivatives (included within Finance costs)	**—**	(454)
Amortisation of intangible assets (included within Administration costs)	**414,308**	406,553
Share-based payment charges (included within Administration costs)	**125,987**	71,193
Adjusted profit before taxation	**1,095,911**	778,562
Earnings per share (EPS)		
Adjusted EPS on profit for the year	**1.2p**	1.3p

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 2014

	Note	2014 £	2013 £
ASSETS			
Non-current assets			
Intangibles	8	**11,259,215**	10,347,876
Property, plant and equipment	9	**2,283,911**	2,116,286
Deferred taxation	14	**1,138,404**	553,647
Retirement benefit surplus	18	**84,370**	31,886
Total non-current assets		**14,765,900**	13,049,695
Current assets			
Inventories	10	**1,692,941**	1,833,887
Trade and other receivables	11	**2,415,917**	2,556,762
Income tax receivable		**—**	7,106
Cash and cash equivalents		**3,116,013**	160,693
Total current assets		**7,224,871**	4,558,448
Total assets		**21,990,771**	17,608,143
EQUITY AND LIABILITIES			
Equity			
Issued capital		**16,727,516**	12,977,107
Retained earnings		**1,731,053**	985,371
Total equity		**18,458,569**	13,962,478
Liabilities			
Non-current liabilities			
Long-term borrowings	12	**319,044**	484,472
Deferred taxation	14	**1,042,925**	609,395
Total non-current liabilities		**1,361,969**	1,093,867
Current liabilities			
Short-term borrowings	12	**427,823**	367,649
Trade and other payables	13	**1,386,358**	1,684,149
Deferred income	13	**356,052**	—
Other financial liabilities	19	**—**	500,000
Total current liabilities		**2,170,233**	2,551,798
Total liabilities		**3,532,202**	3,645,665
Total equity and liabilities		**21,990,771**	17,608,143

David Evans
Non-executive Chairman
20 June 2014

Kieron Harbinson
Finance Director
20 June 2014

Omega Diagnostics Group PLC
Registered number: 5017761

Consolidated Statement of Changes in Equity
for the year ended 31 March 2014

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2012	4,145,580	8,831,527	347,403	13,324,510
Profit for the year ended 31 March 2013	—	—	582,266	582,266
Other comprehensive income – net exchange adjustments	—	—	26,970	26,970
Other comprehensive income – actuarial loss on defined benefit pensions	—	—	(50,439)	(50,439)
Other comprehensive income – tax credit	—	—	7,978	7,978
Total comprehensive income for the year	—	—	566,775	566,775
Share-based payments	—	—	71,193	71,193
Balance at 31 March 2013	4,145,580	8,831,527	985,371	13,962,478
Issue of share capital for cash consideration	941,176	3,058,824	—	4,000,000
Expenses in connection with share issue	—	(249,591)	—	(249,591)
Profit for the year ended 31 March 2014	—	—	692,851	692,851
Other comprehensive income – net exchange adjustments	—	—	(126,514)	(126,514)
Other comprehensive income – actuarial gain on defined benefit pensions	—	—	51,941	51,941
Other comprehensive income – tax credit	—	—	1,417	1,417
Total comprehensive income for the year	—	—	619,695	619,695
Share-based payments	—	—	125,987	125,987
Balance at 31 March 2014	**5,086,756**	**11,640,760**	**1,731,053**	**18,458,569**

Consolidated Cash Flow Statement
for the year ended 31 March 2014

	Note	2014 £	2013 £
Cash flows generated from operations			
Profit for the year		**692,851**	582,266
Adjustments for:			
Taxation		**(149,810)**	(306,042)
Finance costs		**28,975**	32,914
Finance income		**(44,691)**	(2,493)
Operating profit before working capital movement		**527,325**	306,645
Decrease/(increase) in trade and other receivables		**140,845**	(139,262)
Decrease/(increase) in inventories		**140,946**	(144,338)
(Decrease)/increase in trade and other payables		**(297,791)**	231,132
(Gain)/loss on sale of property, plant and equipment		**(11,224)**	1,010
Depreciation	9	**265,553**	268,699
Amortisation of intangible assets	8	**414,308**	406,553
Movement in grants		**356,052**	—
Share-based payments		**125,987**	71,193
Taxation received		**7,106**	13,321
Cash flow from operating activities		**1,669,107**	1,014,953
Investing activities			
Finance income		**44,691**	2,493
Purchase of property, plant and equipment	9	**(478,968)**	(308,876)
Purchase of intangible assets		**(1,880,845)**	(1,185,133)
Sale of property, plant and equipment		**32,500**	—
Net cash used in investing activities		**(2,282,622)**	(1,491,516)
Financing activities			
Finance costs		**(13,057)**	(6,107)
Proceeds from issue of share capital		**4,000,000**	—
Expenses of share issue		**(249,591)**	—
New finance leases		**282,365**	—
Loan repayments		**(360,000)**	(497,377)
Finance lease repayments		**(43,538)**	(18,759)
Net cash from/(used in) financing activities		**3,616,179**	(522,243)
Net increase/(decrease) in cash and cash equivalents		**3,002,664**	(998,806)
Effects of exchange rate movements		**(47,344)**	367
Cash and cash equivalents at beginning of year		**160,693**	1,159,132
Cash and cash equivalents at end of year		**3,116,013**	160,693

