26 November 2014

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

Omega, the AIM listed medical diagnostics company, announces its unaudited interim results for the six months ended 30 September 2014.

Omega is one of the UK's leading companies in the fast growing area of food intolerance testing and also operates in markets supplying tests for allergies and autoimmune diseases and specific infectious diseases through a strong distribution network in over 100 countries.

Financial Highlights:

- Revenue 2% ahead of last year at £5.69m (2013: £5.59m)
- Gross profit increased by 3% on the same period last year at £3.66m (2013: £3.56m)
- Gross margin slightly ahead of the same period last year at 64.3% (2013: 63.6%)
- Adjusted profit before tax ("PBT") up 32% to £0.56m (2013: £0.43m)
- Adjusted earnings per share ("EPS") of 0.5p (2013: 0.6p)
- Cash at the period end of £2.1m (2013: £3.3m)

Other Highlights:

- 200-patient evaluation of Visitect® CD4 in India demonstrated acceptable performance against flow cytometry
- Engagement with experts in lateral flow diagnostics to support the transfer process and scale up
- Positive progress with 27 allergens from the allergy development programme now optimised
- Recruitment of in-house scientific team to accelerate further allergen optimisation

Regarding outlook, David Evans, Chairman, said:

"We are optimistic about the continuing performance of our core business in the second half of this year, particularly in Food Intolerance, where we have built significant traction with new customers over recent years. We share your frustration with the inevitable delay that is occurring with Visitect® CD4 since the last trading update. However, we believe we have taken the right course of action with the recent programme changes to prevent similar problems occurring with the product after its market launch. Despite the setback, we continue to receive feedback from the HIV/Global Health arena that convinces us that the market opportunity and outlook for CD4 remains undiminished."

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Chairman's Statement

Financial performance

The trading performance of the core business has proved resilient overall in the face of certain headwinds. Revenue was up by 2% on the prior period at £5.69m (2013: £5.59m) despite the strengthening effect of sterling reducing reported revenue by £0.25m in the current period. The positive performance from our Food Intolerance segment has more than offset a reduction in revenue seen in our allergy/autoimmune and infectious disease segments. We now have a number of key Food Intolerance customers in the EU, North America and BRIC countries supporting a sustainable increase in product volumes, leading to an overall increase in profitability. The allergy/autoimmune segment in Germany continues to operate with reimbursement pressures leading to a reduction in sales in some regions. The infectious disease segment was impacted by some raw material supply delays which led to back orders in the period which are being fulfilled in the second half.

Gross profit increased by 3% to £3.66m (2013: £3.56m) due to an improvement in segmental mix and continued efforts in cost management have helped to achieve a growth of 32% in adjusted PBT to £0.56m (2013: £0.43m).

The Group has recorded a tax charge in the period of £0.03m (2013: credit of £0.08m). Adjusted earnings per share has reduced slightly to 0.5p (2013: 0.6p) reflecting a higher average number of shares in circulation in the current period compared to the prior period.

Strategy

Point-of-care (POC) testing

Our POC strategy is dominated by the activities and prospects for Visitect® CD4. When we announced in February 2014 that we had completed technology transfer, this was on the back of the accepted three-batch validation procedure on a statistically significant number of samples. All three batches were made using our selected high volume manufacturing protocol with our contracted manufacturer. Product from the third of these three batches was evaluated in India and Kenya, with acceptable results achieved in India and sub-optimal performance observed in Kenya as previously reported.

Subsequent batches of manufactured product have yielded variable results when tested on patient blood samples. The combination of an outsourced manufacturing process, an in-house assembly process and the need to test finished devices on patient samples at a UK Reference Laboratory, has led to lead times which are fairly prohibitive when needing to test product refinements on an iterative basis.

We have therefore made a number of recent changes in programme management to achieve the ultimate aim of commercialisation within the shortest timeframe. These changes include access to additional expert resource in rapid test development and manufacturing scale-up; bringing control in-house of the outsourced manufacturing process on a temporary basis and taking a step back into the technology transfer process to increase the understanding of how the test is manufactured on the semi-manual bench top basis first used by the Burnet Institute to develop the product. We shall continue to focus all available resource and effort on resolving the issues with CD4 before we look at the other rapid test opportunities we referred to in the last annual report.

Automation

We continue to make good progress with our allergy development programme. We reported on 24 October 2014 that 16 allergens have completed their claim support work and that an additional 11 allergens have completed optimisation, bringing to 27 the number of allergens which can be used on the iSYS instrument with equivalent performance to the market leading product. To date, a further six allergens have completed claim support, increasing the total of this group to 22, leaving a further five allergens optimised and in the queue to undergo claim support. The remaining 13 allergens needed to complete the launch panel have been identified and are in varying stages of optimisation and as reported previously, we have recruited an in-house team of scientists to increase momentum in the optimisation work. The timeline to optimise the remaining 13 allergens is dependent upon sourcing (externally and/or internally) allergen extract preparations of sufficient quality to achieve the performance design goals when incorporated into the assay system.

