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

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2009

Omega, the AIM listed medical diagnostics company, announces results for the year ended 31 March 2009, a year in which the Group recorded like-for-like growth in turnover of 20%, in line with the external market expectation. Omega is one of the UK's leading companies in the fast growing area of food intolerance and 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:

- Maiden full year contribution from Genesis and Cambridge Nutritional Sciences (2008 comparatives only include 7 months)
- Turnover up 56% to £5.4m (2008: £3.5m) and up 20% on a like-for-like basis
- Gross profit up 76% to £3.3m (2008: £1.9m)
- Adjusted profit before tax risen sharply to £0.53m (2008: £0.08m)
- IFRS profit before tax more than doubled to £0.27m (2008: £0.12m)
- EPS 2.0p before exceptional items (2008: 2.4p) and 1.4p after exceptional items (2008: 2.4p)
- Net cash at the period end of £0.6m

Operations highlights:

- Roll-out of new Genarray™ colourimetric microarray for evaluation into 10 new territories
- Investment in new state-of-the-art microarray printing technology
- Launch of Food Detective™ macroarray test into 18 new countries
- Sales growth in most regions around the world

Regarding outlook, David Evans, Chairman, said:

"Trading in the first three months of the year is in line with current management expectation. As we move forward throughout the year we anticipate additional growth being generated through a combination of organic and acquisitive growth, a number of high quality value enhancing opportunities are currently being evaluated."

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Chairman's Statement

I am pleased to report that the Group has made sustained progress in the year with growth in turnover and profitability across the Group.

Strategy

The acquisition of Genesis Diagnostics ('Genesis') and Cambridge Nutritional Sciences ('CNS') has successfully fulfilled one of our strategic aims of acquiring profitable companies with complementary products that drive growth. Turnover has increased across all group divisions and in most of the regions we sell to around the World. The Group has been able to make good use of its expanded distribution network in achieving the roll-out of the Genarray™ food intolerance assay where systems have been placed in a number of countries for evaluation purposes and there has also been some cross-selling of the established Genesis autoimmune and Omega Diagnostics Limited ('ODL') infectious disease tests into the expanded network. Through its increased sales and marketing resource, new distributors have also been appointed in multiple territories for the Food Detective™ consumer test. Key to continued organic growth will be the delivery of new products utilising the microarray and macroarray platforms and development activity continues with this aim in mind.

A planned acquisition last year had to be aborted as it was not possible to raise sufficient funds in deteriorating financial markets to meet the vendors' price expectations. The Group has incurred an exceptional cost of £80k in relation to this aborted transaction. Whilst this may be seen as disappointing, the Group still believes that acquisition opportunities exist which are capable of being funded and the Board continues to pursue this aspect of its strategy as a viable way of achieving growth for the Group and increasing shareholder value.

Financial

The results for the year include a full twelve months for Genesis and CNS, albeit, the comparatives only include seven months in the prior year to 31 March 2008.

Turnover for the Group increased to £5.4 million (2008: £3.5 million) an increase of 56% reflecting the twelve month contribution from Genesis and CNS. However, it is particularly pleasing to report underlying like-for-like growth in turnover of 20% despite difficult economic conditions.

The Group achieved an EBITDA before exceptional items of £915k (2008: £417k) and operating profit before exceptional items increased to £653k (2008: £298k), again with the benefit of a full year from Genesis and CNS.

In terms of our results as compared to the external market forecast, the Group achieved an adjusted profit before tax of £531k (2008: £82k). This figure is arrived at by taking headline profit before tax of £267k and then adding back analyst-adjusted items including IFRS-related net discount charges of £7k, exceptional costs of £80k, amortisation of intangible assets of £99k and share-based payment charges of £78k. As such these results are in line with the external market forecast.

Net finance costs have increased to £306k (2008: £175k) mainly as a result of a translation loss on US dollar borrowings, given the weakening of sterling against the US dollar over the course of the year.

Profit after tax amounted to £221k (2008: £238k) which resulted in earnings per share of 1.4p versus earnings per share of 2.4p in the previous year.

Balance sheet

The Group has intangible assets of £4.9 million (2008: £5.1 million) at the year-end comprised of goodwill of £3.1 million and intangible assets of £1.8 million, separately identified in line with current IFRS. The Group has performed an impairment review 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 £1.64 million from £1.75 million, despite the translation loss on currency borrowings referred to above which amounted to £0.19 million.

Research and development

The Group successfully developed an improved version of the Genarray™ microarray system for food intolerance which allows laboratories to use significantly cheaper instrumentation to interpret results. This has helped the roll-out of this assay for evaluation purposes which I have referred to earlier and where enhanced customer acceptance is expected as a result. The Group will continue to direct a large part of its effort in broadening the range of tests that can be performed on the microarray platform where the immediate priority exists to develop a panel of autoimmune tests. Elsewhere, the Group has expanded its range of control products which is seen as potentially beneficial in times of increasing monitoring of assay performance.

Board and management

As announced during the year, Dr Mike Walker resigned on 11 November 2008 and the Board recorded its thanks to him at that time.

