23 September 2019

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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2019

Omega (AIM: ODX), the medical diagnostics company focused on allergy, food intolerance and infectious disease, announces its audited results for the year ended 31 March 2019.

Omega provide high quality in-vitro diagnostics products for use in hospitals, clinics, laboratories and healthcare practitioners in over 75 countries and specialise in the areas of allergy and autoimmune, food intolerance and infectious disease. These results reflect the actions taken last year as part of the Board's strategic review to divest the non-core infectious disease business and to close the German allergy business.

Financial Highlights:

- Like for like revenue of continuing operations increased by 5% to £8.75m (2018: £8.33m)
  - Reported revenues down 28% to £9.76m (2018: £13.55m) reflecting the divestitures noted above
- Exceptional gains of £1.66m (2018: Exceptional charges of £6.51m) as detailed in the Financial Review below
- Statutory profit for the year of £0.97m (2018: loss of £7.27m)
- Adjusted loss before tax* of £0.30m (2018: loss of £0.73m)
- EBITDA from continuing operations of £0.20m (2018: loss of £0.8m)
- Adjusted EPS (0.2p) (2018: (0.4p))
- Positive cashflow generated from operating activities, with cash inflow of £0.37m (2018: £0.83m outflow)

* Adjusted for exceptional items, amortisation of intangible assets and share based payment charges.

Operational & Post-Period End Highlights:

- Closure of Germany and Pune sites eliminating associated losses
- Disposal of legacy Infectious disease business to Novacyt SA for proceeds of £1.975m
- IDS officially launch allergy range and first stocking orders are received
- 62 allergens CE marked to run on the fully automated IDS system
- VISITECT® CD4 Advanced Disease test achieves CE mark and first orders received for both VISITECT® CD4 350 cut off test and Advanced Disease test
- VISITECT® CD4 Advanced Disease test added to Global Fund procurement list following review by Expert Review Panel for Diagnostics
- Food intolerance division returns to growth and makes progress with partner in China
- £0.64m raised in May 2019 via direct subscription from key shareholders
- Placing and subscription for £1.7m, announced separately today, to ensure the Group has access to sufficient working capital to continue to develop the commercialisation of both versions of the VISITECT® CD4 test

Commenting, William Rhodes, Interim Non-executive Chairman, said: *"We have made substantial, industry-leading advances in the area of CD4 testing, having achieved commercial launch of the first, and still only, handheld, lateral flow CD4 test and have rapidly progressed the Advanced Disease test to commercial launch as well. We are confident that we will receive the necessary approvals for CD4 but note the existence of material uncertainties with respect to timing of approvals and receipt of significant purchase orders and the resulting impact on short term working capital requirements*

In recognising the existence of material uncertainties, we are encouraged as:

- *our existing and new shareholders have committed to invest £1.7m subject only to approval at the forthcoming general meeting;*
- *our VISITECT® CD4 Advanced Disease test has received ERPD approval;*
- *our new Chinese partner for Food Detective® has placed two significant purchase orders;*

- *our partner, IDS, has committed resources and trained its sales personnel, with Omega's involvement, to focus on and build the market for our allergy tests; and*
- *we continue to explore unlocking the value within our three business units, whilst still managing to progress all three of them, namely, CD4 testing, allergy and food intolerance testing.*

Until such time as we have recruited a new Chairman, I look forward to continuing to serve as Interim Chairman, working with the Board and management to ultimately achieve significant shareholder value."

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

Allow me to begin my Chairman's Statement by expressing our collective thanks to David Evans for his many years of leadership as Omega's Non-executive Chairman. His astute guidance and input, as well as his active engagement and personal investment have led the Company through many ups and downs over the years, and his opinions and insights are missed at the Board table.

I would also like to introduce myself to our shareholders. Whilst I have been a Non-executive Director of the Company since 2013, I have only recently been asked to assume the role of Interim Chairman. Upon my retirement as an Executive Officer of Becton Dickinson and Company, I was asked by David to consider joining the Omega Board. He had specifically sought me out as he knew that I had extensive mergers and acquisitions experience, a background in in-vitro diagnostics in general and, more specifically, I had been the Worldwide President for BD Biosciences, the global leader in the development, manufacture and sales of CD4 tests. After meeting the management team at Alva, talking with the other Board members and looking carefully at the VISITECT® programme, I accepted the invitation to join in 2013 and I am glad to act as Interim Non-executive Chairman until such time as a permanent successor is appointed
.
The Omega team has accomplished much in achieving the CE marking and commercial launch of the VISITECT® 350 test, especially when considering the many technical challenges that had to be successfully resolved in the process. The VISITECT® CD4 Advanced Disease test, targeting patients with advanced HIV disease (T lymphocyte cell counts of <200 cells/µl of blood) who are at risk of opportunistic infections, is also swiftly approaching commercial launch. Bearing in mind that no other handheld, lateral flow test exists in the marketplace for CD4 detection, our VISITECT® CD4 Advanced Disease test is uniquely placed to improve healthcare outcomes at near-patient level by allowing people living with HIV in the most rural settings and clinics to have immediate access to a critically important test.

Adding to the Chief Executive's Review, I would like to make the following observations and comments:

VISITECT® CD4 350 test

The 350 test has now been registered in three countries and is in the process of being registered in nine more. Registration can be both time consuming and complicated in many countries, requiring not only paperwork submissions but also at times in-country clinical evaluations. In addition, we have signed agreements with distributors in 13 countries for the 350 test and will endeavour to add the Advanced Disease test to their portfolios when it becomes commercially available. Initial orders have been received for the 350 test from five countries and, whilst to date modest in value, we expect higher levels of repeat sales, and expect that this will also enable rapid market access for the Advanced Disease test once available. Our required evaluation testing in Nigeria of the 350 test has recently been completed, and we are awaiting finalisation of the registration process there. We continue to regard Nigeria as the largest commercial market for the 350 test.

VISITECT® CD4 Advanced Disease test

The Advanced Disease test was CE marked just before the end of the financial year. The technical file supporting the CE mark formed the basis of the additional regulatory approvals that the Company submitted to the UNITAID-funded Expert Review Panel for Diagnostics (ERPD). As announced on 16 September 2019, following the conclusion of a quality risk assessment review by the ERPD, The Global Fund has informed the Company that its VISITECT® CD4 Advanced Disease test will be included in The Global Fund procurement list. This means that VISITECT® CD4 Advanced Disease tests may be procured by organisations with access to The Global Fund or UNITAID funds, following a review of procurement requests and the issue of a No-objection letter from the Global Fund. The Global Fund requires the Company to submit its VISITECT® CD4 Advanced Disease test for WHO Prequalification review in order to reach prequalification before the end of the ERPD authorised period which runs to 11 September 2020 and we look forward to updating you on progress throughout this financial year.

