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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2010

Omega, the AIM listed medical diagnostics company, announces results for the year ended 31 March 2010, a year in which the Group achieved another year of solid progress.

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

Financial Highlights:

- Turnover up 14% to £6.2m (2009: £5.4m)
- Gross profit up 8% to £3.6m (2009: £3.3m)
- Adjusted profit before tax up 9% to £0.59m (2009: £0.54m)
- EPS 1.0p before exceptional items (2009: 2.0p) and 1.0p after exceptional items (2009: 1.4p)
- Net cash at the period end of £0.68m (2009: £0.61m)

Operations highlights:

- Expanded coverage of Genarray™ microarray systems with 57 systems now installed in 18 countries with sales in the year of £1.04m (2009: £0.72m)
- Substantial increase in sales and coverage of Food Detective™ with sales in the year of £0.79m (2009: £0.31m) from 46 countries (2009: 18 countries)
- Sales growth in all regions around the world

	31 March 2010	31 March 2009	% increase
UK & Europe	£3.02m	£2.68m	+ 13%
Asia & Far East	£1.37m	£1.21m	+ 13%
Africa & Middle East	£1.17m	£1.02m	+ 15%
South & Central America	£0.33m	£0.31m	+ 8%
North America	£0.31m	0.22m	+ 41%
TOTAL	£6.20m	£5.44m	+ 14%

Regarding outlook, David Evans, Chairman, said:

"The Group has achieved another year of solid progress where the in-house strength of being able to build successful distribution relationships has led to further growth for key products. Trading in the first three months of the year is in line with current management expectation."

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Chairman's Statement

I am pleased to report the progress we have made throughout the Group, both in delivering organic growth from existing products and the completion of a small acquisition in the year.

Strategy

The Group has achieved another year of solid progress where the in-house strength of being able to build successful distribution relationships has led to further growth for key products. Food Detective™ has performed particularly strongly where its market positioning, focussed on the professional nutritionist market in the UK and abroad, has enabled growth into over 40 countries. The Genarray™ microarray assay system continues to offer laboratories superior performance over conventional microplate formats and is now being used in all five continental regions we report on. These two

products were key in delivering growth following the acquisition of Genesis-CNS and it is pleasing to report their ongoing success. Future growth will also be dependent on our ability to use the microarray platform for tests other than for food intolerance, and our ability to identify and execute on other opportunities will be key to this.

We also successfully achieved the opportunistic acquisition of Co-Tek (South West) Ltd in September last year which, prior to its acquisition, was already a supplier to the Group through an intermediary company. Bringing Co-Tek into the fold has put us in a position of being able to supply part of the range of infectious disease products on a more competitive basis.

We are grateful for the support from existing and new shareholders in supporting the £1m fundraising for this transaction and we continue to review suitable acquisition opportunities in recognition of a need to transform ourselves if we are truly to deliver shareholder and stakeholder value and benefits.

Financial

Turnover for the Group increased to £6.2 million (2009: £5.4 million), up 14% over last year. We are pleased with the achievement of this result against an economic backdrop that has been challenging for many, and we will continue to ensure a wide geographic coverage for our products to mitigate this risk as far as possible.

The Group achieved an EBITDA of £698k (2009: £915k) before exceptional items and share-based payment charges. The relative strength of sterling against the US dollar compared to the previous year led to a turnaround in foreign exchange differences on trading activities of £122k, with a loss this year of £28k (2009: £94k gain). The remaining difference of £95k arises on the increase in gross profit of £272k being offset by increased investment in operational costs of £367k, driven largely by an increase in sales and marketing costs to support the increased sales growth I have referred to above.

We consistently report on adjusted profit before tax so shareholders can easily gauge our performance as compared to external market forecasts. The Group achieved an increase in adjusted profit before tax to £589k (2009: £540k). This figure is arrived at by taking headline profit before tax of £210k and adding back analyst-adjusted items including IFRS-related net discount charges of £92k, amortisation of intangible assets of £109k and share-based payment charges of £178k.

