

26 November 2010

OMEGA DIAGNOSTICS GROUP PLC
(“Omega” or the “Company”)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

Omega, the AIM listed medical diagnostics company, announces interim results for the six months ended 30 September 2010.

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

Financial Highlights:

- Revenue up 15% to £3.30m (2009: £2.87m) with growth in all regions
- Gross profit up 13% to £1.90m (2009: £1.67m)
- Gross profit percentage decreased to 57.4% (2009: 58.3%)
- Adjusted profit before tax (“PBT”) up 53% to £403k (2009: £263k)
- Basic and diluted EPS of 1.4p before exceptional items (2009: loss 0.2p) and 0.1p after exceptional items (2009: loss 0.2p)
- Net cash at the period end increased to £0.91m (2009: £0.86m)

Other highlights:

- Proposed acquisition of IVD division of Allergopharma announced following period end to position the Group in the growing allergy testing market
- Conditional placing to raise up to £7.75m at 12p to fund the proposed acquisition resulting in the proposed re admission to AIM of the Enlarged Group subject to shareholder approval at a General Meeting of the Company convened for 17 December 2010
- Sales of Genarray™ have increased substantially in the period by 72% to £761k (2009: £443k) with over 80 systems now installed in over 20 countries
- Sales of Food Detective™ up 6% to £369k whilst volume growth of 29% is due to the supply of bulk components to a customer in China

Regarding outlook, David Evans, Chairman, said:

“The continued growth of both Genarray™ and Food Detective™ in the second half of the year remains key to growing the food intolerance business. The recent proposed acquisition of Allergopharma’s IVD division strategically positions the Company in the growing allergy testing market where a major opportunity exists to combine the expertise of this IVD division with the intention to develop assays on the fully automated laboratory analyser belonging to Immunodiagnostic Systems Holdings PLC and with the development of assays on the Company’s proprietary Genarray™ microarray system.”

“Overall, the Company is now positioned to transform itself into a leading Group in the areas of allergy testing and food intolerance and whilst we recognise the challenges that lie ahead, the medium to long term prospects for the Company remain very positive.”

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A copy of the Interim Results will be made available on the Company's website at www.omegadiagnostics.com today.

Chairman's Statement

Dear Shareholder

Omega has made continued progress with its core food intolerance business in the first half of the year with a further roll out of Genarrayt™ systems leading to a 72% increase in consumable reagent and instrument sales in the period. Food Detective™ sales have also benefited from a 29% growth in volume in the period which has outstripped revenue growth due to the supply of bulk components to a customer in China.

Financial

Revenue for the period increased by 15% to £3,304k (2009: £2,867k) with growth having taken place in all continental regions comprising the UK and Europe (+16%), Africa and Middle East (+23%), North America and South/Central America (+8%) and Asia and the Far East (+9%). Sales of Genarrayt™ systems and kits have increased to £761k in the period (2009: £443k) as 22 new systems were installed, bringing the total installations to date to over 80 systems. Sales of Food Detective™ have continued to perform with increased geographical reach in over 50 countries leading to sales of £369k in the period (2009: £348k). Growth in volume has been higher with 19,225 kits sold in the period (2009: 14,957 kits) but this includes 5,000 bulk kit components (2009: 2,088 kit components) sold to a customer in China at a lower price as the customer undertakes the assembly process itself in China.

Gross margin reduced slightly to 57.4% (2009: 58.3%) with the reduction being attributable to an increase in operational labour costs. Overall, direct material costs have remained constant as a percentage of sales with a small improvement in margins for infectious disease being offset by a margin reduction in CNS due to the sales mix favouring Food Detective™ kit sales over laboratory service sales, the former of which generates a lower margin.

Administration and distribution costs, excluding exceptional costs related to acquisition activity, reduced to £1,555k (2009: £1,624k). The reduction of £69k is based on £3k in the period related to share-based payment charges (2009: £129k) and £57k of increased costs in line with an average increase in headcount of 3.4 employees. Exceptional costs of £262k (2009: £nil) relate to the estimate of acquisition costs incurred up to 30 September 2010 on the recently announced proposed acquisition of the IVD Business of Allergopharma (see below). In line with revised accounting standards, such acquisition costs are now included in the income statement.

Adjusted PBT

Consistent with previous reporting methodology, the Group reports adjusted PBT to enable shareholders to more readily compare our results with external market forecasts. Adjusted PBT increased by 53% to £403k (2009: £263k). The adjusted PBT is found by taking the headline PBT of £71k (2009: £7k) and then adding back IFRS-related adjustments of unwinding of discounts of £9k (2009: £80k), amortisation of intangible assets of £59k (2009: £49k), share-based payment charges of £3k (2009: £129k) and exceptional costs of £262k (2009: £nil) and then deducting a fair value adjustment gain to financial derivatives of £1k (2009: £2k).