Company Balance Sheet
as at 31 March 2014

	Note	2014 £	2013 £
ASSETS			
Non-current assets			
Investments	20	**11,170,267**	10,928,927
Intangible assets	8	**1,531,786**	1,506,765
Deferred taxation		**125,613**	—
Total non-current assets		**12,827,666**	12,435,692
Current assets			
Trade and other receivables	11	**4,107,038**	4,127,911
Cash and cash equivalents		**1,987,153**	—
Total current assets		**6,094,191**	4,127,911
Total assets		**18,921,857**	16,563,603
EQUITY AND LIABILITIES			
Equity			
Issued capital		**17,717,191**	13,966,782
Retained earnings		**555,181**	364,028
Total equity		**18,272,372**	14,330,810
Liabilities			
Non-current liabilities			
Long-term borrowings	12	**111,526**	455,608
Total non-current liabilities		**111,526**	455,608
Current liabilities			
Short-term borrowings	12	**360,000**	360,000
Trade and other payables	13	**177,959**	660,865
Other financial liabilities	19	**—**	500,000
Bank overdraft		**—**	256,320
Total current liabilities		**537,959**	1,777,185
Total liabilities		**649,485**	2,232,793
Total equity and liabilities		**18,921,857**	16,563,603

David Evans
Non-executive Chairman
20 June 2014

Kieron Harbinson
Finance Director
20 June 2014

Omega Diagnostics Group PLC
Registered number: 5017761

Company Statement of Changes in Equity
for the year ended 31 March 2014

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2012	4,517,862	9,448,920	232,939	14,199,721
Profit for the year ended 31 March 2013	—	—	59,896	59,896
Total comprehensive income for the year	—	—	59,896	59,896
Share-based payments	—	—	71,193	71,193
Balance at 31 March 2013	4,517,862	9,448,920	364,028	14,330,810
Issue of share capital for cash consideration	941,176	3,058,824	—	4,000,000
Expenses in connection with share issue	—	(249,591)	—	(249,591)
Profit for the year ended 31 March 2014	—	—	65,166	65,166
Total comprehensive income for the year	—	—	65,166	65,166
Share-based payments	—	—	125,987	125,987
Balance at 31 March 2014	**5,459,038**	**12,258,153**	**555,181**	**18,272,372**

Company Cash Flow Statement
for the year ended 31 March 2014

	2014 £	2013 £
Cash flows generated from operations		
Profit for the year	**65,166**	59,896
Adjustments for:		
Taxation	**(125,613)**	(13,322)
Finance costs	**15,918**	27,830
Finance income	**(113,984)**	(74,026)
Operating (loss)/profit before working capital movement	**(158,513)**	378
Decrease in trade and other receivables	**20,873**	216,922
(Decrease)/increase in trade and other payables	**(482,906)**	153,483
Taxation received	**—**	13,321
Share-based payments	**125,987**	71,193
Net cash flow from operating activities	**(494,559)**	455,297
Investing activities		
Finance income	**113,983**	74,026
Purchase of intangible assets	**(525,021)**	(152,102)
Investment in subsidiaries	**(241,339)**	(154,009)
Net cash used in investing activities	**(652,377)**	(232,085)
Financing activities		
Finance costs	**—**	(1,024)
Proceeds from issue of share capital	**4,000,000**	—
Expenses of share issue	**(249,591)**	—
Loan repayments	**(360,000)**	(497,377)
Net cash flow from/(used in) financing activities	**3,390,409**	(498,401)
Net increase/(decrease) in cash and cash equivalents	**2,243,473**	(275,189)
Cash and cash equivalents at beginning of year	**(256,320)**	18,869
Cash/(overdraft) and cash equivalents at end of year	**1,987,153**	(256,320)

Notes to the Financial Statements
for the year ended 31 March 2014

1 Authorisation of financial statements
The financial statements of Omega Diagnostics Group PLC for the year ended 31 March 2014 were authorised for issue by the Board of Directors on 20 June 2014, 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 AIM.

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 a charge is made to the income statement. 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
Licenses/software	–	5 – 20 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 and initial feasibility work is written off through the income statement as incurred. Thereafter, expenditure on product development which meets certain criteria is capitalised and amortised over its useful life. The stage at when it is probable that the product will generate future economic benefits is when 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.

2 Accounting policies continued

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	–	3 to 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 assess 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 IAS 39, 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; or

– 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 twelve 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; or

– other liabilities.

Notes to the Financial Statements continued
for the year ended 31 March 2014

2 Accounting policies continued

Financial instruments 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.

2 Accounting policies continued

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 are recognised in profit or loss.

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.

Notes to the Financial Statements continued
for the year ended 31 March 2014

2 Accounting policies continued

Use of estimates and judgements continued

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 overleaf. 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 8.

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 2014 is £1,138,404 (2013: £553,647). Further details are contained in Note 14.

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 (annual periods beginning on or after)
IAS 36 (Amendment)	Impairment of assets	1 January 2014
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
	Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
	Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014

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. The following standards were adopted with no material impact – IAS 1 (Amendment), IAS 19 (Revised) and IFRS 13.

4 Segment information

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 disease 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.

4 Segment information continued

Business segment information

2014	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ other £	Corporate £	Group £
Statutory presentation					
Revenue	4,086,060	6,307,793	2,616,700	—	13,010,553
Inter-segment revenue	(119,442)	(1,130,298)	(166,943)	—	(1,416,683)
Total revenue	3,966,618	5,177,495	2,449,757	—	11,593,870
Operating costs	(4,033,421)	(3,618,695)	(2,558,105)	(856,324)	(11,066,545)
Operating (loss)/profit	(66,803)	1,558,800	(108,348)	(856,324)	527,325
Net finance (costs)/income	(69,812)	323	(12,859)	98,064	15,716
(Loss)/profit before taxation	**(136,615)**	**1,559,123**	**(121,207)**	**(758,260)**	**543,041**
Adjusted profit before taxation					
(Loss)/profit before taxation	(136,615)	1,559,123	(121,207)	(758,260)	543,041
IFRS-related discount charges	—	—	—	12,575	12,575
Amortisation of intangible assets	288,989	98,885	26,434	—	414,308
Share-based payment charges	—	—	—	125,987	125,987
Adjusted profit/(loss) before taxation	**152,374**	**1,658,008**	**(94,773)**	**(619,698)**	**1,095,911**

