Regulatory Story

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Company	Omega Diagnostics Group PLC
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OMEGA DIAGNOSTICS GROUP PLC
("Omega" or the "Company")

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Omega, the AIM listed medical diagnostics company, announces interim results for the six months ended 30 September 2009.

Omega is one of the UK's leading companies in the fast growing area of food intolerance testing and also specialises in tests for infectious diseases (including Syphilis, TB, Dengue Fever, Chagas disease and Malaria), and autoimmune diseases (including anaemia, connective tissue disease and renal disease). Omega has a strong distribution network in over 100 countries.

Financial Highlights:

- Revenue up 9% to £2.87m (2008: £2.64m) with growth in most regions
- Gross profit up 4% to £1.67m (2008: £1.61m)
- Gross profit percentage decreased to 58.3% (2008: 61.1%)
- Adjusted profit before tax ("PBT") up 22% to £263k (2008: £216k) - see Chairman's Statement below
- EPS basic and diluted of 0.2p loss before exceptional items (2008: 0.9p) and 0.2p loss after exceptional items (2008: 0.3p)
- Raised £1m before expenses of new equity
- Net cash at the period end increased to £0.9m (2008: £0.5m)

Other highlights:

- Acquisition of Co-Tek (South West) Ltd ("Co-Tek") for £400,000
- Revenue from sales of Food Detective™ kits increased substantially in the first half to £348k (2008: £130k) and volumes increasing to c. 15,000 kits (2008: c. 5,000 kits)
- A further 13 Genarrayt™ system installations made in the period bringing the total installations since launch to 35

Regarding outlook, David Evans, Chairman, said:
"Overall the business is in good shape and whilst we recognise the second-half challenges, the medium to long term prospects for the Company remain bright and we continue to examine opportunities for both organic and acquisitive growth."

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Chairman's Statement

Dear Shareholder

Omega has made continued progress with its core activities in the first half of the year including the widening of the geographic spread of both the microarray and macroarray technologies. We are also pleased to have completed the acquisition of Co-Tek two days before the end of the period and look forward to the benefits from this transaction in the second half of the year.

Financial

Although the acquisition of Co-Tek occurred in the period, there is no contribution to the income statement with the acquisition having occurred so close to the period end.

Revenue for the period increased by 9% to £2,867k (2008: £2,638) with growth having taken place in the UK and Europe, Africa and Middle East, North America and South/Central America and a small reduction in growth in Asia and the Far East. Sales of Food Detective™ have continued to perform well with increased geographical reach leading to sales of £348k in the period (2008: £130k). Sales of Genarrayt™ systems and kits have also increased to £442k in the period (2008: £373k) as 13 new systems were installed, bringing the total to date to 35.

Gross margin reduced by just less than three percentage points to 58.3% (2008: 61.1%). Whilst the economic environment has led some suppliers to increase their costs which have had some effect, more of the reduction is due to internal activities taken. Operational headcount across the group has increased by 8 people at the period end, accounting for £54k of increased cost, as we ensure we have the resources to meet increased demand. Within CNS, the sales mix between Food Detective™ kit sales and laboratory service sales has increased towards the former on which a lower margin is earned due to the roll-out of this product through an international network of distributors. In Genesis, responsibility for UK sales was transferred from an in-house activity to an appointed distributor in June. In both these cases, the resulting reduction in margin is expected to be more than offset by the increase in overall volumes and profits. We also anticipate that increased sales of Genarrayt™ kits and a relaunch of the laboratory service will lead to an increase in margin in the second half.

Administration and distribution costs, excluding exceptional costs related to the aborted acquisition last year, increased to £1,624k (2008: £1,326k) Of this, £129k (2008: £nil) related to share-based payment charges and £34k related to a foreign exchange loss on trading operations (2008: £28k gain). The remaining increase of £107k is mainly due to a net increase in non-operational headcount of two senior positions.

In the period, the relative weakening of the US dollar against sterling has had an opposite effect to the previous year. The foreign exchange loss on net US dollar assets from trading operations as mentioned above has been offset by a gain on the retranslation of US dollar borrowings of £61k (2008: £58k loss).

