14 December 2017

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Omega (AIM: ODX), the medical diagnostics company focused on allergy, food intolerance and infectious disease, announces its unaudited interim results for the six months ended 30 September 2017.

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 4% ahead of last year at £7.11m (2016: £6.83m)
- Gross profit in line with the same period last year at £4.49m (2016: £4.47m)
- Gross margin decreased by 2.4% on the same period last year at 63.1% (2016: 65.5%)
- Adjusted profit before tax[1] ("PBT") of £0.22m (2016: £0.56m)
- Adjusted earnings per share[1] of 0.3p (2016: 0.6p)
- Successful Placing and Open Offer that raised £3.3m (gross)
- Cash at the period end of £2.4m (2016: £0.8m)
- Likely impairment of up to £0.8m in second half of the financial year to carrying value of Allergodip intangible asset

[1]Adjusted for share based payments, IFRS-related discount unwinds and amortisation of intangible assets

Operational Highlights:

- Sale and leaseback of German manufacturing facility
- US supply agreement signed for FoodPrint®
- Visitect® CD4 achieves CE-Mark
- Colin King appointed as new Group CEO following the period end

Regarding outlook, David Evans, Chairman, said:

"We have achieved a major milestone in CE-Marking Visitect® CD4 and we have successfully extended the Allersys® product range. We are confident that both of these product lines will contribute significant long term growth for the Group and we thank all our stakeholders for the patience shown to date with these activities.

"Our food sensitivity business remains a key growth driver for us and it is clear that long term opportunities remain, particularly in the US where we now have three partner companies. Certain growth initiatives are taking slightly longer to bear fruit and thus, we now anticipate a slower build up in revenue in this and the next financial year, compared to our original expectation.

"Overall, we remain confident about our long term prospects. Whilst we are experiencing a number of short term headwinds in our core business, we believe that the impact will be more than mitigated by the success we expect from positive achievements over the medium term as we complete the commercialisation of key products for Allergy, Malaria and now CD4."

The information communicated in this announcement is inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Chairman's Statement

Financial performance

Total revenue for the six months ended 30 September 2017 increased by 4% to £7.11m (2016: £6.83m) with the weaker effect of Sterling increasing reported revenue by approximately £0.2m in the current period (1% increase in revenue on a constant currency basis).

Food Intolerance revenue increased by 8% to £4.13m (2016: £3.84m) with growth being driven by our FoodPrint® laboratory system. Sales of this product line increased by 17% to £2.60m (2016: £2.22m) as the top five markets all grew over the prior period. Food Detective® revenue was steadier with growth of 2% on the prior period at £0.95m (2016: £0.93m) as growth in certain smaller markets mitigated a slowdown in one key market.

Our Allergy/Autoimmune revenue declined by 5% to £1.67m (2016: £1.76m). In Germany, revenue declined by 9% in Euro terms but was mitigated by a favourable currency impact such that in reported terms, revenue was down by 2% to £1.43m (2016: £1.46m). Autoimmune sales decreased to £0.24m from £0.30m in the prior period. Having seemed to stabilise last year, the further decline in Germany in the period is a disappointing result although a significant amount of above-average rainfall in July was a contributing factor.

Infectious Disease sales increased by 7% to £1.31m (2016: £1.23m) with gains in Asia and the Middle East mitigating a reduction in Africa.

Gross profit was marginally ahead of the prior period at £4.49m (2016: £4.47m) meaning gross margin percentage reduced by 2.4 percentage points to 63.1% (2016: 65.5%). Of this reduction in margin, 1.6 percentage points related to an increase in material costs with the balance relating to an increase in labour costs. Adjusted profit before tax reduced to £0.22m (statutory profit before tax of £0.07m with add backs for amortisation of intangibles and share-based payment charges totalling £0.14m) compared to £0.56m in the prior period reflecting investment in salary increases and sales promotion activities. A tax credit of £96k was similar to the prior period's figure of £77k resulting in adjusted earnings per share of 0.3p (2016: 0.6p). Statutory basic earnings per share were 0.2p (2016: 0.4p).

Growth strategy

Further to the trading update released on 23 October 2017, we have continued to make positive progress.

Visitect® CD4
As announced recently on 29 November 2017, we achieved a major milestone in CE-Marking our Visitect® CD4 test for monitoring the immune status of people living with HIV. We anticipate that this will allow access to opportunistic sales through business to business channels in those countries which only require a CE-Mark. We will now seek to move forward with the WHO Prequalification process and anticipate that this will be achieved in the second half of the new financial year. As also noted in the recent announcement, the Company is looking to expand its portfolio with a lower cut-off test for the management of advanced HIV disease and we will provide further updates on development in due course.