Outlook

As reported in the most recent trading update on 24 October 2014, our first half trading performance is in line with management expectation and ahead of last year. We are optimistic about the continuing performance of our core business in the second half of this year, particularly in Food Intolerance, where we have built significant traction with new customers over recent years.

We share your frustration with the inevitable delay that is occurring with Visitect® CD4 since the last trading update. However, we believe we have taken the right course of action with the recent programme changes to prevent similar problems occurring with the product after its market launch. Despite the setback, we continue to receive feedback from the HIV/Global Health arena that convinces us that the market opportunity and outlook for CD4 remains undiminished.

David Evans
Non-Executive Chairman
26 November 2014

INDEPENDENT REVIEW REPORT TO OMEGA DIAGNOSTICS 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 2014 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 6. 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 International Standard on Review Engagements 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 2014 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
Glasgow
26 November 2014

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2014

	Notes	6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
Continuing operations			
Revenue	3	**5,686,995**	**5,590,262**
Cost of sales		**(2,031,239)**	**(2,032,093)**
Gross profit		**3,655,756**	**3,558,169**
Administration costs		**(2,535,715)**	**(2,370,407)**
Selling and marketing costs		**(973,715)**	**(1,028,319)**
Other operating income		**49,765**	**-**
Operating profit		**196,091**	**159,443**
Finance costs	4	**(14,390)**	**(11,814)**
Finance revenue – interest receivable		**26,717**	**16,851**
Profit before taxation		**208,418**	**164,480**
Tax (charge)/credit	5	**(29,034)**	**82,940**
Profit for the period		**179,384**	**247,420**
Other comprehensive income for the period to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**(273,626)**	**(61,690)**
Tax credit	5	**28,420**	**5,552**
Other comprehensive income for the period to be reclassified to profit and loss in subsequent periods		**(245,206)**	**(56,138)**
Total comprehensive income for the period		**(65,822)**	**191,282**
Earnings Per Share (EPS)			
Basic and diluted EPS on profit for the period	6	**0.2p**	0.3p

Adjusted Profit before Taxation for the six months ended 30 September 2014		6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
Profit before taxation		**208,418**	164,480
IFRS-related discount charges		**4,956**	6,970
Amortisation of intangible assets		**197,423**	210,655
Share-based payment charges		**151,842**	45,158
Adjusted profit before taxation		**562,639**	427,263
Earnings Per Share (EPS)			
Basic and diluted Adjusted EPS on profit for the period	6	**0.5p**	0.6p

Adjusted PBT stated before share-based payments, IFRS-related discount unwinds and amortisation of intangible assets.

Consolidated Balance Sheet
as at 30 September 2014

	At 30 Sept 2014 £	At 31 March 2014 £	At 30 Sept 2013 £
Assets			
Non-current assets			
Intangibles	**11,629,551**	11,259,215	10,752,018
Property, plant and equipment	**2,440,875**	2,283,911	2,244,045
Deferred taxation	**1,260,698**	1,138,404	810,721
Retirement benefit surplus	**84,370**	84,370	31,886
Total non-current assets	**15,415,494**	14,765,900	13,838,670
Current assets			
Inventories	**1,910,876**	1,692,941	1,675,850
Trade and other receivables	**2,492,611**	2,415,917	2,428,939
Cash and cash equivalents	**2,135,533**	3,116,013	3,326,678
Total current assets	**6,539,020**	7,224,871	7,431,467
Total assets	**21,954,514**	21,990,771	21,270,137
Equity and liabilities			
Issued capital	**16,727,515**	16,727,515	16,727,515
Retained earnings	**1,817,073**	1,731,053	1,221,811
Total equity	**18,544,588**	18,458,568	17,949,326
Liabilities			
Non-current liabilities			
Long term borrowings	**367,146**	319,044	345,313
Deferred taxation	**1,165,833**	1,042,925	777,977
Total non-current liabilities	**1,532,979**	1,361,969	1,123,290
Current liabilities			
Short term borrowings	**239,623**	427,824	426,489
Trade and other payables	**1,331,037**	1,386,358	1,271,032
Deferred income	**306,287**	356,052	-
Other financial liabilities	-	-	500,000
Total current liabilities	**1,876,947**	2,170,234	2,197,521
Total liabilities	**3,409,926**	3,532,203	3,320,811
Total equity and liabilities	**21,954,514**	21,990,771	21,270,137