Adjusted PBT
Consistent with the 2009 Annual Report, the Group reports adjusted PBT to enable shareholders to more readily compare our results with external market forecasts. Adjusted PBT increased by 22% to £263k (2008: £216k). The adjusted PBT is found by taking the headline PBT of £7k (2008: £67k) and then adding back IFRS-related adjustments of unwinding of discounts of £80k (2008: £12k), a fair value adjustment gain to financial derivatives of £2k (2008: £4k charge), amortisation of intangible assets of £49k (2008: £49k), share-based payment charges of £129k (2008: £nil) and exceptional costs of £nil (2008: £84k).

Placing and acquisition
During the current period, Omega raised £1million before expenses by way of a conditional placing (the "Placing") of 5,000,000 shares of 4p each in the capital of the Company at 20 pence per share. The Placing was oversubscribed and the Company is pleased to welcome the new institutional investors to the register. The excess demand for the Placing was taken up with the Company's single largest shareholder undertaking to sell his entire stake in the Company to certain of the investors under the Placing.

The proceeds of the Placing were partly used to fund the acquisition of Co-Tek, a company based in Devon which produces various tests for diagnosing bacterial diseases. The business assets comprised property, plant and equipment, inventories, trade and other receivables, cash and cash equivalents, trade and other payables and a deferred tax liability. Net assets immediately prior to the acquisition and excluding fair value adjustments were £76k. The total consideration for the business and assets was £400k in cash. Note 2 to the Interim Report highlights net fair value adjustments of £72k and goodwill on the acquisition of £333k.

Outlook

We anticipate further growth in revenue and profitability will be achieved in the second-half of our financial year as the business is traditionally second-half loaded. The growth will be underpinned by both the Co-Tek acquisition and the number of Genarrayt systems and kits sold.

With Co-Tek we must ensure we expand beyond the sole customer base that it had but this needs to be balanced against the increased level of production necessary to fulfill anticipated customer orders. We will not put ourselves in a position of stimulating demand and then not meeting customer expectations.

Additional growth in Genarrayt sales is predicated on a resolution to improving the method of manufacturing the array slides.

We are continuing to examine ways in which we can overcome the regulatory challenges of taking the Food Intolerance Testing into the United States. We are aiming to progress this in 2010 although one would not expect any direct contribution in the current fiscal year.

Overall the business is in good shape and whilst we recognise the second-half challenges, the medium to long term prospects for the Company remain bright and we continue to examine opportunities for both organic and acquisitive growth.

David Evans, CA
Non-Executive Chairman

26 November 2009

INDEPENDENT REVIEW REPORT TO OMEGA DIAGNOSTIC GROUP PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes 1 to 7. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
Edinburgh
26 November 2009

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2009

	6 months to 30 Sept 2009	6 months to 30 Sept 2008
	£	*£*

Continuing operations		
Revenue	**2,867,487**	2,637,521
Cost of sales	**(1,194,904)**	(1,024,713)
Gross profit	**1,672,583**	1,612,808
Administration and distribution costs	**(1,623,673)**	(1,326,436)
Exceptional administration costs	-	(84,000)
Operating profit	**48,910**	202,372
Finance costs	**(42,418)**	(140,038)
Finance revenue - interest receivable	**196**	4,780
Profit before taxation	**6,688**	67,114
Tax charge	**(35,840)**	(16,389)
(Loss)/profit and total comprehensive income	**(29,152)**	50,725
(Loss)/profit for the period attributable to equity holders of the parent	**(29,152)**	50,725
Earnings Per Share (EPS)		
Basic and diluted EPS on (loss)/profit for the year		
- before exceptional items	**(0.2p)**	0.9p
- after exceptional items	**(0.2p)**	0.3p