Allersys® product range
We have progressed as planned with extending the Allersys menu and expect to CE-Mark an additional eight allergens before the end of the calendar year. We have also continued our discussions with Immunodiagnostic Systems ('IDS') and, whilst these have taken longer than we originally anticipated, we feel we are close to agreeing the global distribution terms that will allow us to deliver value from this product range.

Increase FoodPrint® traction in North America
We now have three partner companies in North America and we remain convinced that FoodPrint® can be an important tool for practitioners and nutritionists in the wider arena of food sensitivities, allergies and gut health. The US is the world's largest market in this area where consumers are very conscious in taking a lead over decisions which affect their health. However, it has become clear that one partner in particular will take longer than first thought to achieve a level of sales that was previously indicated to us. This is based on regulatory approvals taking longer to achieve which has impacted on our expectations for revenue growth.

Allergodip®
We have been looking to develop a range of new panels on the Allergodip® dipstick test for emerging markets and, in the longer term, for China. We have recently encountered some technical challenges with the product and we are currently reviewing certain options to determine whether it will be feasible to resolve these challenges. As it is not certain at this stage whether the challenges can be overcome, our second half performance is likely to be impacted by an asset impairment charge of up to £0.8m. Our revenue expectation for Allergodip in the current financial year was not material to the Group as a whole.

Board changes

As announced separately today, Andrew Shepherd has agreed to take on a Global Ambassador role with Colin King succeeding him as the Group's new CEO. These changes are part of a planned succession process and we believe will help to deliver the accelerated growth strategy outlined above.

Outlook

We have achieved a major milestone in CE-Marking Visitect® CD4 and we have successfully extended the Allersys® product range. We are confident that both of these product lines will contribute significant long term growth for the Group and we thank all our stakeholders for the patience shown to date with these activities.

The potential setback with Allergodip is disappointing and we will provide a further update as soon as we have completed a review of our options.

Our food sensitivity business remains a key growth driver for us and it is clear that long term opportunities remain, particularly in the US where we now have three partner companies. Certain growth initiatives are taking slightly longer to bear fruit and thus, we now anticipate a slower build up in revenue in this and the next financial year, compared to our original expectation.

Whilst we were previously expecting stronger revenues in the second half, it is now likely to be only slightly higher than the first six months. This is due to a number of challenges across the Food Intolerance businesses and the weakness previously flagged in the German allergy market. Accordingly, whilst we expect to remain profitable in the year to 31 March 2018, profitability in the second half of the year is now expected to be relatively modest when compared to previous years, excluding any impact from a final decision over Allergodip.

Overall, we remain confident about our long term prospects. Whilst we are experiencing a number of short term headwinds in our core business, we believe that the impact will be more than mitigated by the success we expect from positive achievements over the medium term as we complete the commercialisation of key products for Allergy, Malaria and now CD4.

David Evans
Non-Executive Chairman
14 December 2017

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2017

	Notes	6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
Continuing operations			
Revenue	3	**7,113,335**	6,833,706
Cost of sales		**(2,622,977)**	(2,360,864)
Gross profit		**4,490,358**	4,472,842
Administration costs		**(3,338,224)**	(3,276,952)
Selling and marketing costs		**(1,068,579)**	(881,574)
Other operating income		**15,707**	-
Operating profit		**99,262**	314,316
Finance costs	4	**(27,061)**	(10,252)
Finance revenue – interest receivable		**480**	1,383
Profit before taxation		**72,681**	305,447
Tax credit	5	**96,267**	76,968
Profit for the period		**168,948**	382,415
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**83,215**	418,875
Tax charge	5	**(15,160)**	(38,143)
Other comprehensive income for the period		**68,055**	380,732
Total comprehensive income for the period		**237,003**	763,147
Earnings Per Share (EPS)			
Basic EPS on profit for the period	6	**0.2p**	0.4p
Diluted EPS on profit for the period		**0.1p**	0.3p

Adjusted Profit before Taxation for the six months ended 30 September 2017		6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
Profit before taxation		**72,681**	305,447
Amortisation of intangible assets		**118,345**	111,357
Share-based payment charges		**26,895**	143,775
Adjusted profit before taxation		**217,921**	560,579
Earnings Per Share (EPS)			
Basic and diluted Adjusted EPS on profit for the period	6	**0.3p**	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 2017