2013	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ other £	Corporate £	Group £
Statutory presentation					
Revenue	4,254,313	5,222,919	2,869,053	—	12,346,285
Inter-segment revenue	(93,304)	(833,232)	(156,851)	—	(1,083,387)
Total revenue	4,161,009	4,389,687	2,712,202	—	11,262,898
Operating costs	(4,391,981)	(3,258,964)	(2,559,475)	(745,833)	(10,956,253)
Operating (loss)/profit	(230,972)	1,130,723	152,727	(745,833)	306,645
Net finance (costs)/income	(72,362)	513	(4,868)	46,296	(30,421)
(Loss)/profit before taxation	(303,334)	1,131,236	147,859	(699,537)	276,224
Adjusted profit before taxation					
(Loss)/profit before taxation	(303,334)	1,131,236	147,859	(699,537)	276,224
IFRS-related discount charges	—	—	—	25,046	25,046
Fair value adjustments to financial derivatives	—	—	—	(454)	(454)
Amortisation of intangible assets	282,412	98,866	25,275	—	406,553
Share-based payment charges	—	—	—	71,193	71,193
Adjusted (loss)/profit before taxation	(20,922)	1,230,102	173,134	(603,752)	778,562

The segment assets and liabilities are as follows:

2014	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ other £	Corporate £	Group £
Segment assets	8,942,934	6,062,066	2,730,161	1,193	17,736,354
Unallocated assets	—	—	—	—	4,254,417
Total assets	**8,942,934**	**6,062,066**	**2,730,161**	**1,193**	**21,990,771**
Segment liabilities	195,440	396,536	994,550	155,884	1,742,410
Unallocated liabilities	—	—	—	—	1,789,792
Total liabilities	**195,440**	**396,536**	**994,550**	**155,884**	**3,532,202**

Notes to the Financial Statements continued
for the year ended 31 March 2014

4 Segment information continued

Business segment information continued

2013	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ other £	Corporate £	Group £
Segment assets	9,019,799	5,551,814	2,298,462	16,622	16,886,697
Unallocated assets	—	—	—	—	721,446
Total assets	9,019,799	5,551,814	2,298,462	16,622	17,608,143
Segment liabilities	337,982	355,997	849,050	141,121	1,684,150
Unallocated liabilities	—	—	—	—	1,961,515
Total liabilities	337,982	355,997	849,050	141,121	3,645,665

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.

	2014 £	2013 £
Revenues		
UK	**841,880**	991,513
Germany	**3,503,074**	3,654,701
Rest of Europe	**3,084,683**	2,752,442
North America	**393,761**	348,984
South/Central America	**714,672**	511,968
India	**450,805**	399,775
Asia and Far East	**1,094,649**	1,041,788
Africa and Middle East	**1,510,346**	1,561,727
	11,593,870	11,262,898

2014	**Intangibles £**	**Property, plant and equipment £**	**Retirement benefit surplus £**	**Inventories £**	**Trade and other receivables £**	**Total £**
Assets						
UK	**8,608,729**	**1,313,607**	**—**	**862,706**	**2,008,074**	**12,793,116**
Germany	**2,646,298**	**951,920**	**84,370**	**762,079**	**283,135**	**4,727,802**
India	**4,188**	**18,384**	**—**	**68,156**	**124,708**	**215,436**
Unallocated assets	**—**	**—**	**—**	**—**	**—**	**4,254,417**
Total assets	**11,259,215**	**2,283,911**	**84,370**	**1,692,941**	**2,415,917**	**21,990,771**

2013	Intangibles £	Property, plant and equipment £	Retirement benefit surplus £	Inventories £	Trade and other receivables £	Total £
Assets						
UK	7,443,646	995,942	—	899,494	2,073,849	11,412,931
Germany	2,900,341	1,090,479	31,886	849,865	381,648	5,254,219
India	3,889	29,865	—	84,528	101,265	219,547
Unallocated assets	—	—	—	—	—	721,446
Total assets	10,347,876	2,116,286	31,886	1,833,887	2,556,762	17,608,143

4 Segment information continued

Geographical information continued

	2014 £	2013 £
Liabilities		
UK	**1,546,872**	1,365,434
Germany	**139,128**	256,346
India	**56,410**	62,370
Unallocated liabilities	**1,789,792**	1,961,515
Total liabilities	**3,532,202**	3,645,665
Capital expenditure		
UK	**457,306**	256,568
Germany	**20,392**	42,318
India	**1,270**	9,990
Total capital expenditure	**478,968**	308,876

5 Finance costs

Consolidated	2014 £	2013 £
Interest payable on loans and bank overdrafts	**6,872**	6,471
Exchange difference on loans	**—**	927
Unwinding of discounts	**13,118**	21,732
Fair value adjustment to financial derivatives	**—**	(454)
Finance leases	**8,985**	4,238
	28,975	32,914

6 Taxation

Consolidated	2014 £	2013 £
(a) Tax credited in the income statement		
Current tax – current year	**—**	—
Current tax – prior year adjustment	**—**	16,373
Deferred tax – current year	**316,525**	163,462
Deferred tax – prior year adjustment	**(166,715)**	126,207
	149,810	306,042
(b) Tax relating to items charged or credited to other comprehensive income		
Deferred tax on actuarial (gain)/loss on retirement benefit obligations	**(12,071)**	12,900
Deferred tax on net exchange adjustments	**13,488**	(4,922)
Total tax credit	**1,417**	7,978

Consolidated	2014 £	2013 £
(c) Reconciliation of total tax credit		
Factors affecting the tax charge for the year:		
Profit before tax	**543,041**	276,224
Effective rate of taxation	**23%**	24%
Profit before tax multiplied by the effective rate of tax	**124,899**	66,294
Effects of:		
Expenses not deductible for tax purposes and permanent differences	**4,191**	4,337
Other timing differences	**28,977**	17,086
Research and development and deferred tax credits	**(444,853)**	(227,422)
Tax under/(over)-provided in prior years	**166,715**	(142,580)
Adjustment due to different overseas tax rate	**(9,512)**	(9,372)
Impact of UK rate change on deferred tax	**(20,227)**	(14,385)
Tax credit for the year	**(149,810)**	(306,042)