A number of senior management appointments were made, either in the year, or just after to ensure the Group remains sufficiently resourced to achieve its objectives and I would like to thank all employees for their hard work in helping to achieve the results we have reported.

Outlook

Trading in the first three months of the year is in line with current management expectation. As we move forward throughout the year we anticipate additional growth being generated through a combination of organic and acquisitive growth.

Organic growth:

The primary route and level of organic growth is dependent upon the rate of placement of new Genarray™ systems, which itself is dependent upon the upgrading of our manufacturing methods, a process which is ongoing.

Acquisitive growth:

Our propensity to grow through acquisition is dependent upon the availability of finance and suitable opportunities. A number of high quality value enhancing opportunities are currently being evaluated.

I look forward to updating you throughout the year.

David Evans, CA
Non-Executive Chairman
6 July 2009

Chief Executive's Review

I am pleased to report that the Group has seen a major increase in revenue for the year to £5.4 million, some 56% ahead of last year's figures (2008: £3.5 million). On a full like-for-like basis, turnover has increased by 20% combined, and individually across all three trading entities, reflecting the increased sales and marketing effort throughout the year.

Omega Diagnostics Limited ('ODL')

ODL has seen growth in most regions around the world, particularly in Africa/Middle East and Asian regions. Sales for the year increased to £2.3 million (2008: £2.1 million) representing growth of 10% in the year which, for a mature product range in a mature market, represents a good result. A growth rate of this level has not been seen at ODL for many years and is due to the increased sales resource being applied throughout the year with some cross-selling opportunities being exploited between the Omega and Genesis distribution bases.

Genesis Diagnostics ('Genesis')

Genesis has seen growth in sales to £2.5 million (2008: £1.9 million) representing a 32% increase on a like-for-like basis. This growth has been fuelled by the roll-out into a number of territories of the Genarray™ assay system for food intolerance. Twenty two new systems have been installed in ten countries with many systems still subject to evaluation which, if successful, will result in increased sales of reagent kits going forward. Sales of Genarray™ food intolerance systems reached £146k (2008: £nil) with sales of reagent kits reaching £574k (2008: £424k). To handle the increase in Genarray™ business, we recently invested further in more advanced technology high throughput non-contact microarray printing equipment. This has increased our production capacity five-fold and now provides increased capabilities not only for increased production but development of new arrays of clinical and commercial importance.

Cambridge Nutritional Sciences ('CNS')

As with the Genesis Genarray™ system, CNS has been involved in the extended launch of the Food Detective™ home test for food intolerance into many countries around the world, particularly in Europe, through companies that specialise in sales to the professional nutritionist market. The re-branding of the product, with the resulting launch at The Allergy Show in Olympia, London in June 2008, allowed a much more focused promotional activity, the result of which has been to locate and appoint exclusive distributors in 18 countries. These cover the major European markets but also extend to the Middle East, Asia, Australia and Latin America. Sales of Food Detective™ have increased to £314k (2008: £217k) representing a 45% increase with over a doubling in product volume. More distributors from other countries are in discussion with further appointments expected to be made throughout the year. Some countries do require extended periods for product registration with their regulatory/import authorities but it is hoped that registration in these key markets can be achieved in the year. However, it must be noted that the UK retail pharmacy market has not been accessed as anticipated due to adverse pricing conditions for the retail market but further efforts are being made to increase sales in our home market through the same professional markets being addressed by the international distributors.

The other aspect of the CNS business is testing services for food intolerance and other linked medical conditions. After concentrating on the launch of Food Detective™ our focus now moves towards developing the testing side of the business. Further manpower resources have been employed with a view to accessing a much wider market, both in the UK and in several European markets that are now being serviced by our Food Detective™ distributors. These distributors are now offering the laboratory services as a value-added proposition to the nutritionist customer base.

Distribution Network

In addition to the distributors which serve our clinical products market we have now also developed the distribution base for the Food Detective™ product which represents an alternative route to professional/consumer markets. These additional distributors are also seeking new products to broaden their product offering so further opportunities exist in these markets for newly developed products. Our investment in additional key marketing appointments in 2008 has also been pivotal in achieving the significant increase in sales on a global basis. Further appointments in product support positions have been made, especially for the support of the roll-out of the Genarray™ microarray systems.

Research and Development

Work was completed on the new colourimetric version of the Genarray™ microarray which significantly reduces the cost of scanning the results from the earlier fluorimetric version. Laboratories can now install Genarray™ without a major capital expense which has always been an impediment to the installation of new technologies. With the emphasis now being placed on the production of much higher volumes of Genarray™ further investment was made in acquiring a non-contact microarray printer which increases the production capacity five-fold. Additional human resource has been allocated to production and product support duties. Recent staff appointments in technical support and R&D mean that

we will be able to spend more time developing additional products on the Genarray™ microarray platform. One such test will be an array for autoimmune disease, a key product area for the Group.