Net finance costs have reduced significantly to £97k (2009: £306k) for two reasons. Firstly, the benign environment for interest rates has seen the UK base rate at 0.50% throughout the year which has led to a reduction in net interest on borrowings and secondly, the strengthening of sterling against the US dollar has the opposite effect leading to translation gains on US dollar borrowings.

Profit after tax amounted to £187k (2009: £221k) which resulted in earnings per share of 1.0p versus earnings per share of 1.4p in the previous year.

Balance sheet

The Group has intangible assets of £5.2 million (2009: £4.9 million) at the year-end comprised of goodwill of £3.3 million and intangible assets of £1.8 million, separately identified in line with current IFRS. The Group performs annual impairment reviews under current accounting standards and is comfortable with the carrying value of its intangible assets given the growth and results for the year just ended.

Net debt (total borrowings less cash) reduced to £1.26 million from £1.64 million as the Group continues to generate cash in excess of servicing its borrowings.

Research and development

It is our aim to widen the use of our microarray platform into areas capable of delivering increased value, to mirror successes seen with the food intolerance assays, which will require an increase in production capacity. Last year we embarked upon a project to upgrade the method to manufacture array slides. This project had certain technical issues and, whilst progress was made, the equipment supplier was unable to resolve all the issues to our satisfaction and we took the difficult decision to terminate the project for our existing food intolerance assays. We have since sourced increased capacity for the tried-and-tested method and are comfortable with the capacity now available for production needs. Future development needs can, to a large extent, be met from existing capacity. However, we believe that by working in conjunction with the supplier we can resolve the technical issues so that non-contact printing can be commissioned for future intended applications.

Board and employees

As announced during the year, Geoff Gower joined the Board on 22 December 2009. Geoff joined the Group in May 2009 as the Managing Director of Genesis and CNS and his experience in operations and general management of diagnostics companies will no doubt be of benefit for our future aims.

I know the results achieved for the year don't happen automatically and I would like to thank all employees for their hard work where, in the second half in particular, much effort was made in delivering results in line with expectations.

Outlook

Trading in the first three months of the year is in line with current management expectation.

We continue to review acquisition opportunities to transform the Group and whilst there can be no guarantee of completing any transaction, I hope to be able to update you with progress on this element of our strategy during this financial year.

David Evans, CA
Non-executive Chairman
15 July 2010

Chief Executive's Review

I am pleased to report that the Group has seen an increase in revenue for the year to £6.20 million, some 14% ahead of last year's figures (2009: £5.44 million). Revenue increased in two of the three key areas of product application with the exception of infectious disease tests.

Infectious disease tests

Sales of infectious disease tests decreased to £1.79 million (2009: £1.83 million) for the year representing a decline of 2.0% which was due to lost tender business in a key market in the Middle East. The small acquisition of Co-Tek (South West) Ltd in late September 2009 gave the Group a secure supply of low-cost bacterial diagnostic tests. Prior to the acquisition they had been exclusively supplying one of our competitors, who in turn had been supplying us. They, in turn, had been acquired by another competitor in a consolidation deal, so threatening our supply. Our ability to capture and control the supply chain, with decreased costs, has provided us with more competitive pricing for our international markets. We therefore expect better results in the year ahead as we access larger volume business with international tenders which traditionally have longer lead times. We have also seized the opportunity to conclude a long-term supply agreement with the former supplier which secures sales going forward.

Food intolerance

Food intolerance testing has seen a growth of 31% in the year resulting in sales of £2.96 million. (2009: £2.26 million).

For the Genarray™ laboratory system and on-going reagent sales, we have seen growth in sales to £1.04 million (2009: £0.72 million). This growth has been achieved by the installation of 15 new systems into a further eight territories as well as increasing the number of installed systems in countries already active with Genarray™. This now brings the total number of installed systems up to 57 since launch. Sales of Genarray™ food intolerance systems reached £212k (2009: £146k) with sales of reagent kits reaching £828k (2009: £574k).