Notes to the Financial Statements continued
for the year ended 31 March 2014

6 Taxation continued

The UK government has announced that the main UK corporation tax rate will be reduced from the current rate of 23%, which has applied from 1 April 2013, to 20% via a 2% reduction at 1 April 2014 and a 1% reduction at 1 April 2015. The reductions in the corporation tax rates to 21% and 20% were included within the 2013 Finance Act that was enacted on 17 July 2013. At 31 March 2014 the changes in the corporation tax rate from 23% to 21% on 1 April 2014 and 21% to 20% on 1 April 2015 had been substantively enacted and therefore the deferred tax assets and liabilities included within these results have been calculated based on the reduced current UK corporation tax rate of 20% on the basis that this is the rate at which the majority of the deferred tax assets and liabilities are expected to reverse.

7 Revenue and expenses

Consolidated	2014 £	2013 £
Revenue		
Revenue – sales of goods	**11,593,870**	11,262,898
Finance income	**44,691**	2,493
Total revenue	**11,638,561**	11,265,391

Consolidated	2014 £	2013 £
Operating profit is stated after charging/crediting:		
Material costs	**3,077,807**	3,053,462
Depreciation	**265,553**	268,699
Amortisation of intangibles	**414,308**	406,553
Net foreign exchange losses/(gains)	**73,596**	(4,863)
Research and development costs	**245,873**	140,810
Operating lease rentals	**252,904**	254,476
Share-based payments	**125,987**	71,193
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the annual accounts:	**20,000**	20,000
Local statutory audit of subsidiaries	**50,000**	50,000
Local statutory audit of the parent Company	**5,000**	5,000
Fees payable to the Company's auditors for other services:		
Taxation compliance	**12,500**	12,500
Taxation advisory	**2,000**	2,000

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	2014 number	2013 number
Operations	**81**	74
Management and administration	**54**	52
Employee numbers	**135**	126

Their aggregate remuneration comprised:

	2014 £	2013 £
Wages and salaries	**4,010,042**	3,967,856
Social security costs	**484,770**	490,079
Pension costs	**189,353**	225,344
Share-based payments	**125,987**	71,193
	4,810,152	4,754,472

7 Revenue and expenses continued

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 do not require to be the subject of any performance criteria. The scheme rules allow for performance criteria to be applied in appropriate cases.

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.

Third Unapproved Option Scheme (TUOS)

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 Directors 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 three years after the date of grant and are subject to 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 70,000 options lapsed during the year and a further 3,320,000 were granted. Under the third Unapproved Option Scheme (TUOS) during the year 2,130,406 options were granted.

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

	2014 number	**2014 WAEP**	2013 number	2013 WAEP
Outstanding 1 April	**3,598,289**	**17.9p**	2,283,289	19.0p
Granted during the year under the EMI Option Scheme	**3,320,000**	**29.26p**	1,450,000	14.5p
Granted during the year under the TUOS	**2,130,406**	**15.25p**	—	—
Exercised during the year	**—**	**—**	—	—
Lapsed during the year under the EMI Option Scheme	**(70,000)**	**—**	(135,000)	—
Outstanding at 31 March 2014	**8,978,695**	**—**	3,598,289	—
Exercisable at 31 March 2014	**2,498,289**	**—**	2,148,289	—

The following table lists the inputs to the model used for the years ended 31 March 2014 and 31 March 2013:

	EMI Option Scheme and Unapproved Option Schemes	
	2014	2013
Dividend yield	**0%**	0%
Expected volatility	**41%**	47%
Risk-free interest rate	**5%**	5%
Weighted average remaining contractual life	**7.7**	7.4
Weighted average share price	**23.8p**	14.5p
Exercise price	**23.8p**	14.5p
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.

Notes to the Financial Statements continued
for the year ended 31 March 2014

7 Revenue and expenses continued

Directors' remuneration

Consolidated	2014 £	2013 £
Fees	**71,667**	45,000
Emoluments	**371,561**	371,506
	443,228	416,506
Contributions to personal pension	**18,500**	18,500
	461,728	435,006
Members of a defined contribution pension scheme at the year end	**3**	3

Information in respect of individual Directors' emoluments is provided in the Directors' Remuneration Report on pages 27 and 28.

8 Intangibles

	Goodwill £	Licences/ software £	Supply arrangements £	Technology assets £	Customer relationships £	Development costs £	Total £
Cost							
At 31 March 2012	4,672,941	1,136,416	521,914	2,146,805	1,219,940	298,806	9,996,822
Additions	—	570,582	—	—	—	—	570,582
Additions internally generated	—	—	—	—	—	1,026,464	1,026,464
Currency translation	11,837	1,925	4,669	1,538	10,018	4,480	34,467
At 31 March 2013	4,684,778	1,708,923	526,583	2,148,343	1,229,958	1,329,750	11,628,335
Additions	—	11,478	—	—	—	—	11,478
Additions internally generated	—	—	—	—	—	1,369,367	1,369,367
Currency translation	(27,256)	(3,999)	(10,752)	(3,539)	(23,072)	(5,924)	(74,542)
At 31 March 2014	**4,657,522**	**1,716,402**	**515,831**	**2,144,804**	**1,206,886**	**2,693,193**	**12,934,638**
Accumulated amortisation							
At 31 March 2012	—	45,947	130,479	493,592	190,732	—	860,750
Amortisation charge in the year	—	44,948	101,739	130,710	129,156	—	406,553
Currency translation	—	1,824	4,745	1,490	5,097	—	13,156
At 31 March 2013	—	92,719	236,963	625,792	324,985	—	1,280,459
Amortisation charge in the year	—	44,243	105,283	131,823	132,959	—	414,308
Currency translation	—	(2,726)	(6,955)	(2,185)	(7,478)	—	(19,344)
At 31 March 2014	**—**	**134,236**	**335,291**	**755,430**	**450,466**	**—**	**1,675,423**
Net book value 31 March 2014	**4,657,522**	**1,582,166**	**180,540**	**1,389,374**	**756,420**	**2,693,193**	**11,259,215**
31 March 2013	4,684,778	1,616,204	289,620	1,522,551	904,973	1,329,750	10,347,876
31 March 2012	4,672,941	1,090,469	391,435	1,653,213	1,029,208	298,806	9,136,072