Allergy

We now have 62 allergens available for use on our commercialisation partner's worldwide installed base of analysers. IDS has been working together with Omega staff to ensure IDS sales personnel are well trained and prepared for positioning our products into the diagnostics laboratory marketplace, particularly focusing on reaching immunology practitioners who will be interested in adding allergens to their test menus. Our expectation is that Allergy will become an important contributor to both organisations' businesses over the medium term, and we are encouraged by IDS's commitment as evidenced by its willingness to assign people and resources to the programme.

Food intolerance
As detailed in the CEO's note, our Food intolerance business has returned to growth, and we are excited about our prospects for geographic expansion. Our management team has long identified China and North America, particularly the US, as natural targets for our tests. We have determined through discussions with potential and existing partners that a direct to consumer approach – that is, allowing individuals to assess their food intolerances in order to make informed decisions regarding diet, potentially adding to their overall health and wellness – is something consumers in both countries would be interested in. We have recently received a significant first and second purchase order from our new Chinese partner for a China-specific 46-food panel test we developed for it and we expect significant business going forward. We are also exploring how best to grow the US market, in light of and in full compliance with any regulatory requirements there.

Strategic reviews
As announced by David Evans previously, the management team, led by Colin King, undertook an in-depth strategic review of the overall Omega business, which in the opinion of the Board, shareholders may remember, determined that the sum of the parts exceeded the market's perceived value of the Group as a whole, as determined by share price. This, whilst perhaps surprising to some, is not an unusual finding, in that the market value of publicly listed companies does not always represent the enterprise value of the business, whether below or above.

Upon performing this review, we took a decision to engage with third-party strategic and private equity organisations to explore likely valuations of parts of our business that were fair and matched the Board's expectations of value.

Whilst we have received feedback from several interested parties, some of whom have provided non-binding expressions of interest confirming the Board's view, we are not yet in a position to have selected an opportunity that would realise the value to the business that the Board, the management team and ultimately the shareholders should expect. Whilst this process will continue, we will maintain our focus and efforts on running and growing the value of all our business units.

Going Concern
The Directors are required to prepare financial statements on a going concern basis unless the Directors either intend to cease trading or have no realistic alternative but to do so. These financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. The Group realised a profit of £974k for the year ended 31 March 2019 (2018: loss of £7,270k). As at 31 March 2019, the Group had net current assets of £1,185k and an undrawn overdraft facility of £1,255k. Management has negotiated an extension to the overdraft facility, which is now renewable at 30 September 2020.

The Directors have considered the future funding requirements of the Group and have prepared detailed forecasts which take into account its anticipated business activities with regards to its two VISITECT® CD4 products (VISITECT® CD4 350 and VISITECT® CD4 Advanced Disease), its current banking facilities, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

These forecasts extend to September 2020. There are a number of assumptions applied by the Directors underpinning the forecasts which are uncertain and outside of management's control:

Timing of regulatory approvals and associated orders
The forecasts are prepared on the assumption that approval from the Nigerian Ministry of Health ("MOH") in relation to the Company's VISITECT® CD4 350 test will be received by November 2019.

The Directors are encouraged that there will be a favourable outcome in respect of the MOH approval, given that an in-country product evaluation in six Nigerian States has completed with the product performing in line with expectations. The evaluation co-ordinator is in the process of submitting a report for review by the MOH and, if successful, the VISITECT® CD4 350 test will be adopted into the national HIV policy in Nigeria.

Committed orders for 20k units of the VISITECT® CD4 Advanced Disease test have been received with other low value orders for the VISITECT® CD4 350 test having already been completed. The fulfilment of these customer orders provides comfort to the Directors that there is a market for the CD4 product range. However, volume sales of both products are intrinsically dependent upon the approval outlined above with management already having received an

order for 50k VISITECT® CD4 350 tests contingent upon the receipt of the MOH approval. Any delay in receiving approvals would influence the timing of receipt of significant customer orders.

Short term working capital funding
The Directors recognise the implications to short term working capital levels should there be delays in regulatory approval processes and subsequent timing of receipt of orders from customers. Management forecasts highlight a potential funding requirement if regulatory approval and subsequent receipt of purchase orders is delayed.

The Directors have today announced a conditional placing and subscription to raise £1.7m from existing and new shareholders. This funding is only conditional on shareholder approval at a General Meeting on 10 October 2019.

At the date of finalising the financial statements, the material uncertainties identified by the Directors as being outside of their control, that may cast significant doubt on the Group's ability to continue as a going concern, are as follows:

- the timing of the in-country approval from the Nigerian MOH in relation to VISITECT® CD4 350 test
- the timing and volume of sales orders for both VISITECT® CD4 350 & VISITECT® CD4 Advanced Disease tests
- the approval of the proposed equity raise

These financial statements do not include the adjustments that would be required if the Group was unable to continue as a going concern. If the going concern basis of preparation was no longer appropriate, adjustments would be required which would include reducing the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

Outlook
In summary, then, we have made substantial, industry-leading advances in the area of CD4 testing, having achieved commercial launch of the first, and still only, handheld, lateral flow CD4 test and have rapidly progressed the Advanced Disease test to commercial launch as well. We are confident that we will receive the necessary approvals for CD4 but note the existence of material uncertainties with respect to timing of approvals and receipt of significant purchase orders and the resulting impact on short term working capital requirements.

In recognising the existence of material uncertainties, we are encouraged as:

- our existing and new shareholders have committed to invest £1.7m subject only to approval at the forthcoming general meeting;
- our VISITECT® CD4 Advanced Disease test has received ERPD approval;
- our new Chinese partner for Food Detective® has placed two significant purchase orders;
- our partner, IDS, has committed resources and trained its sales personnel, with Omega's involvement, to focus on and build the market for our allergy tests; and
- we continue to explore unlocking the value within our three business units, whilst still managing to progress all three of them, namely, CD4 testing, allergy and food intolerance testing.
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Until such time as we have recruited a new Chairman, I look forward to continuing to serve as Interim Chairman, working with the Board and management to ultimately achieve significant shareholder value.