As with the Genarray™ system, the Food Detective™ test for food intolerance has seen sales rise to £790k (2009: £314k) with sales into many new countries around the world. The number of countries where we have now sold product has increased to 46 (2009: 18), resulting in an increase in volumes of approximately 150% to 34,241 kits (2009: 13,392). Additional distributors from other countries are in discussion and product registration has recently been achieved in Brazil, one of the Group's largest single markets and a key strategic market going forward. Registration in China is proceeding but the timescale for completion is somewhat indeterminate given the complex regulatory environment existing in that country.

The UK market has also seen a doubling in sales to £216k (2009: £104k) following a promotional campaign and by opening up sales to professional re-sellers. In addition, the testing services for food intolerance and other related tests have shown an increase in business to £371k (2009: £314k) and further development of this side of the business is anticipated.

Autoimmune tests

Sales of autoimmune tests increased by 5% to £660k (2009: £630k) with growth restrained by the fact that the tests are manual assays without a dedicated equipment platform. In a market that is increasingly becoming controlled by 'closed systems', i.e. tests that can only be used on dedicated equipment, we do not see this area as a source for major growth in the future although some work has been done on adapting several of the tests to be able to work on other companies 'open systems', i.e. equipment that will allow the use of any manufacturer's test kits.

While the application of the Genarray™ microarray technology to autoimmune disease testing had been considered, better prospects for the application of this technology have emerged (see Research and development).

Distribution network

The Group's strength in distribution has seen it record growth in all geographic regions into which it sells. Apart from South and Central America, all other regions showed double-digit growth in percentage terms, growth which we expect to continue as we see a further roll out of Genarray™ systems and increased sales traction of Food Detective™ with existing distributors.

One area of business under development is the partnership with regional affiliated laboratories who offer food intolerance tests under the CNS name using the Genarray™ assay system and FoodPrint™ results trademark. This allows local provision of food intolerance tests in countries where, until recently, customers had to send their samples either to Europe or the US at great expense and with a long time delay. This aspect of market expansion is starting to take hold in the Middle East and we plan to extend this side of the business to other geographical areas throughout the year.

Research and development

In early 2009 we invested in a high throughput, non-contact microarray printer to handle the expected increase in Genarray™ business. Unfortunately, several technical issues prevented the equipment coming into routine production and the supplier was unable to resolve them to our satisfaction. In December 2009 we made the decision to retain the previous contact printing method whilst trying to resolve the outstanding technical issues with the new equipment. Although slightly less efficient than the non-contact printer, this meant we could continue production and supply of Genarray™ kits. By the end of March 2010, it was clear that the issues could not be resolved to our satisfaction and the decision was taken to remain with the established method for producing food intolerance arrays. In order to increase capacity of the array slides we have invested in additional contact printers which have also improved our yield. We are confident that future anticipated growth of Genarray™ products will be unaffected by the decision to stay with the contact printing method for the immediate future and manufacturing capacity is now secured for next year.

During the year most of the R&D resource was allocated to production and product support duties so the ability to develop new products was reduced. However, with resolution to production capacity issues we expect to be able to spend more time developing additional products on the Genarray™ microarray platform. We aim to deliver new variants of the IgG Genarray™ food intolerance assay to be able to compete better with our competitors and these will also include food additives which, until now, have not been included on the array. Several projects for new product development have been initiated which we expect to positively impact in the new financial year. The IgE Allergy testing market has been identified as a high-value niche market for application of the Genarray™ microarray technology. This will require the development of a 'closed system' which fully automates the test procedure and opportunities for collaboration with instrumentation companies are being explored. Adaptation of existing testing platforms for the arrays will mean reduced time to market, less development risk and cost. Work was completed on a Chinese variant of the Food Detective™ macroarray test and an Indian variant is planned for the near future which we expect to launch following the completion of product registration formalities.

Outlook

The outlook for the new financial year is encouraging and we continue to review promising opportunities, both organic and acquisitive. The market for the Group's products continues to expand despite local difficulties in some eurozone countries. The major growth in the world IVD market, in particular, in countries such as India, China and Brazil, should compensate for any reduction in sales in problematic markets, which is one of the key strengths of the Group's global distribution network.