Consolidated Balance Sheet
as at 30 September 2009

	At 30 Sept 2009 £	**At 31 March 2009 £**	**At 30 Sept 2008 £**
Assets			
Non-current assets			
Intangibles	**5,222,104**	4,879,700	5,062,372
Property, plant and equipment	**696,833**	639,446	524,959
Deferred taxation	**87,297**	107,530	108,337
Derivative financial instruments	**1,080**	599	992
	6,007,314	5,627,275	5,696,660
Current assets			
Inventories	**831,495**	762,380	716,738
Trade and other receivables	**1,354,706**	1,254,963	1,253,870
Income tax receivable	**4,055**	4,055	-
Cash and cash equivalents	**864,567**	612,554	528,231
	3,054,823	2,633,952	2,498,839
Total assets	**9,062,137**	8,261,227	8,195,499
Equity and liabilities			
Issued capital	**5,930,962**	5,011,769	5,011,769
Retained earnings	**(547,186)**	(646,548)	(894,812)
Total equity	**5,383,776**	4,365,221	4,116,957

Liabilities

Non current liabilities			
Long term borrowings	**1,735,408**	1,875,263	1,905,512
Other financial liabilities	**-**	-	201,985
Deferred taxation	**595,929**	575,065	574,504
Derivative financial instruments	**9,572**	10,700	4,790
Total non current liabilities	**2,340,909**	2,461,028	2,686,791
Current liabilities			
Short term borrowings	**345,585**	372,304	306,496
Other financial liabilities	**99,583**	131,580	89,545
Trade and other payables	**780,484**	871,725	901,068
Income tax payable	**111,800**	59,369	94,642
Total current liabilities	**1,337,452**	1,434,978	1,391,751
Total liabilities	**3,678,361**	3,896,006	4,078,542
Total equity and liabilities	**9,062,137**	8,261,227	8,195,499

Consolidated Statement of Changes in Equity
for the six months ended 30 September 2009

	Share capital £	**Share premium £**	**Retained earnings £**	**Total £**
Balance at 1 April 2008	**1,331,957**	**3,074,041**	**(945,537)**	**3,460,461**
Issue of share capital for non-cash consideration	30,289	575,482	-	605,771
Profit and total comprehensive income for the period attributable to equity holders of the parent	-	-	50,725	50,725
Balance at 30 September 2008	**1,362,246**	**3,649,523**	**(894,812)**	**4,116,957**
Profit and total comprehensive income for the period attributable to equity holders of the parent	-	-	170,316	170,316
Share Based payments	-	-	77,948	77,948
Balance at 31 March 2009	**1,362,246**	**3,649,523**	**(646,548)**	**4,365,221**
Issue of share capital for cash consideration	200,000	800,000	-	1,000,000
Expenses in connection with share issue in period to 30 September 2009	-	(80,807)	-	(80,807)
Loss and total comprehensive income for the period attributable to equity holders of the parent	-	-	(29,152)	(29,152)
Share Based payments	-	-	128,514	128,514
Balance at 30 September 2009	**1,562,246**	**4,368,716**	**(547,186)**	**5,383,776**

Consolidated Cash Flow Statement
for the six months ended 30 September 2009

	6 months to 30 Sept 2009 £	**6 months to 30 Sept 2008 £**

Cash flows generated from operations		
Profit/(loss) for the period	**(29,152)**	50,725
Adjustments for:		
Taxation	**35,840**	16,389
Finance costs	**42,418**	140,038
Finance income	**(196)**	(4,780)
Operating profit before working capital movement	**48,910**	202,372
Increase in trade and other receivables	**(43,662)**	(168,579)
Increase in inventories	**(66,115)**	(89,701)
(Decrease)/increase in trade and other payables	**(173,491)**	235,253
Depreciation	**49,159**	73,402
Amortisation of intangible assets	**49,375**	49,375
Share-based payments	**128,514**	-
Net cash flow from operating activities	**(7,310)**	302,122
Investing activities		
Finance income	**196**	4,780
Purchase of property, plant and equipment	**(56,237)**	(5,714)
Outflow on acquisition of subsidiary	**(402,438)**	(99,644)
Net cash used in investing activities	**(458,479)**	(100,578)
Financing activities		
Finance costs	**(22,597)**	(39,200)
Proceeds from issue of share capital	**919,193**	-
Loan repayments	**(136,620)**	(123,238)
Finance lease repayments	**(42,175)**	(23,387)
Net cash from/(used) in financing activities	**717,801**	(185,825)
Net increase in cash and cash equivalents	**252,013**	15,720
Cash and cash equivalents at beginning of period	**612,554**	512,511
Cash and cash equivalents at end of period	**864,567**	528,231