Placing and acquisition

After the period end, the Company announced it has received committed orders from institutions to raise £7.75 million before expenses by way of a conditional placing of 64,583,350 shares of 4p each in the capital of the Company at 12 pence per share to acquire the IVD Business of Allergopharma for €6m in cash at completion. The acquisition is subject to the approval of shareholders in a General Meeting to take place on 17 December 2010 with second admission of new shares to trading on AIM ("Admission") expected to occur by 22 December 2010.

The financial results of the IVD Business will be consolidated with those of the existing Group from the point of Admission through to 31 March 2011.

Going concern

The Directors have considered the financial and operational risks relevant to support a statement of going concern. They have a reasonable expectation that the Group has adequate financial resources to continue in operational existence for the foreseeable future and therefore continue to adopt the going concern basis in preparing interim financial statements.

Outlook

The continued growth of both Genarray™ and Food Detective™ in the second half of the year remains key to growing the food intolerance business. The recent proposed acquisition of Allergopharma's IVD division strategically positions the Company in the growing allergy testing market where a major opportunity exists to combine the expertise of this IVD division with the intention to develop assays on the fully automated laboratory analyser belonging to Immunodiagnostic Systems Holdings PLC and with the development of assays on the Company's proprietary Genarray™ microarray system.

We have also made good progress towards overcoming the regulatory challenges of taking the Food Intolerance Testing business into the United States and have separately announced today a major distribution deal for Food Detective™ in India.

Overall, the Company is now positioned to transform itself into a leading Group in the areas of allergy testing and food intolerance and whilst we recognise the challenges that lie ahead, the medium to long term prospects for the Company remain very positive.

I look forward to updating you on progress in due course.

David Evans
Non-Executive Chairman
25 November 2010

INDEPENDENT REVIEW REPORT TO OMEGA DIAGNOSTICS GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes 1 to 9. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2010 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
Edinburgh
25 November 2010

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2010

	Notes	6 months to 30 Sept 2010 £	6 months to 30 Sept 2009 £
Continuing operations			
Revenue		3,304,374	2,867,487
Cost of sales		<u>(1,406,019)</u>	<u>(1,194,904)</u>
Gross profit		1,898,355	1,672,583
Other income		2,998	-
Administration and distribution costs		(1,555,413)	(1,623,673)
Exceptional administration costs	3	<u>(262,000)</u>	<u>-</u>
Operating profit		83,940	48,910
Finance costs	4	(13,540)	(42,418)
Finance revenue – interest receivable		219	196
Profit before taxation		70,619	6,688
Tax charge	5	<u>(53,965)</u>	<u>(35,840)</u>
Profit/(loss) and total comprehensive income		16,654	(29,152)
Profit/(loss) for the period attributable to equity holders of the parent		16,654	(29,152)
Earnings Per Share (EPS)			
Basic and diluted EPS on (loss)/profit for the year	6		
- before exceptional items		1.4p	(0.2p)
- after exceptional items		0.1p	(0.2p)

Consolidated Balance Sheet
as at 30 September 2010

	At 30 Sept 2010 £	At 31 March 2010 £	At 30 Sept 2009 £
Assets			
Non-current assets			
Intangibles	5,100,399	5,159,774	5,222,104
Property, plant and equipment	673,896	672,903	696,833
Deferred taxation	39,521	96,074	87,297
Derivative financial instruments	9	196	1,080
	<u>5,813,825</u>	<u>5,928,947</u>	<u>6,007,314</u>
Current assets			
Inventories	843,367	814,344	831,495
Trade and other receivables	1,682,414	1,682,263	1,354,706
Income tax receivable	4,055	45,527	4,055
Cash and cash equivalents	912,632	678,800	864,567
	<u>3,442,468</u>	<u>3,220,934</u>	<u>3,054,823</u>
Total assets	<u>9,256,293</u>	<u>9,149,881</u>	<u>9,062,137</u>
Equity and liabilities			
Issued capital	5,930,962	5,930,962	5,930,962
Retained earnings	(261,373)	(281,074)	(547,186)
Total equity	<u>5,669,589</u>	<u>5,649,888</u>	<u>5,383,776</u>
Liabilities			
Non current liabilities			
Long term borrowings	1,427,967	1,593,491	1,735,408
Deferred taxation	553,985	583,249	595,929
Derivative financial instruments	6,092	7,717	9,572
Total non current liabilities	<u>1,988,044</u>	<u>2,184,457</u>	<u>2,340,909</u>
Current liabilities			
Short term borrowings	336,255	343,685	345,585
Other financial liabilities	-	-	99,583
Trade and other payables	1,154,536	862,878	780,484
Income tax payable	107,869	108,973	111,800
Total current liabilities	<u>1,598,660</u>	<u>1,315,536</u>	<u>1,337,452</u>
Total liabilities	<u>3,586,704</u>	<u>3,499,993</u>	<u>3,678,361</u>
Total equity and liabilities	<u>9,256,293</u>	<u>9,149,881</u>	<u>9,062,137</u>