Of the Development costs balance above of £2,693,193, costs of £629,021 relate to the Visitect® CD4 project and costs of £2,064,172 relate to the Allergy iSYS project.

Of the licences/software balance above, £1,531,786 (2013: £1,506,765) is held on the balance sheet of the Company and relates to the IDS and CD4 licences. Additional costs of £25,021 were capitalised in the year in relation to these 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 (2013: £3,016,892), Co-Tek £332,986 (2013: £332,986) and Omega GmbH £1,307,644 (2013: £1,334,900).

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 actual results for the year ended 31 March 2014 and the financial budget approved by the Board covering the period to 31 March 2015, with projected cash flows thereafter through to March 2018 based on a growth rate of 3% per annum. The key assumptions used in the budget for Genesis-CNS are the sales projections which are predicated on the continued success of Genarrayt® and Food Detective®. 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 sales in the German market at the levels achieved in previous years as well as achieving a small 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.

8 Intangibles continued

Impairment testing of goodwill continued

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 3%, which 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 £6.6 million above carrying value for Genesis-CNS, headroom of £0.7 million above carrying value for Co-Tek and headroom of £0.6 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 3% to 1% this would have the effect of reducing the headroom in Genesis-CNS by £227,000 over five years, in Co-Tek by £40,000 over five years and in Omega GmbH by £33,000 over five years.

For Genesis-CNS, the discount rate would have to increase to 63% or the growth rate would have to be a decline of 132% for the headroom to reduce to £Nil.

For Co-Tek, the discount rate would have to increase to 82% or the growth rate would have to be a decline of 59% for the headroom to reduce to £Nil.

For Omega GmbH, the discount rate would have to increase to 20% or the growth rate would have to be a decline of 42% for the headroom to reduce to £Nil.

9 Property, plant and equipment

Consolidated	Land and property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 31 March 2012	687,813	221,882	2,505,305	49,209	3,464,209
Additions	—	19,958	288,918	—	308,876
Disposals	—	—	(4,907)	—	(4,907)
Currency translation	6,152	85	8,394	441	15,072
At 31 March 2013	693,965	241,925	2,797,710	49,650	3,783,250
Additions	—	17,077	461,891	—	478,968
Disposals	—	—	(108,635)	—	(108,635)
Currency translation	(14,170)	(1,430)	(18,756)	(1,014)	(35,370)
At 31 March 2014	**679,795**	**257,572**	**3,132,210**	**48,636**	**4,118,213**
Accumulated depreciation					
At 31 March 2012	23,450	118,729	1,237,687	15,834	1,395,700
Charge in the year	18,348	27,605	212,818	9,928	268,699
Disposals	—	—	(3,897)	—	(3,897)
Currency translation	853	282	4,837	490	6,462
At 31 March 2013	42,651	146,616	1,451,445	26,252	1,666,964
Charge in the year	18,984	20,562	215,733	10,274	265,553
Disposals	—	—	(87,359)	—	(87,359)
Currency translation	(1,253)	(840)	(8,020)	(743)	(10,856)
At 31 March 2014	**60,382**	**166,338**	**1,571,799**	**35,783**	**1,834,302**
Net book value 31 March 2014	**619,413**	**91,234**	**1,560,411**	**12,853**	**2,283,911**
31 March 2013	651,314	95,309	1,346,265	23,398	2,116,286
31 March 2012	664,363	103,153	1,267,618	33,375	2,068,509

The net book value of plant and machinery held under finance leases at 31 March 2014 is £323,675 (2013: £24,636).

Notes to the Financial Statements continued
for the year ended 31 March 2014

10 Inventories

	2014 £	2013 £
Raw materials	**1,121,638**	993,354
Work in progress	**112,482**	121,667
Finished goods and goods for resale	**458,821**	718,866
	1,692,941	1,833,887

11 Trade and other receivables

Consolidated	2014 £	2013 £
Trade receivables	**2,206,136**	2,309,765
Less provision for impairment of receivables	**(14,117)**	(14,117)
Trade receivables – net	**2,192,019**	2,295,648
Prepayments and other receivables	**223,898**	261,114
	2,415,917	2,556,762

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

Company	2014 £	2013 £
Prepayments and other receivables	**1,193**	16,622
Due from subsidiary companies	**4,105,845**	4,111,289
	4,107,038	4,127,911

Analysis of trade receivables

Consolidated	2014 £	2013 £
Neither impaired nor past due	**2,034,515**	1,857,402
Past due but not impaired	**157,504**	438,246

Company	2014 £	2013 £
Neither impaired nor past due	**4,105,845**	4,111,289

Ageing of past due but not impaired trade receivables

	2014 £	2013 £
Up to three months	**150,972**	295,148
Between three and six months	**25**	32,329
More than six months	**6,507**	110,769

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.

12 Interest-bearing loans and borrowings and financial instruments

Consolidated	2014 £	2013 £
Current		
Other loans	**360,000**	360,000
Obligations under finance leases	**67,823**	7,649
	427,823	367,649
Non-current		
Obligations under finance leases	**207,518**	28,864
Other loans	**111,526**	455,608
	319,044	484,472

The Directors consider that the carrying amount of other loans and finance obligations approximates their fair values.