William Rhodes
Interim Non-Executive Chairman

Chief Executive's Review

Our revenue in the twelve months to 31 March 2019 was £9.76 million which reflects the decisions taken last year as part of the Board's strategic review to divest the non-core Infectious disease business and to close the German Allergy business. Revenue declined by 28% on a headline basis (2018: £13.55 million) and increased 5.1% on a like-for-like basis for continuing operations. The growth on a like-for-like basis has been driven by the Food intolerance segment which returned to revenue growth of 7% over the prior year.

Our statutory profit for the year was £0.97 million compared to a loss of £7.3 million in the prior year. This profit includes a one-off gain of £0.9 million in relation to the Infectious disease division sale and £0.76 million in relation to the writing off of liabilities in Germany.

Our adjusted loss before taxation was £0.3 million versus £0.7 million in the prior year. The closures of loss-making sites in Germany and the manufacturing site in India were completed in the first half of the year and it was pleasing to note that in the second half of the year we made an adjusted profit of £0.2 million. Gross profit also increased in the year to 63.2% versus the prior year level of 60.5% – this is due to a higher level of Food intolerance sales which are higher margin products for the Group.

Core business

Food intolerance

- The Food intolerance division sales reversed a previous year decline of 6% to an increase of 7%, resulting in sales in 2019 of £8.1 million (2018: £7.6 million). Encouragingly the recovery was across all regions and positions us for further growth in this current financial year.
- Sales of Foodprint® increased by 19% to £5.46 million (2018: £4.59 million). The Group sold a further nine instruments taking the cumulative number of installations to 193 instruments in 41 countries, and revenue per instrument increased by 13% to £28,942 (2018: £25,503).
- Sales of Food Detective® declined by 2% in the year to £1.67 million (2018: £1.71 million).
- Following the consolidation of the US laboratory market we have adjusted our strategy and are now focused on two labs offering our tests. Both customers are in the process of implementing strategies that should capitalise on the significant market opportunity and we expect to start seeing the benefits of these activities in the second half of the coming financial year.
- Our development team and our strategic partner in China have made excellent progress with the development and registration of our Food intolerance product in China. We had initially expected the registration not to be completed until Q2 2020 but now expect registration to be completed in Q4 2019. In preparation for the expected launch we have received our first and second orders for +48,000 tests.
- The move into our new purpose built facility, in Ely, for our Food intolerance business unit, will be completed by the end of this financial year. The move is essential to deal with the increasing demand for our Food intolerance products.

Allergy and autoimmune

- The Allergy and autoimmune division sales decreased by 70% on the prior year to £0.98 million (2018: £3.31 million). The main reason for the decline was the decision to discontinue the German Allergy business with the 2019 revenues including a contribution in the first quarter only.
- IDS started to commercialise the 60 CE-Marked allergens in March 2019 and these tests cover many of the most prominent and clinically relevant allergens that are routinely tested for. We continue to make good progress with extending our allergen offering on the automated IDS instrument and now have 62 allergens CE marked, and we continue to trend towards ten allergens launched per year. We expect the first-year sales to be modest as IDS gears up commercialisation and we work to further extend our menu offering. Initially the target market will be the current IDS installed base and in particular the customers that are running its Autoimmune panel. Once we increase the menu to between 70 and 80 allergens this will allow IDS to be more competitive in the marketplace.
- Autoimmune sales declined from £0.47 million to £0.35 million as a result of an ongoing exercise to rationalise the product range. As this range of products is non-core to our business, we have taken the decision to discontinue all of these products by the end of September 2019.

Infectious disease

The Infectious disease division sales decreased by 73% on the prior year to £0.73 million (2018: £2.68 million). The main reason for the decline was the decision to sell the legacy Infectious disease business with 2019 revenues including a contribution in the first quarter only.

VISITECT® CD4 – We achieved key milestones in CE marking the CD4 Advanced Disease test at the end of March 2019 and registering our first sales of the 350 reference line test. Our focus is now on commercialisation of both VISITECT® CD4 and VISITECT® CD4 Advanced Disease.

- Commercialisation for our VISITECT® CD4 350 will be via our distribution partners in key countries. Indonesia and Nigeria represent the largest opportunities. Indonesia has purchased a stocking order and has commenced a marketing campaign. The Nigerian evaluation has just completed and, although it has taken longer than expected due to needing to collect a sufficient number of samples with lower CD4 counts, the initial feedback is positive towards the test. The next step in the process is the lead investigator will provide a report which will be submitted to the government for approval and once approved by the Minister of Health, sales can commence. We expect meaningful sales to commence later this calendar year.
- We believe that VISITECT® CD4 Advanced Disease is the larger opportunity out of the two test formats – a recent publication by The Clinton Health Access Initiative (CHAI) estimated that one third of adults initiating treatment in low-to-middle-income countries are estimated to start care at a CD4 cell count of <200 cells/µL. The US government, through the US President's Emergency Plan for AIDS Relief (PEPFAR), has included support for a "lateral flow CD4 assay" in its current operational guidance and The Global Fund has indicated it will financially support the initiative. Unitaid has also recently set aside a $20 million fund to support patients with advanced HIV disease which CD4 will play a part in.

Our plans to commercialise VISITECT® CD4 products comprise three sales channels:

1. advanced Disease Initiative co-ordinated by Unitaid;
2. united Nations NGO network; and
3. our distribution partners.

Advanced HIV Disease Initiative – Unitaid is investing $20 million to run through to the end of 2020 in a package of care which includes a CD4 lateral flow assay with a cut off at 200 CD4 cells/µL. This initiative is being driven by Unitaid and will be implemented by CHAI. Following confirmation that the Global Fund has included our VISITECT® CD4 Advanced Disease test on its global procurement list, we are confident we can make progress with the seven countries being targeted (Malawi, Nigeria, South Africa, Tanzania, Uganda, Botswana and Lesotho). Unitaid/CHAI have indicated they will support us to accelerate country approvals and market entry.

United Nations NGO network – these are all prospective and significant buyers; however, procurement requires WHO prequalification to be completed. This approval incorporates three stages; the first is a review of technical documents which is currently underway. Once this is completed a WHO evaluation and site audit will be required prior to approval. This is unlikely to happen during the current financial year but should occur during FY21.

Sales will be via our distribution partners in key countries, of which we have identified 24 countries for phase 1. These countries have been identified according to a defined criteria:

a) prioritised by Unitaid/CHAI Advanced HIV Disease Initiative, e.g. Lesotho;
b) HIV prevalence greater than 2%, e.g. Tanzania;
c) a strong distribution partner having a proven track record of growing sales, e.g. Brazil; and
d) a group of stakeholders in country actively driving advanced HIV disease agenda, e.g. Vietnam.