Consolidated Statement of Changes in Equity
for the six months ended 30 September 2010

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 April 2009	1,362,246	3,649,523	(646,548)	4,365,221
Issue of share capital for cash consideration	200,000	800,000	-	1,000,000
Expenses in connection with share issue in period to 30 September 2009	-	(80,807)	-	(80,807)
Loss and total comprehensive income for the period attributable to equity holders of the parent	-	-	(29,152)	(29,152)
Share Based payments	-	-	128,514	128,514
Balance at 30 September 2009	1,562,246	4,368,716	(547,186)	5,383,776
Profit and total comprehensive income for the period attributable to equity holders of the parent	-	-	216,251	216,251
Share Based payments	-	-	49,861	49,861
Balance at 31 March 2010	1,562,246	4,368,716	(281,074)	5,649,888
Profit and total comprehensive income for the period attributable to equity holders of the parent	-	-	16,654	16,654
Share Based payments	-	-	3,047	3,047
Balance at 30 September 2010	1,562,246	4,368,716	(261,373)	5,669,589

Consolidated Cash Flow Statement
for the six months ended 30 September 2010

	6 months to 30 Sept 2010 £	6 months to 30 Sept 2009 £
Cash flows generated from operations		
Profit/(loss) for the period	16,654	(29,152)
Adjustments for:		
Taxation	53,965	35,840
Finance costs	13,540	42,418
Finance income	(219)	(196)
Operating profit	83,940	48,910
Increase in trade and other receivables	(151)	(43,662)
Increase in inventories	(29,023)	(66,115)
Increase/(decrease) in trade and other payables	291,657	(173,491)
Depreciation	54,830	49,159
Amortisation of intangible assets	59,375	49,375
Taxation received	13,692	-
Gain on sale of property, plant and equipment	(3,679)	-
Share-based payments	3,047	128,514
Net cash flow from operating activities	473,688	(7,310)
Investing activities		
Finance income	219	196
Purchase of property, plant and equipment	(57,143)	(56,237)
Sale proceeds of property, plant and equipment	5,000	-
Outflow on acquisition of subsidiary	-	(402,438)
Net cash used in investing activities	(51,924)	(458,479)
Financing activities		
Finance costs	(15,149)	(22,597)
Proceeds from issue of share capital	-	919,193
Loan repayments	(140,083)	(136,620)
Finance lease repayments	(32,700)	(42,175)
Net cash (used in)/from financing activities	(187,932)	717,801
Net increase in cash and cash equivalents	233,832	252,013
Cash and cash equivalents at beginning of period	678,800	612,554
Cash and cash equivalents at end of period	912,632	864,567

Notes to the Interim Report

for the six months ended 30 September 2010

1. BASIS OF PREPARATION

For the purpose of preparing the March 2010 Annual financial statements the Directors used IFRS as adopted by the EU and in accordance with the AIM Rules issued by the London Stock Exchange. In preparing these interim financial statements, the same accounting policies have been used as set out in the Group's Annual Report for the year ended 31 March 2010 with the exception of IFRS 3 (R) which has been adopted for the first time in these interim financial statements. The impact of applying this standard is that £262,000 of exceptional administration costs relating to the proposed acquisition as detailed in Note 7 have been expensed and not included in the purchase price as was the requirement of the original standard. The Group has not applied IAS 34 *Interim Financial Reporting*, which is not mandatory for AIM companies, in the preparation of these interim financial statements.

The interim financial statements are unaudited but have been formally reviewed by the auditors and their report is unqualified. The information shown in the consolidated balance sheet as at 31 March 2010 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2010 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2010 Annual Report was unqualified and did not contain a statement under sections 498 (2) and 498 (3) of Chapter 3, Part 16 of the Companies Act 2006. These interim financial statements were approved by the Board of Directors on [25 November 2010].

2. BUSINESS COMBINATION

During the six months ended 30 September 2010 there were no business acquisitions.