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:

	2014 £	2013 £
Future minimum payments due:		
Not later than one year	**80,258**	10,007
After one year but not more than five years	**224,146**	32,524
	304,404	42,531
Less finance charges allocated to future periods	**29,062**	6,018
Present value of minimum lease payments	**275,342**	36,513
The present value of minimum lease payments is analysed as follows:		
Not later than one year	**67,824**	7,649
After one year but not more than five years	**207,518**	28,864
	275,342	36,513

Consolidated	2014 £	2013 £
Other loans comprise the following:		
Vendor loan – 2014 (base rate)	**471,526**	815,608
	471,526	815,608

Company	2014 £	2013 £
Current		
Other loans	**360,000**	360,000
Non-current		
Other loans	**111,526**	455,608

Company	2014 £	2013 £
Other loans comprise the following:		
Vendor loan – 2014 (base rate)	**471,526**	815,608

Notes to the Financial Statements continued
for the year ended 31 March 2014

13 Trade and other payables

Consolidated	2014 £	2013 £
Trade payables	**821,793**	1,231,405
Social security costs	**128,510**	135,292
Accruals and other payables	**436,055**	317,452
	1,386,358	1,684,149

UNITAID and Scottish Enterprise grant funding as detailed in the Financial review totalling £356,052 is included as deferred income on the Consolidated Balance Sheet.

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	2014 £	2013 £
Trade payables	**1,920**	42,527
Accruals and other payables	**153,963**	98,594
Due to subsidiary companies	**22,076**	519,744
	177,959	660,865

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.

14 Deferred taxation

The deferred tax asset is made up as follows:

Consolidated	2014 £	2013 £
Decelerated capital allowances	**2,665**	2,676
Temporary differences	**134,026**	46,261
Tax losses carried forward	**1,001,713**	504,710
	1,138,404	553,647

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	2014 £	2013 £
Fair value adjustments on acquisition	**360,992**	400,163
Accelerated capital allowances	**121,521**	49,684
Other timing differences	**560,412**	151,056
Retirement benefit obligations	**—**	8,492
	1,042,925	609,395

15 Share capital

Company	2014 number	2013 number
Authorised share capital		
Ordinary shares of 4.0 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 ordinary share capital		
At the beginning of the year	**85,216,257**	85,216,257
Issued during the year	**23,529,412**	—
At the end of the year	**108,745,669**	85,216,257

During the year to 31 March 2014, the Company granted options over 5,450,406 ordinary shares at an average exercise price of 23.8 pence per share. The options will expire if not exercised within ten years of the date of grant.

16 Commitments and contingencies

Operating lease commitments

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

Consolidated	2014 £	2013 £
Land and buildings:		
Within one year	**221,636**	221,636
Within two to five years	**693,137**	793,477
After five years	**250,689**	371,985
Other:		
Within one year	**33,702**	35,357
Within two to five years	**98,700**	92,709
After five years	**1,480**	19,240

Land and buildings leases in force for Omega Diagnostics Limited premises extend to 30 June 2021. The land and buildings leases in force for the premises of Genesis Diagnostics Limited and Cambridge Nutritional Sciences extend to March 2017.

Other leases are in force for office equipment items and extend to time periods ranging from April 2014 to June 2021. The leases may be extended at the expiry of their term.

Performance bonds

The Group has performance bonds and guarantees in place amounting to £35,372 at 31 March 2014 (2013: £34,610).

17 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:

	2014 £	2013 £
Short-term employee benefits	**943,292**	912,875
Share-based payments	**104,925**	45,934
Post-employment benefits	**40,375**	40,375
	1,088,592	999,184

Included within short-term employee benefits are amounts paid to MBA Consultancy of £25,000 (2013: £25,000), a company controlled by David Evans, £10,000 (2013: £20,000) to Holdmer Associates Limited, a company controlled by Michael Gurner, and £36,667 (2013: £Nil) paid to Third Day Advisors, a company controlled by William Rhodes.

Other related party transactions

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

At 31 March 2014	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £	Dx (Asia) £
Omega Diagnostics Group PLC	**—**	**(1,578,718)**	**(33,634)**	**22,076**	**—**	**(2,493,492)**	**—**
Omega Diagnostics Limited	**1,578,718**	**—**	**742,615**	**393,710**	**7,121**	**—**	**(48,183)**
Genesis Diagnostics Limited	**33,634**	**(742,615)**	**—**	**(161,729)**	**(41,608)**	**—**	**(48,193)**
Cambridge Nutritional Sciences Limited	**(22,076)**	**(393,710)**	**161,729**	**—**	**(20,000)**	**—**	**(6,837)**
Co-Tek (South West) Limited	**—**	**(7,121)**	**41,608**	**20,000**	**—**	**—**	**—**
Omega GmbH	**2,493,492**	**—**	**—**	**—**	**—**	**—**	**—**
Omega Dx (Asia)	**—**	**48,183**	**48,193**	**6,837**	**—**	**—**	**—**

At 31 March 2013	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £	Dx (Asia) £
Omega Diagnostics Group PLC	—	(1,362,530)	194,167	325,577	—	(2,748,759)	—
Omega Diagnostics Limited	1,362,530	—	131,508	240,498	15,424	—	(59,727)
Genesis Diagnostics Limited	(194,167)	(131,508)	—	(183,891)	(20,391)	—	(69,778)
Cambridge Nutritional Sciences Limited	(325,577)	(240,498)	183,891	—	—	—	(6,054)
Co-Tek (South West) Limited	—	(15,424)	20,391	—	—	—	—
Omega GmbH	2,748,759	—	—	—	—	—	(18,132)
Omega Dx (Asia)	—	59,727	69,778	6,054	—	18,132	—

Notes to the Financial Statements continued
for the year ended 31 March 2014

17 Related party transactions continued

Other related party transactions continued

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

	2014 £	2013 £
Balance at 1 April	**3,591,545**	3,960,974
Charges to subsidiary companies	**757,002**	722,300
Transfers of cash from subsidiary companies	**(264,779)**	(1,091,729)
Balance at 31 March 2014	**4,083,768**	3,591,545

18 Retirement benefit obligations

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

Details of the defined contribution schemes for the Group's employees are given below in Note (a). Details of the defined benefit 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 IAS 19 – 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 £59,165 (2013: £62,775).