Consolidated Statement of Changes in Equity for the six months ended 30 September 2014

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 April 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	-	(249,592)	-	(249,592)
Profit for the period to 30 September 2013	-	-	247,420	247,420
Other comprehensive income - net exchange adjustments	-	-	(61,690)	(61,690)
Other comprehensive income - tax credit	-	-	5,552	5,552
Total comprehensive income	-	-	191,282	191,282
Share-based payments	-	-	45,158	45,158
Balance at 30 September 2013	**5,086,756**	**11,640,759**	**1,221,811**	**17,949,326**
Profit for the period to 31 March 2014	-	-	445,431	445,431
Other comprehensive income - net exchange adjustments	-	-	(64,824)	(64,824)
Other comprehensive income - actuarial gain on defined benefit pensions	-	-	51,941	51,941
Other comprehensive income - tax credit	-	-	(4,135)	(4,135)
Total comprehensive income	-	-	428,413	428,413
Share-based payments	-	-	80,829	80,829
Balance at 1 April 2014	**5,086,756**	**11,640,759**	**1,731,053**	**18,458,568**
Profit for the period to 30 September 2014	-	-	179,384	179,384
Other comprehensive income - net exchange adjustments	-	-	(273,626)	(273,626)
Other comprehensive income - tax credit	-	-	28,420	28,420
Total comprehensive income	-	-	(65,822)	(65,822)
Share-based payments	-	-	151,842	151,842
Balance at 30 September 2014	**5,086,756**	**11,640,759**	**1,817,073**	**18,544,588**

Consolidated Cash Flow Statement
for the six months ended 30 September 2014

	6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
Cash flows generated from operations		
Profit for the period	**179,384**	247,420
Adjustments for:		
Taxation	**29,034**	(82,940)
Finance costs	**14,390**	11,814
Finance income	**(26,717)**	(16,851)
Operating profit	**196,091**	159,443
(Increase)/decrease in trade and other receivables	**(76,694)**	127,823
(Increase)/decrease in inventories	**(217,935)**	158,037
Decrease in trade and other payables	**(55,320)**	(413,117)
Depreciation	**161,711**	135,918
Amortisation of intangible assets	**197,423**	210,655
Grant amortisation	**(49,765)**	-
Taxation received	**-**	7,106
Gain on sale of property, plant and equipment	**(1,777)**	(11,225)
Share-based payments	**151,842**	45,158
Net cash flow from operating activities	**305,576**	419,798
Investing activities		
Finance income	**26,717**	16,851
Purchase of property, plant and equipment	**(436,818)**	(298,187)
Purchase of intangible assets	**(649,640)**	(638,318)
Sale proceeds of property, plant and equipment	**8,365**	32,500
Net cash used in investing activities	**(1,051,376)**	(887,154)
Financing activities		
Finance costs	**(8,499)**	(3,443)
Proceeds from issue of share capital	**-**	4,000,000
Expenses of share issue	**-**	(249,592)
Loan repayments	**(360,000)**	(360,000)
New finance leases	**247,500**	282,366
Finance lease repayments	**(33,493)**	(11,056)
Net cash from financing activities	**(154,492)**	3,658,275
Net (decrease)/increase in cash and cash equivalents	**(900,292)**	3,190,919
Effects of exchange rate movements	**(80,188)**	(24,934)
Cash and cash equivalents at beginning of period	**3,116,013**	160,693
Cash and cash equivalents at end of period	**2,135,533**	3,326,678

Notes to the Interim Report

for the six months ended 30 September 2014

1. BASIS OF PREPARATION

For the purpose of preparing the March 2014 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 2014. 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 2014 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2014 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 2014 Annual Report was unqualified and did not contain a statement under sections 498 (2) and 498 (3) of Chapter 3, Part 16 of the Companies Act 2006. These interim financial statements were approved by the Board of Directors on 26 November 2014.

2. 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 Diseases division specialises in the research, development and production and marketing of kits to aid the diagnosis of infectious diseases.