Notes to the Interim Report

for the six months ended 30 September 2009

1. BASIS OF PREPARATION

For the purpose of preparing the March 2009 Annual financial statements the Directors used IFRS as adopted by the EU and in accordance with the AIM Rules issued by the London Stock Exchange. In preparing these interim financial statements, the same accounting policies have been used as set out in the Group's Annual Report for the year ended 31 March 2009 except for the adoption of IAS 1 (revised) with the effect being that the consolidated income statement has been replaced with a single statement entitled consolidated statement of comprehensive income. The Group has not applied IAS 34 *Interim Financial Reporting*, which is not mandatory for AIM companies, in the preparation of these interim financial statements.

The interim financial statements are unaudited but have been formally reviewed by the auditors and their report is unqualified. The information shown in the consolidated balance sheet as at 31 March 2009 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2009 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2009 Annual Report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985. These interim financial statements were approved by the Board of Directors on 26 November 2009.

2. BUSINESS COMBINATION

Acquisition of Co-Tek (South West) Ltd

On 28 September 2009, the Group acquired 100% of the voting shares of Co-Tek (South West) Ltd, an unlisted company in Devon, UK. Co-Tek is a manufacturer of stained bacterial suspensions for the diagnosis of bacterial diseases including Typhoid, Brucellosis and Rickettsia. The acquisition has been accounted for using the purchase method of accounting. There was no trading in the two days between the acquisition date and 30 September 2009. The provisional fair values of the identifiable assets and liabilities of Co-Tek as at the date of acquisition were:

	Co-Tek book value	**Fair value adjustments**	**Total**
	£	**£**	**£**
Intangible assets	-	100,000	100,000

Property, plant and equipment	50,310	-	50,310
Inventories	3,000	-	3,000
Trade and other receivables	66,895	-	66,895
Cash and cash equivalents	1,554	-	1,554
Borrowings	-	-	-
Trade and other payables	(43,859)	-	(43,859)
Deferred tax liability	(1,908)	(28,000)	(29,908)
Net assets	75,992	72,000	147,992
Goodwill on acquisition			332,986
			480,978
Fair value of consideration			400,000
Acquisition costs			80,978
			480,978

Valuation of acquired intangible assets
The valuation of acquired intangible assets has been performed in accordance with recognised industry standards. Intangible assets, which have been separately identified from goodwill, comprise of the customer relationship. The Group has assessed the net present value of future cash flows from these assets using the Multi-period Excess Earnings Method. A discount rate of 11% has been used as representing the Group's weighted average cost of capital.

The intangible asset has a finite life and no residual value and is amortised on a straight line basis over the expected useful life with charges included in administration costs, as follows:

Customer relationship - 5 years

Cost of the acquisition
The total acquisition cost of £480,978 comprised a cash payment of £400,000 and acquisition costs amounting to £80,978.

Funding
To fund the cost of the acquisition, the Group raised £1,000,000 (before expenses of £80,807) via the placing of 5,000,000 new ordinary shares at a price of 20p per share.

Cash outflow on acquisition
The cash outflow on acquisition included the cash payment of £400,000 less £10,815 which was withheld pending settlement of a loan owed by the vendor to Co-Tek. This sum was subsequently settled by the Company in October 2009. Acquisition costs of £80,978 included £66,171 of costs which were unpaid as at 30 September 2009. The immediate cash outflow on acquisition was therefore as follows:

	£
Net cash acquired with Co-Tek	1,554
Acquisition Costs	(14,807)
Cash paid	(389,185)
	(402,438)

Goodwill

The acquisition has resulted in goodwill of £333k. This goodwill represents the advantages and synergies which are expected to be derived from combining the Co-Tek business with the following elements of the Omega business:

- The additional economic benefit that is expected to be derived from additional revenues of Omega-branded products from its existing distribution network.
- The Omega customer relationships which already exist for its Micropath range.
- Strength of existing Omega management team in diagnostic-related acquisitions.
- Existing sales & marketing personnel within Omega.