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 IAS 19 – Employee Benefits. Formal valuations of each scheme have been carried out by Towers Watson (Reutlingen) GmbH, who are independent, professionally qualified actuaries, on 5 May 2014 using the following assumptions:

	2014	2013
Discount rate	**3.82%**	3.82%
Future salary increases	**2.50%**	2.50%
Future pension increases	**1.75%**	1.75%
Price inflation	**1.75%**	2.00%

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

	2014 £	2013 £
Defined benefit obligation	**1,695,381**	1,664,439
Fair value of plan assets	**1,779,751**	1,696,325
Net asset	**84,370**	31,886

(ii) The amounts charged/(credited) to operating profit:

	2014 £	2013 £
Current service costs	**123,726**	162,569
Interest cost on the defined benefit obligation	**62,283**	68,530
Interest income on plan assets	**(63,477)**	(64,450)
Total included in employee benefits expense	**122,532**	166,649

The current service costs for the year, £122,532 (2013: £166,649), have been included in administration costs.

18 Retirement benefit obligations continued

b) Defined benefit schemes continued

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

	2014 £	2013 £
Actuarial gain/(loss) arising during the period	**101,447**	(64,211)
Return on plan assets	**(49,506)**	13,772
Total actuarial gain/(loss) on pensions	**51,941**	(50,439)

(iv) Changes in the defined obligation during the year:

	2014 £	2013 £
Opening defined benefit obligation	**1,664,439**	1,358,452
Current service cost	**123,726**	162,569
Interest cost	**62,283**	68,530
Actuarial (gain)/loss on plan liabilities	**(101,447)**	64,211
Exchange differences on foreign plans	**(33,985)**	10,677
Benefits paid	**(19,635)**	—
Closing defined benefit obligation	**1,695,381**	1,664,439

The weighted average duration of the defined benefit obligation is 18 years.

(v) Changes in plan assets during the year:

	2014 £	2013 £
Opening fair value of plan assets	**1,696,325**	1,444,091
Interest income	**63,477**	64,450
Return on plan assets	**(49,506)**	13,772
Contributions by employer	**123,726**	162,569
Exchange differences on foreign plans	**(34,636)**	11,443
Benefits paid	**(19,635)**	—
Closing fair value of plan assets	**1,779,751**	1,696,325

Fair value of plan assets:

	Quoted £	Unquoted £	Total £
Equities	355,950	—	355,950
Bonds/debt instruments	723,633	397,610	1,121,243
Cash/other	302,558	—	302,558
Total value of plan assets	**1,382,141**	**397,610**	**1,779,751**

Notes to the Financial Statements continued
for the year ended 31 March 2014

18 Retirement benefit obligations continued

b) Defined benefit schemes continued

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

	2014	2013
Equities	**20%**	15%
Bonds/debt instruments	**63%**	68%
Cash/other	**17%**	17%

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

The Group expects to contribute £125,000 to its defined benefit pension plans in the year ending 31 March 2015.

(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) Sensitivity analysis

Changes in assumptions compared with March 2014 actuarial assumptions:

	Effect on defined benefit obligation 2014 £
Discount rate	
Increase by 1%	**(264,585)**
Decrease by 1%	**342,208**
Inflation rate	
Increase by 0.5%	**149,277**
Decrease by 0.5%	**(132,930)**

19 Other financial liabilities

Consolidated and Company	2014 £
As at 1 April 2013	**500,000**
Payment in year to IDS	**(500,000)**
As at 31 March 2014	**–**

At 31 March 2013 the liability related to a final payment due to IDS under the licence agreement and was paid on 28 March 2014.

20 Investments

Company

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

	Country of incorporation	2014 £	2013 £
Investment in Omega Diagnostics Limited	UK	**1,752,884**	1,752,884
Investment in Genesis Diagnostics Limited	UK	**1,845,066**	1,845,066
Investment in Cambridge Nutritional Sciences Limited	UK	**4,034,110**	4,034,110
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)	India	**514,906**	273,566
		11,170,267	10,928,927

The further investment in the year relates to continued funding of Omega Dx (Asia).

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

21 Earnings per share

Basic earnings per share is 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 is 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.

	2014 £	2013 £
Profit attributable to equity holders of the Group	**692,851**	582,266

	2014 number	2013 number
Basic average number of shares	**104,052,644**	85,216,257
Share options	**1,043,840**	52,703
Diluted weighted average number of shares	**105,096,484**	85,268,960

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 better assess trends in financial performance.

	2014 £	2013 £
Adjusted profit before taxation	**1,095,911**	778,562
Tax credit	**149,810**	306,042
Adjusted profit attributable to equity holders of the Group	**1,245,721**	1,084,604

22 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	Loans and receivables £	Total £
2014		
Trade receivables	2,192,019	2,192,019
Cash and cash equivalents	3,116,013	3,116,013
	5,308,032	**5,308,032**

Assets as per the consolidated balance sheet	Loans and receivables £	Total £
2013		
Trade receivables	2,295,648	2,295,648
Cash and cash equivalents	160,693	160,693
	2,456,341	2,456,341

Notes to the Financial Statements continued
for the year ended 31 March 2014

22 Financial instruments continued

Assets as per the Company balance sheet	Loans and receivables £	Total £
2014		
Due from subsidiary companies	4,105,845	4,105,845
Cash and cash equivalents	1,987,153	1,987,153
	6,092,998	**6,092,998**