A detailed timeline of key stages to achieve first sales in each of the 24 countries has been defined and includes appointing a relevant distribution partner, product registration and product evaluation (not required in all countries) and is being actively project managed.

Going Concern

As noted in Bill's Chairman's statement, we recognise the material uncertainties that exist within our forecast models, namely, with the awaited in-country approval from the Nigerian MOH in relation to the VISITECT® CD4 350 test, and the rate at which customer demand will pick up for both versions of the CD4 test. In order to recognise potential delays with these events, we have decided to raise additional funding of £1.7m from existing and new shareholders as announced separately today. The fund raise will complete, subject to passing the resolutions proposed for the forthcoming general meeting on 10 October 2019 and we are grateful for the support shown by shareholders in supporting our growth opportunities.

Outlook
The Board's decisions since the strategic review announced last year have enabled the Company to focus on its key growth areas and to achieve delivery targets against development timelines.

The Food intolerance division has returned to revenue growth of 7% over the prior year and has made good progress with partners in developing the opportunities for this division in China and the US, which the Board anticipates will lead to further growth in the current financial year.

There are now two CE marked versions of the Company's VISITECT® CD4 test and the Board is confident that, following the approval from the ERPD process, the advanced disease version of this unique test will benefit many people living with HIV.

The Company's allergy range of 60 tests was commercially launched by IDS in March this year and we look forward to working with IDS as we expand the menu offering beyond the current 62 allergens that are CE-Marked.

We are therefore confident as we look forward that all three focused areas are well positioned to deliver growth to the business.

Finally, I would like to thank all the Group employees for their continued support and commitment; without their hard work we would not have been able to make progress against our vision. We are all looking forward to a return to profitability and delivering on our strategic aims which will ultimately return value to all stakeholders.

Colin King
Chief Executive

Financial review

Following the implementation of our strategic review, our financial results in the profit and loss account have been presented to highlight the results from continuing operations and discontinued operations to provide for a like-for-like comparison.

Financial performance

Given that results for the year have been impacted by the decision to close our loss-making operations in Germany and Pune, India, I will deal first with a summary of financial performance from continuing operations, excluding the effects of closures, followed by a summary of the discontinued operations.

Continuing operations financial summary

	2019 **£**	2018 £
Food intolerance revenue	**8,050,142**	7,556,078
Allergy and autoimmune revenue	**401,251**	487,885
Infectious disease revenue	**305,363**	285,508
Total revenue	**8,756,756**	8,329,471
Gross profit	**5,632,329**	5,479,283
Gross profit percentage	**64.3%**	65.8%
Exceptional items	**—**	(225,720)
EBITDA	**199,668**	(812,375)
Adjusted loss before taxation	**(218,061)**	(1,079,165)

Group revenue from continuing operations increased by 5.1% to £8.75 million, due mainly to a return to revenue growth in our Food intolerance division which benefited from a strong performance, particularly with Foodprint®, which achieved sales of £5.46 million (2018: £4.59 million) with the majority of growth coming from "top ten" markets. Food Detective® revenues of £1.67 million were similar to last year (2018: £1.71 million) with key markets holding their position. Revenues for Autoimmune and Infectious disease were principally derived of sales through our Indian subsidiary and amounted to £0.7 million.

The reduction in gross profit percentage of 1.5 percentage points is mainly due to a reallocation of quality control staff previously expensed through administrations costs now being included in direct labour costs within cost of sales. This reallocation more than offset a smaller reduction in material costs due to improved product mix relating to higher sales of Foodprint®.

Administrative overheads from continuing operations reduced by £0.67 million to £4.69 million (2018: £5.36 million). Approximately half of the reduction related to the reallocation of headcount to other departments (QC heads reallocated to production labour and customer service heads reallocated to selling and marketing). The other half related to savings in personnel/travel costs and reduced bank and forex charges.

Selling and marketing costs increased marginally to £1.53 million (2018: £1.37 million) reflecting the reallocation of headcount into this department as noted in the paragraph immediately above.

There were no exceptional items in the year ended 31 March 2019 and the prior year charge relates to the termination cost of the previous CEO (Andrew Shepherd).

Discontinued operations financial summary

	2019 **£**	2018 £
Food intolerance revenue	**—**	—
Allergy and autoimmune revenue	**578,907**	2,826,075
Infectious disease revenue	**423,656**	2,397,180
Total revenue	**1,002,563**	5,223,255
Gross profit	**531,095**	2,713,532
Gross profit percentage	**53%**	52.0%
Exceptional items	**1,660,683**	(5,662,306)
EBITDA	**(73,370)**	498,885
Adjusted (loss)/profit before taxation	**(85,177)**	269,240

The discontinued operations comprise the Allergy business that was closed down and operated by our German subsidiary, Omega Diagnostics GmbH, the manufacturing operations in Pune, India (infectious disease), that were closed down and operated by our Indian subsidiary, Omega Dx (Asia) Pvt Limited, and the legacy Infectious disease business that was sold by Omega Diagnostics Limited to Lab 21 Healthcare Ltd in June 2018.

Exceptional items summary (pre-taxation)

	2019		2018	
	Continuing operations **£**	**Discontinued operations** **£**	Continuing operations £	Discontinued operations £
Gain on sale of Infectious disease business	**—**	**901,808**	—	—
Omega Diagnostics GmbH closure	**—**	**758,875**	—	(4,677,799)
Omega Dx (Asia) Pvt Limited manufacturing closure	**—**	**—**	—	(984,507)
Andrew Shepherd deferred settlement	**—**	**—**	(225,720)	—
Total	**—**	**1,660,683**	(225,720)	(5,662,306)

The exceptional items in 2019 are credits to the profit and loss account, comprised of a write-back of net liabilities in relation to Omega Diagnostics GmbH of £758,875 and a gain on sale of the legacy Infectious disease business of £901,808, as disclosed more fully in Note 7 to the financial statements.

The remainder of the Financial Review addresses the results for total operations.

Adjusted loss before tax

Adjusted loss before tax (statutory profit before tax of £1.26 million with a deduction of £1.74 million for exceptional item gains, and an add-back for amortisation of intangibles of £0.14 million and share-based payment charges of £0.03 million) was £0.30 million compared to an adjusted loss before tax of £0.73 million the year before. Segmental performance as presented in the notes to the financial statements still shows that the Food intolerance division is the only profitable segment currently after an allocation for Group overheads. Losses in the Allergy and autoimmune segment have reduced significantly following the closure of the German business and future segment performance is reliant on our relationship with IDS and its ability to grow its market share as we add new allergens to the menu. The Infectious disease segment shows an increased loss due to the decision to retain manufacturing staff in the business, following the divestment of the legacy Infectious disease business to Lab 21 Healthcare Ltd ('Lab 21'), to cope with the anticipated increase in demand from VISITECT® CD4 and to provide a time-limited product assembly service to Lab 21 as it continues its technology transfer activities.