	At 30 Sept 2017 £	At 31 March 2017 £	At 30 Sept 2016 £
Assets			
Non-current assets			
Intangibles	**16,802,856**	15,588,076	14,454,413
Property, plant and equipment	**2,963,325**	2,943,312	3,009,017
Deferred taxation	**1,920,968**	1,651,945	1,504,933
Retirement benefit surplus	**-**	-	44,759
Total non-current assets	**21,687,149**	20,183,333	19,013,122
Current assets			
Inventories	**2,540,365**	2,377,575	2,296,402
Trade and other receivables	**3,493,787**	2,460,416	2,965,665
Cash and cash equivalents	**2,418,441**	737,331	756,945
Total current assets	**8,452,593**	5,575,322	6,019,012
Total assets	**30,139,742**	25,758,655	25,032,134
Equity and liabilities			
Issued capital	**19,801,937**	16,727,516	16,727,516
Retained earnings	**4,933,873**	4,753,190	4,393,956
Other reserves	**60,445**	(22,770)	(27,373)
Total equity	**24,796,255**	21,457,936	21,094,099
Liabilities			
Non-current liabilities			
Long term borrowings	**845,741**	275,890	280,025
Deferred taxation	**1,999,029**	1,811,110	1,577,464
Deferred income	**452,065**	238,067	-
Retirement benefit deficit	**57,199**	57,199	-
Total non-current liabilities	**3,354,034**	2,382,266	1,857,489
Current liabilities			
Short term borrowings	**151,746**	155,494	140,245
Trade and other payables	**1,837,707**	1,762,959	1,940,301
Total current liabilities	**1,989,453**	1,918,453	2,080,546
Total liabilities	**5,343,487**	4,300,719	3,938,035
Total equity and liabilities	**30,139,742**	25,758,655	25,032,134

Consolidated Statement of Changes in Equity for the six months ended 30 September 2017

	Share capital £	Share premium £	Retained earnings £	Translation reserve £	Total £
Balance at 1 April 2016	**5,086,756**	**11,640,760**	**3,905,909**	**(446,248)**	**20,187,177**
Profit for the period to 30 September 2016	-	-	382,415	-	382,415
Other comprehensive income-net exchange adjustments	-	-	-	418,875	418,875
Other comprehensive income-tax charge	-	-	(38,143)	-	(38,143)
Total comprehensive income	-	-	344,272	418,875	763,147
Share-based payments	-	-	143,775	-	143,775
Balance at 30 September 2016	**5,086,756**	**11,640,760**	**4,393,956**	**(27,373)**	**21,094,099**
Profit for the period to 31 March 2017	-	-	330,846	-	330,846
Other comprehensive income-net exchange adjustments	-	-	-	4,603	4,603
Other comprehensive income-acturial loss on defined benefit pensions	-	-	(107,948)	-	(107,948)
Other comprehensive income-tax credit	-	-	25,277	-	25,277
Total comprehensive income	-	-	248,175	4,603	252,778
Share-based payments	-	-	111,059	-	111,059
Balance at 1 April 2017	**5,086,756**	**11,640,760**	**4,753,190**	**(22,770)**	**21,457,936**
Issue of share capital cash consideration	728,536	2,548,049	-	-	3,276,585
Expenses in connection with share issue	-	(202,164)	-	-	(202,164)
Profit for the period to 30 September 2017	-	-	168,948	-	168,948
Other comprehensive income-net exchange adjustments	-	-	-	83,215	83,215
Other comprehensive income-tax charge	-	-	(15,160)	-	(15,160)
Total comprehensive income	728,536	2,345,885	153,788	83,215	3,311,424
Share-based payments	-	-	26,895	-	26,895
Balance at 30 September 2017	**5,815,292**	**13,986,645**	**4,933,873**	**60,445**	**24,796,255**

Consolidated Cash Flow Statement
for the six months ended 30 September 2017

	6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
Cash flows generated from operations		
Profit for the period	**168,948**	382,415
Adjustments for:		
Taxation	**(96,267)**	(76,968)
Finance costs	**27,061**	10,252
Finance income	**(480)**	(1,383)
Operating profit	**99,262**	314,316
Increase in trade and other receivables	**(1,033,371)**	(127,396)
Increase in inventories	**(162,790)**	(284,907)
Increase in trade and other payables	**74,748**	298,673
Depreciation	**206,478**	156,573
Amortisation of intangible assets	**118,345**	111,357
Movements in grants	**119,293**	-
Gain on sale of property, plant and equipment	**-**	812
Share-based payments	**26,895**	143,775
Net cash flow from operating activities	**(551,140)**	613,203
Investing activities		
Finance income	**480**	1,383
Purchase of property, plant and equipment	**(178,546)**	(410,379)
Purchase of intangible assets	**(1,204,655)**	(849,657)
Net cash used in investing activities	**(1,382,721)**	(1,258,653)
Financing activities		
Finance costs	**(27,061)**	(10,252)
Proceeds from issue of share capital	**3,276,585**	-
Expenses of share issue	**(202,164)**	-
New finance leases	**626,489**	77,000
Finance lease repayments	**(78,255)**	(67,425)
Net cash from financing activities	**3,595,594**	(677)
Net Increase/(decrease) in cash and cash equivalents	**1,661,733**	(646,127)
Effects of exchange rate movements	**19,377**	100,815
Cash and cash equivalents at beginning of period	**737,331**	1,302,257
Cash and cash equivalents at end of period	**2,418,441**	756,945

Notes to the Interim Report
for the six months ended 30 September 2017

1. BASIS OF PREPARATION
For the purpose of preparing the March 2017 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 2017. 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. The information shown in the consolidated balance sheet as at 31 March 2017 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2017 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 2017 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 14 December 2017.