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

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

BUSINESS SEGMENT INFORMATION

September 2014	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	1,865,892	3,464,378	1,143,421	-	6,473,691
Inter-segment revenue	(39,053)	(680,867)	(66,776)	-	(786,696)
Total revenue	**1,826,839**	**2,783,511**	**1,076,645**	**-**	**5,686,995**
Operating costs	(1,932,699)	(1,877,495)	(1,232,347)	(448,363)	(5,490,904)
Operating profit/(loss)	(105,860)	906,016	(155,702)	(448,363)	196,091
Net finance costs	7	99	(8,499)	20,720	12,327
Profit/(loss) before taxation	**(105,853)**	**906,115**	**(164,201)**	**(427,643)**	**208,418**
Adjusted profit before taxation					
Profit/(loss) before taxation	(105,853)	906,115	(164,201)	(427,643)	208,418
IFRS-related discount charges	-	-	-	4,956	4,956
Amortisation of intangible assets	133,770	49,444	14,209	-	197,423
Share-based payment charges	-	-	-	151,842	151,842
Adjusted profit/(loss) before taxation	**27,917**	**955,559**	**(149,992)**	**(270,845)**	**562,639**

September 2013	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	2,127,232	2,717,484	1,374,835	–	6,219,551
Inter-segment revenue	(61,041)	(470,096)	(98,152)	–	(629,289)
Total revenue	**2,066,191**	**2,247,388**	**1,276,683**	**–**	**5,590,262**
Operating costs	(2,016,645)	(1,724,289)	(1,264,885)	(425,000)	(5,430,819)
Operating profit/(loss)	49,546	523,099	11,798	(425,000)	159,443
Net finance costs	18	234	(3,430)	8,215	5,037
Profit/(loss) before taxation	**49,564**	**523,333**	**8,368**	**(416,785)**	**164,480**
Adjusted profit before taxation					
Profit/(loss) before taxation	49,564	523,333	8,368	(416,785)	164,480
IFRS-related discount charges	–	–	–	6,970	6,970
Amortisation of intangible assets	148,071	49,443	13,141	–	210,655
Share-based payment charges	–	–	–	45,158	45,158
Adjusted profit/(loss) before taxation	**197,635**	**572,776**	**21,509**	**(364,657)**	**427,263**

3. REVENUES

	6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
UK	463,023	431,578
Germany	1,564,409	1,801,014
Rest of Europe	1,658,335	1,374,347
North America	248,814	212,381
South/Central America	388,278	354,234
Asia and Far East	857,887	700,936
Africa and Middle East	506,249	715,772
	5,686,995	5,590,262

4. FINANCE COSTS

	6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
Interest payable on loans	2,798	3,506
Unwinding of discounts	4,956	6,970
Finance charges payable under finance leases	6,636	1,338
	14,390	11,814

5. TAX (CHARGE) / CREDIT

	6 months to 30 Sept 2014 £	6 months to 30 Sept 2013 £
Tax (charge) / credit in the income statement		
Current tax - current year	-	-
Current tax - prior year adjustment	-	-
Deferred tax - current year	(20,361)	119,845
Deferred tax - prior year adjustment	(8,673)	(36,905)
	(29,034)	82,940
Tax relating to items charged or credited to other comprehensive income		
Deferred tax on net exchange adjustments	28,420	5,552
	28,420	5,552

Reconciliation of total tax charge / (credit)

Factors affecting the tax charge / (credit) for the period:

Profit before tax	208,418	164,480
Effective rate of taxation	21%	23%
Profit before tax multiplied by the effective rate of tax	43,768	37,830
Effects of:		
Expenses not deductible for tax purposes and permanent differences	32,994	12,966
Research and development tax credits	(144,771)	(167,815)
Movement on deferred tax arising from share based payments	106,515	-
Tax under provided in prior years	8,673	36,905
Adjustment due to different overseas tax rate	(10,868)	(2,826)
Impact of UK rate change on deferred tax	(7,277)	-
Tax charge / (credit) for the period	29,034	(82,940)

The main UK corporation tax rate will be reduced from the current rate of 21% which has applied from 1 April 2014, to 20% via a 1% reduction at 1 April 2015. The reduction in the corporation tax rate to 20% was included within the 2013 Finance Act that was enacted on 17 July 2013. As both rates were substantively enacted at the balance sheet date deferred tax has been calculated at the rate of 20%, as this is the rate at which deferred tax assets and liabilities are expected to reverse.

6. EARNINGS PER SHARE

	6 months to 30 Sept 2014	**6 months to 30 Sept 2013**
	£	**£**
Profit attributable to equity holders of the Group	179,384	247,420

	2014 Number	**2013 Number**
Weighted average number of shares	108,745,669	92,352,226
Share options	1,555,777	190,172
Diluted weighted average number of shares	110,301,446	92,542,398

The number of shares in issue at the period end was 108,745,669. Basic earnings per share are calculated by dividing profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year.

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

Adjusted Earnings per share on profit for the period

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

	6 months to 30 Sept 2014	6 months to 30 Sept 2013
	£	£
Adjusted profit before taxation	562,639	427,263
Tax (charge) / credit	(29,034)	82,940
Adjusted profit attributable to equity holders of the Group	533,605	510,203