Taxation

The current year tax charge of £0.21 million (2018: £0.27 million credit) is comprised of:

- a credit of £0.12 million relating to a receipt from HMRC for surrendering SME R&D tax credits relating to the year ended 31 March 2018.
- a movement in deferred tax charges relating to the giving up of those losses for future offset that gave rise to those tax credits.
- a tax charge relating to the sale of the legacy infectious disease business, offset by SME R&D tax credits for the current year.

We have cumulative tax losses of approximately £6.5 million that are carried forward and available for offset against future profits. Our UK companies continue to benefit from government policies on tax that encourage investment in research and development activities. In the year a research and development tax credit of £0.2 million was accrued in the income statement included within administration costs (2018: £0.2 million).

Earnings per share

Adjusted earnings per share were (0.2) pence versus (0.4) pence in the prior year. The adjusted loss after tax of £0.27 million is an improvement on the prior year adjusted loss after tax of £0.47 million, calculated on a fully diluted 127.1 million (2018: 122.8 million) shares in issue. Statutory earnings per share were 0.8 pence (2018: (6.0 pence)) on statutory profit after tax of £0.97 million (2018: loss of £7.27 million).

Research and development

During the year, we invested a total of £2.60 million in all development activities (2018: £3.04 million), representing 26.6% of Group turnover. Expenditure on our Allergy project reduced to £0.98 million (2018: £1.25 million) as we brought certain previously outsourced functions in house. Despite this, we were able to extend the menu to 62 allergens in total at the end of the financial year. Expenditure on VISITECT® CD4 increased to £0.96 million (2018: £0.64 million) due to an increase in material costs reflecting more external evaluations taking place and more activity with the internal validation of manufacturing scale-up processes. Staff costs increased reflecting higher regulatory activity as we achieved CE marking for our VISITECT® CD4 Advanced Disease test and the support of applications to the ERPD and WHO prequalification processes.

We also increased expenditure on enhancements to our Food intolerance products, investing £0.51 million in the year (2018: £0.33 million).

There was £Nil expenditure (2018: £0.47 million) on Allergodip® and £Nil expenditure on malaria (2018: £0.20m) following the strategic closure decisions in the prior year, as noted above.

Of the total expenditure, £2.45 million (2018: £2.90 million) has been capitalised on the balance sheet in accordance with IAS 38 – Development Costs whilst earlier stage R&D expenditure of £0.15 million (2018: £0.15 million) has been expensed through the income statement.

A summary of the carrying value of capitalised development costs is shown in the table below:

	2018 £	Incurred in year £	**2019** **£**
Allergy	5,859,530	940,709	**6,800,239**
VISITECT® CD4	2,859,815	955,362	**3,815,177**
Food/other	466,870	553,930	**1,020,800**
Total	9,186,215	2,450,001	**11,636,216**

Property, plant and equipment

Expenditure on fixed assets in the year was £0.34 million, lower than in the prior year (2018: £0.47 million). Expenditure was split evenly across the two main UK sites with £0.19 million for the Alva site in Scotland and £0.15 million in the Littleport site in England and included expenditure on equipment for IT, manufacturing and development needs. Of this expenditure, £0.04 million was offset through new asset finance leases.

Financing

The Group generated a positive cash flow from its operating activities, principally from its Food intolerance testing segment, and this has been supplemented by its funding initiatives from other sources since the financial year end. The Group continues to have a strong relationship with the Bank of Scotland as principal bankers to the Group and, in September of this year, we agreed a further renewal of the overdraft facility of £2.0 million (2018: £2.0 million) until 30 September 2020.

Following the year end, the Group also received £0.18 million representing a contractual deferred consideration payment from the sale of the Infectious disease business.

In May 2019, the Group raised £0.64 million of new equity capital through a direct subscription from certain shareholders, resulting in the issue of 6,347,950 new ordinary shares of 4 pence each bringing the total number of shares issued at the date of this report to 133,307,010.

My colleagues have outlined the material uncertainties that exist with assumptions underpinning our internal forecasts. As a result, we have embarked on a fundraise to provide additional working capital to provide headroom for at least the next 12 months. As announced separately today, we propose to issue 17,000,000 new ordinary shares of 4 pence each through a placing and direct subscription with existing and new shareholders, to raise £1.7m and I thank all shareholders for their ongoing support.

Operating cash flow
The Group monitors its cash requirement carefully and it is a key priority to manage working capital efficiently and to be effective in converting operating income into cash.

Cash inflow from operating activities during the year was £0.37 million (2018: outflow of £0.83 million). The Group has achieved a conversion rate of adjusted operating loss (operating loss plus amortisation of intangible assets plus share-based payments) to operating cash of 379% (2018: 82%). At 31 March 2019, the Group was utilising its overdraft facility in the amount of £1.05 million, offset by positive cash balances of £0.31 million, giving a net overdraft utilisation of £0.74 million (2018: £0.1 million of cash). Certain post-balance sheet fundraising activities are noted in the financing section above. Our ability to continue to generate sufficient future operating cashflow is dependent, to a certain extent, on the sales traction achieved with VISITECT® CD4 once we receive the regulatory approvals that are expected shortly.