Andrew Shepherd

Chief Executive
15 July 2010

Financial Review

The Group has achieved 14% growth in sales for the year with a particularly strong performance in the second half.

The Group has reported an adjusted profit before tax of £589,511 (2009: £540,439). The Group reports on adjusted profit before tax (excluding IFRS-related items of share-based payment charges, amortisation of intangible assets and discount charges) to provide a better understanding of the results of our normal trading activities compared to external research forecasts.

Trading activities

Revenue

Revenue for the year was £6,198,742 representing an increase of 14% over the previous year (2009: £5,438,313) and includes growth in all five major continental regions. In particular, the growth of Genarrayt™ systems and Food Detective™ kits for food intolerance has underpinned much of this.

Gross profit

Gross profit for the year was £3,616,220 (2009: £3,344,264) resulting in a gross margin percentage of 58.3% (2009: 61.5%). As explained at the time of the interim results, some suppliers have increased costs due to the economic environment but internally, the Group has also increased operational headcount to cope with increased demand. The margin has been maintained during the second half of the year where the Group sold more Genarrayt™ systems than it originally expected and, whilst these provide a useful source of revenue, they are sold at lower margins. The substantial growth in Food Detective™ volumes has also driven revenue growth but the mix between these sales and those from the laboratory services division is weighted towards a lower margin than otherwise would be the case.

Administration costs

Administration costs, excluding exceptional costs, have increased by £382,686 to £2,508,608 (2009: £2,125,922). A relatively small foreign exchange loss on trading activities in the year of £28,146 (2009: £94,652 gain) represents an increased charge of £122,798 over the previous year. Share-based payments charges have increased by £100,427 representing the larger one-year vesting period for options granted in December 2008 that falls within the current year. Other administrative increases of £159,461 reflect increased headcount, general increases to salaries across the Group and the acquisition of the Co-Tek business during the year.

There were no exceptional costs during the year (2009: £80,301) as there were in the previous year relating to an aborted acquisition opportunity. Costs of £80,978 related to the acquisition of Co-Tek were treated as an acquisition cost in line with IFRS 3 Business Combinations. It should be noted that this Standard has since been revised so that future acquisition costs will be accounted for through the statement of comprehensive income.

Selling and marketing costs

The increase in expenditure of £235,009 reflects the investment in sales and marketing targeted activities including the appointment of two senior positions to support the expanded distribution network.

Research and development

Included within administration costs is expenditure on research and development activities which in the year amounted to £209,747 (2009: £226,068). It was disappointing to terminate the project to upgrade the manufacturing procedure for printing Genarrayt™ array slides, but we have taken steps to ensure sufficient production and development capacity exists with the proven contact printing method. The technical issues encountered with the intended upgrade to non-contact printing meant reduced resources being allocated to other product development activities. Nevertheless, progress has been achieved towards providing alternative versions of the Food Detective™ kit, tailored for specific diets in other parts of the world.

Operating profit

The Group generated an operating profit of £307,480 (2009: £572,968) and the reasons for the reduction in this measure are highlighted above under Administration costs and Selling and marketing costs.

Profit before tax

The profit before tax was £210,008 (2009: £266,893). However, as highlighted in the Chairman's Statement, the Group also reports adjusted profit before tax to provide shareholders with the measure of profit for a better comparison with external market forecasts. The adjusted profit before tax for the year was £589,511 (2009: £540,439) after adding back share-based payment charges of £178,375 (2009: £77,948), intangible asset amortisation of £108,750 (2009: £98,750), IFRS-related discount factors of £92,378 (2009: £16,547) and exceptional costs of £nil (2009: £80,301).

Finance costs reduced significantly in the year to £97,909 (2009: £312,232) with the reduction principally being due to lower interest charges where the UK base rate has remained at 0.5% throughout the year and a currency gain of £41,978 (2009: £188,295 loss) on US dollar borrowings due to the relative strengthening of sterling against the US dollar.