3. INTANGIBLES

	Goodwill	Technology Assets	Customer Relationship	Total
	£	£	£	£
Cost				
At 1 April 2008	3,194,351	1,975,000	-	5,169,351

Adjustment related to contingent consideration	(133,297)	-	-	(133,297)
At 31 March 2009	3,061,054	1,975,000	-	5,036,054
On acquisition	332,986	-	100,000	432,986
Adjustment related to contingent consideration	(41,207)	-	-	(41,207)
At 30 September 2009	**3,352,833**	**1,975,000**	**100,000**	**5,427,833**
Accumulated amortisation and impairment				
At 1 April 2008	-	57,604	-	57,604
Amortisation charge in the year	-	98,750	-	98,750
At 31 March 2009	-	156,354	-	156,354
Amortisation charge in the period	-	49,375	-	49,375
At 30 September 2009	**-**	**205,729**	**-**	**205,729**
Net book Value				
At 30 September 2009	**3,352,833**	**1,769,271**	**100,000**	**5,222,104**
At 30 March 2009	3,061,054	1,818,646	-	4,879,700

4. FINANCE COSTS

	6 months to 30 Sept 2009 £	**6 months to 30 Sept 2008 £**
Interest payable on loans and bank overdrafts	18,504	60,695
Exchange difference on loans	(60,902)	57,922
Unwinding of discounts	79,577	11,705
Fair value adjustment to financial derivatives	(1,609)	3,568
Finance charges payable under finance leases	6,848	6,148
	42,418	140,038

5. EARNINGS PER SHARE

	6 months to 30 Sept 2009	**6 months to 30 Sept 2008**
	£	**£**
Net (loss)/profit attributable to equity holders of the Group	(29,152)	50,725
	2009 number	**2008 number**
Basic and diluted average number of shares	15,687,852	15,079,559

As there is a loss for the period, diluted and basic weighted average number of shares is equal as the effect of outstanding share options is anti-dilutive. The number of shares in issue at the period end was 20,632,907. The diluted profit per share for 2008 is based on the basic average number of shares above as the effect of outstanding warrants is anti-dilutive. The number of shares in issue at the end of the prior period was 15,632,907.

Net (loss)/profit before exceptional items attributable to equity holders of the Group is derived as follows:

	6 months to 30 Sept 2009 £	6 months to 30 Sept 2008 £
Net (loss)/profit attributable to equity holders of the Group	(29,152)	50,725
Exceptional items	-	84,000
(Loss)/profit before exceptional items attributable to equity holders of the Group	(29,152)	134,725

6. SHARE CAPITAL

	6 months to 30 Sept 2009	6 months to 30 Sept 2008 £
Shares allotted		
Aggregate nominal value	**200,000**	30,289
Share premium	**800,000**	575,482
Expense of issue	**(80,807)**	-
Increase in issued capital	**919,193**	605,771

On 28 September 2009, the Company issued 5,000,000 ordinary shares of 4p each at a price of 20p per share. The costs involved in the share issue were £80,807.

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these interim financial statements.

7. EXCEPTIONAL ADMINISTRATION COSTS

There were no exceptional administration costs in the six months to 30 September 2009. During the year to 31 March 2009, the Company was involved in the planned acquisition of another company which required the Company to raise new funds to complete the acquisition. The funding environment deteriorated throughout the process, due to the turmoil in worldwide financial markets, and in early November 2008, the Company concluded that due to the challenging circumstances it was not possible to raise sufficient funds to complete the transaction. The Company incurred costs of £265,920 in connection with the aborted transaction but it was able to significantly reduce the impact of these costs to 30% of the total by obtaining indemnities from third parties for 70% of these costs. Among those third parties were Dr Mike Walker and David Evans who had agreed to cover 30% and 10% of the costs respectively under an agreement entered into on 3 September 2008. As a result, the financial impact of the aborted transaction to the Company was limited to £80,301 at 31 March 2009 (30 Sept 2008:£84,000). Due to the one-off nature and value of those costs, they were separately disclosed and treated as an exceptional item in the income statement so that they did not impact on the results from normal trading operations.

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