Kieron Harbinson
Group Finance Director

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2019

	Year ending 31 March 2019			Year ending 31 March 2018		
	Continuing operations	**Discontinued operations**	**TOTAL**	**Continuing operations**	**Discontinued operations**	**TOTAL**
	£	£	£	£	£	£
Revenue	**8,756,756**	**1,002,563**	**9,759,319**	**8,329,471**	**5,223,255**	**13,552,726**
Cost of sales	(3,124,427)	(471,468)	(3,595,895)	(2,850,188)	(2,509,723)	(5,359,911)
Gross profit	**5,632,329**	**531,095**	**6,163,424**	**5,479,283**	**2,713,532**	**8,192,815**
GP%	**64.3%**	**53.0%**	**63.2%**	**65.8%**	**52.0%**	**60.5%**
Administration costs	(4,695,486)	(445,550)	(5,141,036)	(5,356,261)	(1,567,454)	(6,923,715)
Selling and marketing costs	(1,532,980)	(195,295)	(1,728,275)	(1,369,950)	(920,567)	(2,290,517)
Other income	324,794	0	324,794	31,080	0	31,080
Operating (loss) / profit before exceptional items	(271,343)	(109,750)	(381,093)	(1,215,848)	225,511	(990,337)
Exceptional items	0	1,660,683	1,660,683	(225,720)	(5,662,306)	(5,888,026)
Operating profit after exceptional items	(271,343)	1,550,933	1,279,590	(1,441,568)	(5,436,795)	(6,878,363)
Finance costs	(97,085)	0	(97,085)	(36,351)	0	(36,351)
Finance income	11	0	11	751	0	751
(Loss)/profit before taxation	**(368,417)**	**1,550,933**	**1,182,516**	**(1,477,168)**	**(5,436,795)**	**(6,913,963)**
Tax credit / (charge)	28,891	(237,154)	(208,263)	265,404	0	265,404
Tax - exceptional item	0	0	0	0	(621,038)	(621,038)
(Loss)/profit for the year	**(339,526)**	**1,313,779**	**974,253**	**(1,211,764)**	**(6,057,833)**	**(7,269,597)**
Other comprehensive income to be reclassified to P&L in subsequent periods						
Exchange differences on translation of foreign operations	20,568	(2,331)	18,237	(8,431)	41,483	33,052
Recycling of translation reserve on foreign operations	0	41,886	41,886	0	0	0
Tax charge	(91)	0	(91)	(11,988)	0	(11,988)
Other comprehensive income not to be reclassified to P&L in subsequent periods						
Actuarial loss on defined benefit pensions	0		0	0	(258,449)	(258,449)
Tax credit	0	0	0	0	49,105	49,105
Other comprehensive income for the year	20,477	39,555	60,032	(20,419)	(167,861)	(188,280)
Total comprehensive income for the year	**(319,049)**	**1,353,334**	**1,034,285**	**(1,232,183)**	**(6,225,694)**	**(7,457,877)**
Earnings Per Share (EPS)						
Basic and Diluted EPS on profit for the year	**(0.3p)**	**1.0p**	**0.8p**	**(1.0p)**	**(5.0p)**	**(6.0p)**
Adjusted PBT						
(Loss)/profit before taxation	(368,417)	1,550,933	1,182,516	(1,477,168)	(5,436,795)	(6,913,963)
Exceptional items	0	(1,660,683)	(1,660,683)	225,720	5,662,306	5,888,026
IAS 19 pension charges	0	0	0	0	1,646	1,646
Amortisation of intangibles	116,156	24,573	140,729	120,013	118,458	238,471
Share based payments	34,201	0	34,201	52,270	0	52,270
Adjusted (Loss)/profit before taxation	**(218,060)**	**(85,177)**	**(303,237)**	**(1,079,165)**	**345,615**	**(733,550)**
Adjusted EPS on loss for the year	**(0.1p)**	**(0.1p)**	**(0.2p)**	**(0.7p)**	**0.3p**	**(0.4p)**

Adjusted loss before taxation is derived by taking statutory profit before taxation and adding back exceptional items, IAS19 pension charges, amortisation of intangible assets and share based payment charges. This is not a primary statement and the reported numbers are non-GAAP measures.

Consolidated Balance Sheet
as at 31 March 2019

	2019 £	2018 £
ASSETS		
Non-current assets		
Intangibles	**17,044,293**	**15,029,448**
Property, plant and equipment	**1,569,581**	**1,712,933**
Deferred taxation	**1,371,260**	**1,250,082**
	19,985,134	**17,992,463**
Current assets		
Inventories	**1,000,700**	**1,823,961**
Trade and other receivables	**2,489,389**	**2,969,410**
Cash and cash equivalents	**-**	**115,719**
	3,490,089	**4,909,090**
Total assets	**23,475,223**	**22,901,553**
EQUITY AND LIABILITIES		
Equity		
Issued capital	**19,797,343**	**19,797,343**
Retained earnings	**(1,677,106)**	**(2,685,469)**
Other reserves	**70,405**	**10,282**
Total equity	**18,190,642**	**17,122,156**
Liabilities		
Non-current liabilities		
Long-term borrowings	**78,478**	**728,830**
Deferred taxation	**2,036,593**	**1,619,795**
Deferred income	**864,255**	**357,360**
Retirement benefit deficit	**-**	**317,294**
Total non-current liabilities	**2,979,326**	**3,023,279**
Current liabilities		
Short-term borrowings	**98,574**	**154,049**
Bank overdraft	**744,708**	**-**
Trade and other payables	**1,461,973**	**2,602,069**
Total current liabilities	**2,305,255**	**2,756,118**
Total liabilities	**5,284,581**	**5,779,397**
Total equity and liabilities	**23,475,223**	**22,901,553**

Consolidated Statement of Changes in Equity
for the year ended 31 March 2019

	Issued Capital £	Retained earnings £	Translation reserve £	Total £
Balance at 31 March 2017	**16,727,516**	**4,753,190**	**(22,770)**	**21,457,936**
Issue of share capital for cash consideration	3,264,910	-	-	3,264,910
Expenses in connection with share issue	(195,083)	**-**	**-**	(195,083)
Loss for the year ended 31 March 2018	-	(7,269,597)	-	(7,269,597)
Other comprehensive income - net exchange adjustments	-	-	33,052	33,052
Other comprehensive income - actuarial loss on defined benefit pensions	-	(258,449)	-	(258,449)
Other comprehensive income - tax charge	-	37,117	-	37,117
Total comprehensive income for the year	-	(7,490,929)	33,052	(7,457,877)
Share-based payments	-	52,270	-	52,270
Balance at 31 March 2018	**19,797,343**	**(2,685,469)**	**10,282**	**17,122,156**
Profit for the year ended 31 March 2019	-	974,253	-	974,253
Other comprehensive income - net exchange adjustments	-	-	18,237	18,237
Other comprehensive income - net exchange adjustments recycled	-	-	41,886	41,886
Other comprehensive income - tax charge	-	(91)	-	(91)
Total comprehensive income for the year	-	974,162	60,123	1,034,285
Share-based payments	-	34,201	-	34,201
Balance at 31 March 2019	**19,797,343**	**(1,677,106)**	**70,405**	**18,190,642**