Taxation

There is a tax charge of £22,909 (2009: £45,852) in the year, comprising a charge for current tax of £33,177 (2009: £51,160) and a deferred tax credit of £10,268 (2009: £5,308 credit) equating to an effective tax rate of 10.9% (2009: 17.2%). Prior year adjustments to the tax charge arise when there are differences between estimated figures chargeable to tax and final tax computations.

Earnings per share

There was a basic earnings per share (EPS) after exceptional costs of 1.0p (2009: 1.4p) reflecting the higher average number of shares in issue throughout the year. Basic EPS before exceptional costs was 1.0p (2008: 2.0p).

Acquisitions

Acquisition of Co-Tek (South West) Limited

On 28 September 2009, the Group completed the acquisition of Co-Tek, a company supplying bacterial infection tests, for a cash consideration of £400,000 plus related acquisition costs of £80,978. There was a small cash balance of £1,554 in Co-Tek at completion giving a net cash outlay of £479,424.

Deferred consideration payments

On 10 March 2010, the Company made a final payment of £101,275 in settlement of the agreed earn-out targets in respect of the acquisition of Genesis and CNS. This sum, together with the net outlay on the acquisition of Co-Tek has

been included on the consolidated cash flow statement under outflow on acquisition of subsidiary.

Treasury operations

Currency management

The Group conducts its operations in three main currencies being sterling, euros and US dollars. In the case of transactions in euros and US dollars, the Group may be exposed to fluctuations in the rates of exchange against sterling. Where possible, the Group operates a natural hedge by entering into transactions of both a buying and selling nature that limits the risk of adverse exchange rate losses. The Company continues to hold a portion of its borrowings in US dollars where this loan can be serviced from a net surplus of US dollars generated from its trading activities. The relative strengthening of sterling against the US dollar throughout the year has given rise to a foreign exchange translation gain of £41,978 on these borrowings (2009: £188,295 loss). In part, this has been offset by the loss of £28,146 (2009: £94,652 gain) referred to above under Administrations costs.

Interest rate management

Following conversion of a part of the sterling loan into US dollars, the Group limited its exposure to interest rate fluctuations by entering into certain derivative financial instruments. In the case of the remaining sterling loan, the Group entered into an agreement with Bank of Scotland whereby the base rate element of the interest charge has been capped at 5.5% for the entire remaining term. In the case of the US dollar loan, the Group entered into two agreements with Bank of Scotland, one to cap the interest rate based on US Libor at 5% and one to operate a floor rate on US Libor of 2.25%. Under IFRS, these derivative financial instruments are required to be disclosed at their fair values as either assets or liabilities and there has been a fair value adjustment gain through the income statement of £2,580 (2009: £9,871 charge). Accordingly, at the balance sheet date, the Group had assets of derivative financial instruments of £196 (2009: £599) and liabilities of derivative financial instruments of £7,717 (2009: £10,700).

Financing

The Group successfully raised £1 million of new equity in September 2009 to fund the acquisition of Co-Tek and to provide additional working capital. The issue was oversubscribed which provided the opportunity for Dr Mike Walker, the vendor of Genesis and CNS, to have his shares placed with new institutional shareholders. After expenses incurred with the share issue of £80,807 the net funds raised amounted to £919,193.

Cash flow

Net cash inflow for the year was £66,246 (2009: £100,043) which meant that at the year end, the Group had cash and cash equivalents of £678,800 (2009: £612,554). Cash generated from operations of £212,283 (2009: £668,276) is lower than last year due mainly to the record high sales figure achieved in March 2010. As such, the reported increase in trade receivables has reversed itself following the end of the year as cash has been collected.

Capital management

The Group funds its operations with a mixture of short and long term borrowings or equity as appropriate with a view to maximising returns for shareholders whilst safeguarding the ability to continue to operate as a going concern. Acquisition payments and financing have been referred to in the Cash flow section so that in total, the Group's net debt position has decreased to £1,258,375 (2009: £1,635,013). The Group monitors its net debt position on a regular basis and produces an annual budget to help ensure it has adequate facilities with appropriate maturity profiles for its operational needs.

Capital expenditure

The Group incurred £90,665 (2009: £134,433) on plant and machinery fixed assets. Most of the expenditure was incurred at Genesis where all the laboratories underwent a refurbishment and an extension to the kitting facility was built.