Acquisition of Co-Tek (South West) Ltd

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

	Total
	£
Intangible assets	100,000
Property, plant and equipment	50,310
Inventories	3,000
Trade and other receivables	66,895
Cash and cash equivalents	1,554
Borrowings	-
Trade and other payables	(43,859)
Deferred tax liability	(29,908)
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Net assets	147,992
Goodwill on acquisition	332,986
<hr/>	
	480,978
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Fair value of consideration	400,000
Acquisition costs	80,978
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	480,978
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Cost of the acquisition

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

Funding

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

Cash outflow on acquisition

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

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

3. EXCEPTIONAL ADMINISTRATION COSTS

In the six months to 30 September 2010, the Company incurred exceptional costs of £262,000 (2009: £nil) in relation to the proposed acquisition of the In-Vitro Diagnostics division of Allergopharma. Under the revised IFRS3 Business Combinations, acquisition costs are required to be included in the statement of comprehensive income, and these costs are separately itemised as exceptional administration costs so as to allow shareholders to make comparisons of trading operations without the distortion of these acquisition costs.

4. FINANCE COSTS

	6 months to 30 Sept 2010 £	6 months to 30 Sept 2009 £
Interest payable on loans	13,737	18,504
Exchange difference on loans	(12,056)	(60,902)
Unwinding of discounts	9,128	79,577
Fair value adjustment to financial derivatives	(1,438)	(1,609)
Finance charges payable under finance leases	4,169	6,848
	13,540	42,418

5. TAX CHARGE

	6 months to 30 Sept 2010	6 months to 30 Sept 2009
	£	£
Income tax expense		
Current tax - current year	26,676	24,651
Current tax - prior year adjustment	-	-
Deferred tax - current year	32,477	11,189
Deferred tax - prior year adjustment	(5,188)	-
	53,965	35,840

Further to a proposed corporation tax rate announced in the recent budget, deferred tax reversing after 1 April 2012 will be recognised at a rate of 26% and will be reduced yearly until 24% as opposed to the existing rate of 27%. This will result in a reduction in the deferred tax liability and a corresponding credit to the profit and loss account. The impact is expected to be approximately £57k.

6. EARNINGS PER SHARE

	6 months to 30 Sept 2010	6 months to 30 Sept 2009
	£	£
Net profit/(loss) attributable to equity holders of the Group	16,654	(29,152)
	2010 number	2009 number
Basic and diluted average number of shares	20,632,907	15,687,852

The number of shares in issue at the period end was 20,632,907. 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.

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

	6 months to 30 Sept 2010	6 months to 30 Sept 2009
	£	£
Net profit/(loss) attributable to equity holders of the Group	16,654	(29,152)
Exceptional items	262,000	-
Profit/(loss) before exceptional items attributable to equity holders of the Group	278,654	(29,152)

7. INTANGIBLES

	Goodwill £	Technology Assets £	Customer Relationship £	Total £
Cost				
At 1 April 2009	3,061,054	1,975,000	-	5,036,054
On acquisition	332,986	-	100,000	432,986
Adjustment related to contingent consideration	(41,207)	-	-	(41,207)
At 30 September 2009	3,352,833	1,975,000	100,000	5,427,833
Adjustment related to contingent consideration	(2,955)	-	-	(2,955)
At 31 March 2010	3,349,878	1,975,000	100,000	5,424,878
At 30 September 2010	3,349,878	1,975,000	100,000	5,424,878
Accumulated amortisation and impairment				
At 1 April 2009	-	156,354	-	156,354
Amortisation charge in the period	-	49,375	-	49,375
At 30 September 2009	-	205,729	-	205,729
Amortisation charge in the period	-	49,375	10,000	59,375
At 31 March 2010	-	255,104	10,000	265,104
Amortisation charge in the period	-	49,375	10,000	59,375
At 30 September 2010	-	304,479	20,000	324,479
Net book Value				
At 30 September 2010	3,349,878	1,670,521	80,000	5,100,399
At 31 March 2010	3,349,878	1,719,896	90,000	5,159,774
At 30 September 2009	3,352,833	1,769,271	100,000	5,222,104

8. SHARE CAPITAL

	6 months to 30 Sept 2010 £	6 months to 30 Sept 2009 £
Shares allotted		
Aggregate nominal value	-	200,000
Share premium	-	800,000
Expense of issue	-	(80,807)
Increase in issued capital	-	919,193

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

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

9. POST BALANCE SHEET EVENT

After the period end, the Company announced it has received committed orders from institutions to raise £7.75 million before expenses by way of a conditional placing of 64,583,350 shares of 4p each in the capital of the Company at 12 pence per share to acquire the IVD Business of Allergopharma for €6m in cash at completion. The acquisition is subject to the approval of shareholders in a General Meeting to take place on 17 December 2010 with second admission of new shares to trading on AIM ("Admission") expected to occur by 22 December 2010.