Consolidated Cash Flow Statement
for the year ended 31 March 2019

	2019	2018
	£	£
Cash flows generated from operations		
Profit/(loss) for the year	**974,253**	(7,269,597)
Adjustments for:		
Taxation	**208,263**	(265,404)
Taxation - exceptional item	**-**	621,038
Finance costs	**97,085**	36,351
Finance income	**(11)**	(751)
Operating profit/(loss) before working capital movement	**1,279,590**	(6,878,363)
Decrease/(increase) in trade and other receivables	**620,452**	(508,994)
Decrease in inventories	**196,438**	553,614
(Decrease)/increase in trade and other payables	**(1,078,435)**	839,110
Loss on sale of property, plant and equipment	**-**	1,648
(Net liabilities written off)/asset provisions	**(758,875)**	4,476,316
Gain on sale of legacy infectious disease business	**(901,808)**	-
Depreciation	**332,461**	386,105
Amortisation of intangible assets	**140,729**	238,471
Movement in grants	**382,234**	119,293
Share-based payments	**34,201**	52,270
Taxation	**121,832**	(107,967)
Cash flow from/(used in) operating activities	**368,819**	(828,497)
Investing activities		
Finance income	**11**	751
Proceeds from sale of legacy infectious disease business	**1,800,000**	-
Purchase of property, plant and equipment	**(339,817)**	(472,140)
Purchase of intangible assets	**(2,354,659)**	(2,806,900)
Net cash used in investing activities	**(894,465)**	(3,278,289)
Financing activities		
Finance costs	**(97,085)**	(36,351)
Proceeds from issue of share capital	**-**	3,264,910
Expenses of share issue	**-**	(195,083)
New asset backed finance	**40,500**	625,330
Drawdown of overdraft facility	**744,708**	-
Finance lease repayments	**(153,153)**	(173,837)
Net cash from financing activities	**534,970**	3,484,969
Net increase/(decrease) in cash and cash equivalents	**9,324**	(621,817)
Effects of exchange rate movements	**(125,043)**	205
Cash and cash equivalents at beginning of year	**115,719**	737,331
Cash and cash equivalents at end of year	**-**	115,719

Notes to the Preliminary Announcement
for the year ended 31 March 2019

1. Basis of preparation
The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006.

The consolidated balance sheet at 31 March 2019 and the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year then ended have been extracted from the Group's financial statements which were approved by the Board of Directors on 20 September 2019 and are audited. The comparative consolidated financial information for the year ended 31 March 2018 is based on an abridged version of the Group's published financial statements for that year, which contained an unqualified audit report and which have been filed with the Registrar of Companies.

The statutory accounts for 2019 will be finalised on the basis of the financial information presented in this preliminary announcement and will be delivered to the registrar of companies.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 March 2019.

Basis of consolidation
The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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.

Going concern
The Directors are required to prepare financial statements on a going concern basis unless the Directors either intend to cease trading or have no realistic alternative but to do so. These financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the payment of liabilities in the ordinary course of business. The Group realised a profit of £974k for the year ended 31 March 2019 (2018: loss of £7,270k). As at 31 March 2019, the Group had net current assets of £1,185k and an undrawn overdraft facility of £1,255k. Management has negotiated an extension to the overdraft facility, which is now renewable at 30 September 2020.

The Directors have considered the future funding requirements of the Group and have prepared detailed forecasts which take into account its anticipated business activities with regards to its two VISITECT® CD4 products (VISITECT® CD4 350 and VISITECT® CD4 Advanced Disease), its current banking facilities, the principal risks and uncertainties the Group faces and other factors impacting the Group's future performance.

These forecasts extend to September 2020. There are a number of assumptions applied by the Directors underpinning the forecasts which are uncertain and outside of management's control:

Timing of regulatory approvals and associated orders

The forecasts are prepared on the assumption that approval from the Nigerian Ministry of Health ("MOH") in relation to the Company's VISITECT® CD4 350 test will be received by November 2019.

The Directors are encouraged that there will be a favourable outcome in respect of the MOH approval, given that an in-country product evaluation in six Nigerian States has completed with the product performing in line with expectations. The evaluation coordinator is in the process of submitting a report for review by the MOH and, if successful, the VISITECT® CD4 350 test will be adopted into the national HIV policy in Nigeria.

Committed orders for 20k units of the VISITECT® CD4 Advanced Disease test have been received with other low value orders for the VISITECT® CD4 350 test having already been completed. The fulfilment of these customer orders provides comfort to the Directors that there is a market for the CD4 product range. However, volume sales of both

products are intrinsically dependent upon the approval outlined above with management already having received an order for 50k VISITECT® CD4 350 tests contingent upon the receipt of the MOH approval. Any delay in receiving approvals would influence the timing of receipt of significant customer orders.

Short term working capital funding

The Directors recognise the implications to short term working capital levels should there be delays in regulatory approval processes and subsequent timing of receipt of orders from customers. Management forecasts highlight a potential funding requirement if regulatory approval and subsequent receipt of purchase orders is delayed.

The Directors have commenced an equity fund raising intended to raise £1.7m from existing and new shareholders. After meeting with shareholders and their advisors, the Directors are confident that a fundraise would be successful with the key next step being gaining the required approvals in General Meeting.

At the date of finalising the financial statements, the timing of in-country approval from the Nigerian MOH in relation to VISITECT® CD4 350 test, timing and volume of sales orders for both VISITECT® CD4 350 & VISITECT® CD4 Advanced Disease tests and status of the proposed equity raise are circumstances that are outside of management's control. As a result, these represent material uncertainties, that may cast significant doubt on the Group's ability to continue as a going concern.

These financial statements do not include the adjustments that would be required if the Group was unable to continue as a going concern. If the going concern basis of preparation was no longer appropriate, adjustments would be required which would include reducing the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

2. Segment information – Continuing operations

2019	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	401,251	8,226,864	351,227	-	8,979,342
Inter-segment revenue	-	(176,722)	(45,864)	-	(222,586)
Total revenue	401,251	8,050,142	305,363	-	8,756,756
Cost of sales	(139,400)	(2,468,212)	(516,815)	-	(3,124,427)
Gross profit/(loss)	261,851	5,581,930	(211,452)	-	5,632,329
Operating costs	(114,508)	(2,820,935)	(1,578,500)	(1,389,730)	(5,903,672)
Operating profit/(loss) before exceptional items	147,343	2,760,995	(1,789,952)	(1,389,730)	(271,344)
Share-based payment charges	-	-	-	34,201	34,201
Depreciation	7,474	230,163	83,018	-	320,655
Amortisation	441	99,862	15,853	-	116,156
EBITDA	**155,258**	**3,091,020**	**(1,691,081)**	**(1,355,529)**	**199,668**
Share-based payment charges	-	-	-	(34,201)	(34,201)
Depreciation	(7,474)	(230,163)	(83,018)	-	(320,655)
Amortisation	(441)	(99,862)	(15,853)	-	(116,156)
Net finance costs	(102)	(3,311)	(11,706)	(81,955)	(97,074)
Profit / (loss) before tax	147,241	2,757,684	(1,801,658)	(1,471,685)	(368,418)
Share-based payment charges	-	-	-	34,201	34,201
Amortisation	441	99,862	15,853	-	116,156
Adjusted profit/(loss) before tax	**147,682**	**2,857,546**	**(1,785,805)**	**(1,437,484)**	**(218,061)**