Kieron Harbinson
Group Finance Director
15 July 2010

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	2010	2009
	£	£
Continuing operations		
Revenue	6,198,742	5,438,313
Cost of sales	<u>(2,582,522)</u>	<u>(2,094,049)</u>
Gross profit	3,616,220	3,344,264
Administration costs	(2,508,608)	(2,125,922)
Selling and marketing costs	(800,632)	(565,623)
Other income - government grants and related assistance	500	550
Exceptional administration costs	<u>-</u>	<u>(80,301)</u>
Operating profit	307,480	572,968
Finance costs	(97,909)	(312,232)
Finance income - interest receivable	437	6,157
Profit before taxation	210,008	266,893
Tax charge	(22,909)	(45,852)
Profit for the year/total comprehensive income	<u>187,099</u>	<u>221,041</u>

Earnings Per Share (EPS)

Basic EPS on profit for the year

- before exceptional items	1.0p	2.0p
- after exceptional items	1.0p	1.4p
Diluted EPS on profit for the year		
- before exceptional items	1.0p	2.0p
- after exceptional items	1.0p	1.4p

Consolidated Balance Sheet
as at 31 March 2010

	2010	2009
	£	£
ASSETS		
Non-current assets		
Intangibles	5,159,774	4,879,700
Property, plant and equipment	672,903	639,446
Deferred taxation	96,074	107,530
Derivative financial instruments	196	599
	<u>5,928,947</u>	<u>5,627,275</u>
Current assets		
Inventories	814,344	762,380
Trade and other receivables	1,682,263	1,254,963
Income tax receivable	45,527	4,055
Cash and cash equivalents	678,800	612,554
	<u>3,220,934</u>	<u>2,633,952</u>
Total assets	<u>9,149,881</u>	<u>8,261,227</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	5,930,962	5,011,769
Retained earnings	(281,074)	(646,548)
	<u>5,649,888</u>	<u>4,365,221</u>
Total equity	<u>5,649,888</u>	<u>4,365,221</u>
Liabilities		
Non-current liabilities		
Long-term borrowings	1,593,491	1,875,263
Deferred taxation	583,249	575,065
Derivative financial instruments	7,717	10,700
	<u>2,184,457</u>	<u>2,461,028</u>
Total non-current liabilities	<u>2,184,457</u>	<u>2,461,028</u>

Current liabilities		
Short-term borrowings	343,685	372,304
Other financial liabilities	-	131,580
Trade and other payables	862,878	871,725
Income tax payable	108,973	59,369
	<hr/>	<hr/>
Total current liabilities	<u>1,315,536</u>	<u>1,434,978</u>
	<hr/>	<hr/>
Total liabilities	<u>3,499,993</u>	<u>3,896,006</u>
	<hr/>	<hr/>
Total equity and liabilities	<u>9,149,881</u>	<u>8,261,227</u>

Consolidated Statement of Changes in Equity
for the year ended 31 March 2010

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2008	1,331,957	3,074,041	(945,537)	3,460,461
Issue of share capital for non-cash consideration	30,289	575,482	-	605,771
Profit for the year ended 31 March 2009	-	-	221,041	221,041
Share-based payments	-	-	77,948	77,948
Balance at 31 March 2009	1,362,246	3,649,523	(646,548)	4,365,221
Issue of share capital for cash consideration	200,000	800,000	-	1,000,000
Expenses in connection with share issue	-	(80,807)	-	(80,807)
Profit for the year ended 31 March 2010	-	-	187,099	187,099
Share-based payments	-	-	178,375	178,375
Balance at 31 March 2010	1,562,246	4,368,716	(281,074)	5,649,888