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 2017	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	1,719,453	4,921,908	1,417,556	–	8,058,917
Inter-segment revenue	(44,406)	(790,128)	(111,048)	–	(945,582)
Total revenue	**1,675,047**	**4,131,780**	**1,306,508**	**–**	**7,113,335**
Operating costs	(1,944,753)	(2,648,262)	(1,410,184)	(1,010,874)	(7,014,073)
Operating profit/(loss)	(269,706)	1,483,518	(103,676)	(1,010,874)	99,262
Net finance income/(costs)	(180)	(1,614)	(7,291)	(17,496)	(26,581)
Profit/(loss) before taxation	**(269,886)**	**1,481,904**	**(110,967)**	**(1,028,370)**	**72,681**
Adjusted profit before taxation					
Profit/(loss) before taxation	(269,886)	1,481,904	(110,967)	(1,028,370)	72,681
Amortisation of intangible assets	60,008	50,583	7,754		118,345
Share-based payment charges	–	–	–	26,895	26,895
Adjusted profit/(loss) before taxation	**(209,878)**	**1,532,487**	**(103,213)**	**(1,001,475)**	**217,921**

September 2016	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	1,814,283	4,465,506	1,309,431	–	7,589,220
Inter-segment revenue	(49,372)	(629,055)	(77,087)	–	(755,514)
Total revenue	**1,764,911**	**3,836,451**	**1,232,344**	**–**	**6,833,706**
Operating costs	(1,860,193)	(2,231,841)	(1,371,761)	(1,055,595)	(6,519,390)
Operating profit/(loss)	(95,282)	1,604,610	(139,417)	(1,055,595)	314,316
Net finance income/(costs)	(339)	(1,874)	(7,945)	1,289	(8,869)
Profit/(loss) before taxation	**(95,621)**	**1,602,736**	**(147,362)**	**(1,054,306)**	**305,447**
Adjusted profit before taxation					
Profit/(loss) before taxation	(95,621)	1,602,736	(147,362)	(1,054,306)	305,447
Amortisation of intangible assets	55,586	49,465	6,306		111,357
Share-based payment charges	–	–	–	143,775	143,775
Adjusted profit/(loss) before taxation	**(40,035)**	**1,652,201**	**(141,056)**	**(910,531)**	**560,579**

3. REVENUES

	6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
UK	528,360	513,785
Germany	1,414,805	1,443,331
Rest of Europe	1,737,219	1,633,896
North America	1,309,177	925,357
South/Central America	267,166	513,551
Asia and Far East	1,033,877	892,985
Africa and Middle East	822,731	910,801

	7,113,335	6,833,706

4. FINANCE COSTS

	6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
Interest payable on loans	18,984	932
Finance charges payable under finance leases	8,077	9,320
	27,061	10,252

5. TAX CREDIT

	6 months to 30 Sept 2017 £	6 months to 30 Sept 2016 £
Tax credited in the income statement		
Current tax - current year	-	-
Current tax - prior year adjustment	-	-
Deferred tax – current year	67,053	76,018
Deferred tax - prior year adjustment	29,214	950
	96,267	76,968
Tax relating to items charged to other comprehensive income		
Deferred tax on net exchange adjustments	(15,160)	(38,143)
	(15,160)	(38,143)
Reconciliation of total tax charge		
Factors affecting the tax charge for the period:		
Profit before tax	72,681	305,447
Effective rate of taxation	19%	20%
Profit before tax multiplied by the effective rate of tax	13,809	61,089
Effects of:		
Expenses not deductible for tax purposes and permanent differences	12,620	32,006
Research and development tax credits	(51,270)	(53,735)
Tax over provided in prior years	(29,214)	(950)
Adjustment due to different overseas tax rate	(33,201)	(30,580)
Impact of UK rate change on deferred tax	(9,011)	(84,798)
Tax credit for the period	(96,267)	(76,968)

6. EARNINGS PER SHARE

	6 months to 30 Sept 2017	6 months to 30 Sept 2016
	£	£
Profit attributable to equity holders of the Group	168,948	382,415

	2017 Number	2016 Number
Weighted average number of shares	112,378,395	108,745,669
Share options	1,381,285	658,726
Diluted weighted average number of shares	113,759,680	109,404,395

The number of shares in issue at the period end was 126,959,060. 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 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 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 2017	6 months to 30 Sept 2016
	£	£
Adjusted profit before taxation	217,921	560,579
Tax credit	96,267	76,968
Adjusted profit attributable to equity holders of the Group	314,188	637,547