Assets as per the Company balance sheet	Loans and receivables £	Total £
2013		
Due from subsidiary companies	4,111,289	4,111,289
Cash and cash equivalents	—	—
	4,111,289	4,111,289

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2014			
Trade payables	—	821,793	821,793
Obligations under finance leases	—	275,342	275,342
Other loans (designated on initial recognition)	471,526	—	471,526
Other financial liabilities	—	—	—
	471,526	**1,097,135**	**1,568,661**

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2013			
Trade payables	—	1,231,405	1,231,405
Obligations under finance leases	—	36,513	36,513
Other loans (designated on initial recognition)	815,608	—	815,608
Other financial liabilities	—	500,000	500,000
	815,608	1,767,918	2,583,526

22 Financial instruments continued

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2014			
Trade payables and amounts due to subsidiary companies	—	23,996	23,996
Other loans (designated upon initial recognition)	471,526	—	471,526
Other financial liabilities	—	—	—
	471,526	**23,996**	**495,522**

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2013			
Trade payables and amounts due to subsidiary companies	—	562,271	562,271
Other loans (designated upon initial recognition)	815,608	—	815,608
Other financial liabilities	—	500,000	500,000
	815,608	1,062,271	1,877,879

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 of £360,000 in September 2012, 2013 and 2014 and a final capital payment of £20,000 in September 2015. 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 £344,082 (2013: £338,781) is due to the second instalment being paid in September 2013 (£360,000) offset by the effect of unwinding discount factors (£15,918), which 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 2014 (and 31 March 2013) the Group has not entered into any hedge transactions.

Notes to the Financial Statements continued
for the year ended 31 March 2014

22 Financial instruments continued

Financial risk management continued

Foreign currency risk continued

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 £
2014			
Trade and other receivables	**5%**	**56,671**	**—**
Trade and other payables	**5%**	**(18,332)**	**—**
Cash and cash equivalents	**5%**	**31,295**	**—**
Net investment in overseas subsidiary	**5%**	**—**	**18,590**
2013			
Trade and other receivables	5%	61,271	—
Trade and other payables	5%	(28,400)	—
Cash and cash equivalents	5%	13,002	—
Net investment in overseas subsidiary	5%	—	75,310

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

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. Creditworthiness 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:

	2014 Trade receivables £	2013 Trade receivables £
UK/Europe	**1,293,732**	1,368,012
North America	**9,502**	94,783
South/Central America	**162,970**	110,354
Asia and Far East	**365,664**	302,678
Africa and Middle East	**360,151**	419,821
	2,192,019	2,295,648

Capital management

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 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.

22 Financial instruments continued

Financial risk management continued

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 2014 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 £
2014				
Trade payables	821,793	—	—	821,793
Obligations under finance leases	9,734	58,090	207,518	275,342
Vendor loan	—	360,000	111,526	471,526
	831,527	**418,090**	**319,044**	**1,568,661**
2013				
Trade payables	1,231,405	—	—	1,231,405
Obligations under finance leases	2,502	7,505	32,524	42,531
Vendor loan	—	360,000	480,318	840,318
	1,233,907	367,505	512,842	2,114,254

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2014 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 £
2014				
Trade payables and amounts due to subsidiary companies	23,996	—	—	23,996
Vendor loan	—	360,000	111,526	471,526
	23,996	**360,000**	**111,526**	**495,522**
2013				
Trade payables and amounts due to subsidiary companies	562,271	—	—	562,271
Vendor loan	—	360,000	480,318	840,318
	562,271	360,000	480,318	1,402,589

Notes to the Financial Statements continued
for the year ended 31 March 2014

22 Financial instruments continued
Financial risk management continued
Interest rate risk
All of the Group's borrowings are at variable rates of interest.

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 £
2014		
Cash and cash equivalents	**25**	**4,096**
Vendor loan	**25**	**(1,400)**
2013		
Cash and cash equivalents	25	1,650
Vendor loan	25	(2,300)

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 £
2014		
Cash and cash equivalents	**25**	**2,164**
Vendor loan	**25**	**(1,400)**
2013		
Cash and cash equivalents	25	(297)
Vendor loan	25	(2,300)

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 2014 and 31 March 2013. 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 2014 and 31 March 2013 represents the Group's maximum exposure to credit risk.

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 2014 at 11am for the following purposes:

1. To receive and adopt the reports of the Directors and the auditors and the audited accounts for the year ended 31 March 2014.
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 Jagdeep Grewal 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 convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,449,942.24 ordinary shares of 4 pence each ("Ordinary Shares"), 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 2015 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 any 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 551 of the Companies Act 2006, but without prejudice to any allotment already made or to be made pursuant to such authority.

Resolution 5 is proposed as a special resolution.

5. That, conditional upon the passing of resolution 4 above, and in accordance with section 570 of the Companies Act, 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 Ordinary Shares otherwise than pursuant to sub paragraph 5.1 above up to an aggregate nominal amount of £217,491.32,

   and provided that this power 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, 31 October 2015, 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
20 June 2014

Registered in England and Wales number 5017761

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Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 11am on 28 August 2014 shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited, on 01252 821 390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. The notes to the proxy form explain how to (a) direct your proxy to vote on each resolution or withhold their vote; (b) appoint proxies; (c) change proxy instructions; and (d) terminate proxy appointments.

Corporate representing

7. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure.

Issued shares and total voting rights

8. As at the date of this Annual Report the Company's issued voting share capital comprised 108,745,669 ordinary shares of 4 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is as at the date of this Annual Report.

Communications with the Company

9. Except as provided above, members who have general queries about the Meeting should telephone Kieron Harbinson on +44(0)1259 763 030 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of annual general meeting, or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Voting through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

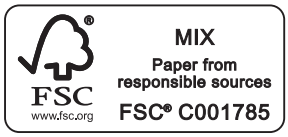
CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.



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