Consolidated Cash Flow Statement
for the year ended 31 March 2010

	2010 £	2009 £
Cash flows generated from operations		
Profit for the year	187,099	221,041
Adjustments for:		
Taxation	22,909	45,852
Finance costs	97,909	312,232
Finance income	(437)	(6,157)
Operating profit before working capital movement	307,480	572,968
Increase in trade and other receivables	(360,405)	(169,672)
Increase in inventories	(48,964)	(135,343)
(Decrease)/increase in trade and other payables	(24,926)	205,913
Loss/(gain) on sale of property, plant and equipment	1,873	(350)
Depreciation	102,925	85,484
Amortisation of intangible assets	108,750	98,750
Share-based payments	178,375	77,948
Taxation paid	(52,825)	(67,422)
Net cash flow from operating activities	212,283	668,276
Investing activities		
Finance income	437	6,157
Purchase of property, plant and equipment	(90,485)	(26,933)
Sale of property, plant and equipment	2,540	2,500
Outflow on acquisition of subsidiaries	(580,699)	(167,471)
Net cash used in investing activities	(668,207)	(185,747)
Financing activities		
Finance costs	(42,010)	(67,603)
Proceeds from issue of share capital	919,193	-
Loan repayments	(273,283)	(264,259)
Finance lease repayments	(81,730)	(50,624)
Net cash from/(used in) financing activities	522,170	(382,486)
Net increase in cash and cash equivalents	66,246	100,043
Cash and cash equivalents at beginning of year	612,554	512,511
Cash and cash equivalents at end of year	678,800	612,554

Notes to the Preliminary Announcement
for the year ended 31 March 2010

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 2010 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 15 July 2010 and are audited.

The comparative consolidated financial information for the year ended 31 March 2009 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 2010 will be finalised on the basis of the financial information presented in this preliminary announcement and will be delivered to the registrar of companies following the company's annual general meeting.

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 2010.

Basis of consolidation

The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are based on consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

2. Exceptional Administration costs

During the year to 31 March 2010, there were no exceptional administration costs. During the year to 31 March 2009, the Company was involved in the planned acquisition of another company which required the Company to raise new funds to complete the acquisition. The funding environment deteriorated throughout the process, due to the turmoil in worldwide financial markets, and in early November, the Company concluded that due to these challenging circumstances it was not possible to raise sufficient funds to complete the transaction. The Company incurred costs of £265,920 in connection with the aborted transaction but it was able to significantly reduce the impact of these costs to 30% of the total by obtaining indemnities from third parties for 70% of these costs. Among these third parties were Dr Mike Walker and David Evans who agreed to cover 30% and 10% of the costs respectively under an agreement entered into on 3 September 2008. As a result the financial impact of the aborted transaction to the Company was limited to £80,301. Due to the one-off nature and value of these costs, they are separately disclosed and treated as an exceptional item in the income statement so that they do not impact on the results from normal trading operations.

3. Finance costs

	2009 £	2008 £
Interest payable on loans and bank overdrafts	35,396	96,120
Exchange difference on loans	(41,978)	188,295
Unwinding of discounts	31,131	64,583
Fair value adjustment to acquisition	63,826	(57,907)
Fair value adjustment to financial derivatives	(2,580)	9,871
Finance leases	12,114	11,270
	97,909	312,232

4. 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.

	2010 £	2009 £
Net profit attributable to equity holders of the Group	187,099	221,041

	2010 number	2009 number
Basic average number of shares	18,153,455	15,356,991
Share options	471,581	-
Diluted weighted average number of shares	18,625,036	15,356,991

Earnings per share before exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and the expected infrequency of the events giving rise to them, merit separate presentation 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.

To this end, basic and diluted earnings per share is also presented on this basis using both the basic and diluted weighted average number of ordinary shares.

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

	2010 £	2009 £
Net profit attributable to equity holders of the Group	187,099	221,041
Exceptional Items	-	80,301
Profit before exceptional items attributable to equity holders of the Group	187,099	301,342

5. Annual General Meeting

Annual General Meeting will be held at Omega House, Hillfoots Business Village, Alva, FK12 5DQ on 19 August 2010 at 11am.

6. Annual Report

The annual report will be sent to shareholders shortly and will also be available at the registered office of Omega Diagnostics Group plc at:

One London Wall, London, EC2Y 5AB

and will be made available on the Company's website at:

www.omegadiagnostics.com

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