	Allergy and	Food	Infectious/

2018	Autoimmune £	Intolerance £	Other £	Corporate £	Group £
Statutory presentation					
Revenue	588,426	9,106,780	488,546	-	10,183,752
Inter-segment revenue	(100,541)	(1,550,702)	(203,038)	-	(1,854,281)
Total revenue	487,885	7,556,078	285,508	-	8,329,471
Cost of sales	(239,008)	(2,132,733)	(478,447)	-	(2,850,188)
Gross profit/(loss)	248,877	5,423,345	(192,939)	-	5,479,283
Operating costs	(383,375)	(3,030,531)	(1,238,354)	(2,042,871)	(6,695,131)
Operating (loss)/profit before exceptional items	(134,498)	2,392,814	(1,431,293)	(2,042,871)	(1,215,848)
Share-based payment charges	-	-	-	52,270	52,270
Depreciation	-	170,721	60,469	-	231,190
Amortisation	1,750	101,130	17,133	-	120,013
EBITDA	**(132,748)**	**2,664,665**	**(1,353,691)**	**(1,990,601)**	**(812,375)**
Share-based payment charges	-	-	-	(52,270)	(52,270)
Depreciation	-	(170,721)	(60,469)	-	(231,190)
Amortisation	(1,750)	(101,130)	(17,133)	-	(120,013)
Net finance costs	(333)	(2,970)	(14,372)	(17,925)	(35,600)
Exceptional items	-	-	-	(225,720)	(225,720)
(Loss)/profit before tax	(134,831)	2,389,844	(1,445,665)	(2,286,516)	(1,447,168)
Share-based payment charges	-	-	-	52,270	52,270
Amortisation	1,750	101,130	17,133	-	120,013
Exceptional items	-	-	-	225,720	225,720
Adjusted (loss)/profit before tax	**(133,081)**	**2,490,974**	**(1,428,532)**	**(2,008,526)**	**(1,079,165)**

3. Revenues – Continuing operations

	2019 £	2018 £
UK	**608,106**	795,685
Germany	**-**	
Rest of Europe	**2,785,310**	2,848,962
North America	**1,912,781**	1,981,926
South/Central America	**488,891**	291,964
India	**699,624**	674,739
Asia and Far East	**1,482,321**	891,176
Africa and Middle East	**779,723**	845,019
	8,756,756	8,329,471

4. Finance costs

	2019 £	2018 £
Interest payable on bank overdrafts	**86,849**	21,676
Finance leases	**10,236**	14,675
	97,085	36,351

5. Taxation

	2019 £	2018 £
Tax credited/(charged) in the income statement		
Current tax - prior year adjustment	121,832	(59,447)
Deferred tax - current year	(92,833)	291,078
Deferred tax - prior year adjustment	(237,262)	33,773
	(208,263)	265,404
Tax relating to items charged or credited to other comprehensive income		
Deferred tax on actuarial loss on retirement benefit obligations	-	49,105
Deferred tax on net exchange adjustments	(91)	(11,988)
	(91)	37,117

Reconciliation of total tax charge/(credit)		
Factors affecting the tax charge/(credit) for the year:		
Profit/(loss) before tax	**1,182,516**	**(6,913,963)**
Effective rate of taxation	19%	19%
Profit/(loss) before tax multiplied by the effective rate of tax	224,678	(1,313,653)
Effects of:		
Expenses not deductible for tax purposes and permanent differences	45,632	25,135
Research and development and deferred tax credits	(126,571)	(148,579)
Losses in year not recognised (relating to closed German and India operations)	127,048	168,733
Tax repayment on surrender of tax losses/tax underprovided in prior years	115,430	25,674
Exceptional items (relating to closed German and India operations)	(172,820)	1,075,838
Adjustment due to different overseas tax rate	7,124	(112,079)
Impact of UK rate change on deferred tax	(12,258)	13,527
Tax charge/(credit) for the year	208,263	(265,404)

6. Earnings per share

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

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

	2019 £	2018 £
Profit/(loss) attributable to equity holders of the Group	**974,253**	(7,269,597)

	2019 Number	2018 Number
Basic average number of shares	**126,959,060**	121,470,093
Share options	**163,517**	1,346,731
Diluted weighted average number of shares	**127,122,577**	122,816,824

Adjusted Earnings per share on profit for the year

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

	2019 £	2018 £
Adjusted loss before taxation	**(303,237)**	(733,550)
Tax credit	**28,891**	265,404
Adjusted loss attributable to equity holders of the Group	**(274,346)**	(468,146)

The 2019 tax credit of £28,891 is derived from the total tax charge in the year of (£208,263) and deducting the tax charge of (£237,154) in relation to exceptional items giving the tax credit of £28,891.

7. Trade and other payables

	2019 £	2018 £
Trade payables	**548,325**	1,436,159
Social security costs	**180,688**	232,801
Accruals and other payables	**732,960**	933,109
	1,461,973	2,602,069

Following the decision by Omega Diagnostics Group PLC ("ODG") to place Omega Diagnostics GmbH ("GmbH") into insolvency, formal proceedings were lodged in the German civil court on 1 September 2018 and a permanent administrator was appointed. The administrator's role is to protect creditors of GmbH and in this regard, he can review transactions between GmbH and other group companies for the period beginning 12 months before the insolvency commenced, to see if any creditor has been disadvantaged. In this period, there were intercompany cash transactions between ODG and GmbH through a loan account which operated as a current account through which payments and repayments were made between ODG and GmbH. In September 2017, GmbH made a repayment to ODG of €500k, subsequent to which, ODG made payments to GmbH totalling €400k up to March 2018. In February 2019, the administrator to GmbH wrote an out of court letter to ODG's German lawyer outlining why it believed it had a claim on ODG for repayment of the €500k. In March 2019, ODG's German lawyer responded to the administrator outlining why

ODG's exposure is limited to €100k. The relevant parties remain in discussion and ODG is carrying a provision which, in the opinion of the directors, is sufficient to cover any claim that might arise.

The information usually provided by IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is not disclosed on the grounds that it can be expected to seriously prejudice the position of the Group in the dispute.