This year has also seen the launch of the Autonomy Control™ range of quality control sera for autoimmune disease testing. Quality control and proficiency testing is now mandatory in most clinical laboratories worldwide and this range complements our offering of Autoimmune ELISA products. This is the first range of independent controls available commercially which will work across all test platforms from all manufacturers. It is hoped to expand this product range to cover other clinical areas in the future. Also, in line with developing products for this niche market, development was also completed on a new test kit called Pathozyme™ ElisaSure that checks the quality performance of laboratory equipment and laboratory staff. In an environment of increasing quality monitoring and national and international quality accreditation schemes, we believe that this market has good potential in the future.

Outlook

Overall, the global market for IVD products has reached \$37 billion with a growth rate of 7% and, according to informed industry sources, the diagnostics industry is seen as relatively 'recession proof' with no sign of falling sales. Bearing in mind that we are still launching new products into new markets, we currently do not anticipate any adverse effect on sales growth.

During the year, the Group has made good progress in core sales activity but only limited progress in its stated strategy of 'growth by acquisition'. During the second half of the year an attempt was made to acquire a much larger company in our field, but this failed due to the ever worsening economic climate. It is hoped that this situation will change in the near future and that our aspirations and desire to build a much larger group will be fulfilled.

Andrew Shepherd
Chief Executive
6 July 2009

Financial Review

The prior year comparative results only include seven months of post-acquisition trading from Genesis and CNS but where relevant, true like-for-like comparisons are provided in the Overview section of this Annual Report. The group has achieved a profit before tax of £266,893 (2008: £123,708).

Trading activities

Revenue

Revenue for the year was £5,438,313 representing an increase of 56% over the previous year (2008: £3,491,580) and includes growth in six out of the seven major regions for which we report.

Gross profit

Gross profit for the year was £3,344,264 (2008: £1,897,894) resulting in an increased gross margin percentage of 61.5% (2008: 54.4%). This increase in margin was expected, as explained in last year's annual report, due to the higher margin products and services provided by Genesis and CNS contributing for a full twelve months. However, the margin has also increased due to the result in Omega Diagnostics Ltd ('ODL') where margin growth of over four percentage points was achieved.

Administration costs

Administration costs were £2,691,545 (2008: £1,599,657), reflecting a full year's charge within Genesis and CNS of £1,252,045 (2008: £708,874). The increase is mainly due to higher levels in staff needed to support the sales growth, particularly with the Genarray™ assay and the Food Detective™ test. Also included within administration costs is a foreign exchange gain from trading activities of £94,652 (2008: £4,141 loss), amortisation of intangible assets of £98,750 (2008: £57,604) and share-based payment charges of £77,948 (2008: £nil).

An exceptional administration cost of £80,301 (2008: £nil) was incurred relating to an aborted acquisition opportunity. The Company was able to limit its exposure to 30% of the total costs incurred, by obtaining indemnities from other parties. At the year end, £16,905 was still to be received from one of these parties and this sum has been received since the year end. Due to the one-off nature of these costs, they have been classified as an exceptional administration cost on the face of the income statement.

Research and development

Included within administration costs is expenditure on research and development activities which in the year amounted to £226,068 (2008: £136,672). In the year, the new colourimetric microarray-based kit was completed providing a system which requires a much less expensive scanning system to interpret results than its predecessor. This system has subsequently been placed for evaluation in ten new countries, and this is expected to drive the growth of Genarray™ kit sales in the current year. In autoimmune disease testing, development was completed of the Autonomy Control™ range of sera which are used in clinical laboratories worldwide to verify assay performance. In the coming year, development will focus on bringing to the market a new panel of autoimmune tests on the Genarray™ microarray platform. This project will be aided by the investment in a new state-of-the-art microarray inkjet printing technology which applies non-contact inkjet fluidics with the ability to dispense accurate volumes in picolitres.

Operating profit

The Group generated operating profits of £572,968 (2008: £298,237) having benefited from a full year of trading contribution from Genesis and CNS.

Profit before tax

The profit before tax was £266,893 (2008: £123,708). Finance costs for the year totalled £312,232 (2008: £187,421) with the increase principally being due to the foreign exchange loss on the retranslation of foreign currency borrowings of £188,295 (2008: £13,449). Interest payable amounted to £117,262 (2008: £97,379) which, despite including a full year's charge on loans, was proportionately lower due to the more benign interest rate environment. Also included within finance costs are net charges relating to discount factors and fair value adjustments in accordance with IFRS of £6,675 (2008: £64,888).

Taxation

There is a tax charge of £45,852 (2008: £113,807 tax credit) in the year, comprising a charge for current tax of £51,160 (2008: £38,128 credit) and a deferred tax credit of £5,308 (2008: £75,679 credit) equating to an effective tax rate of 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 1.4p (2008: 2.4p) reflecting the higher average number of shares in issue throughout the year. Basic EPS before exceptional costs was 2.0p (2008: 2.4p).

Acquisitions**Deferred consideration payments**

On 12 August 2008, the Company issued 757,213 ordinary shares of 4 pence each to the original shareholders in ODL. These shares were valued at 80 pence per share in settlement of the earn-out amount of £605,772 in accordance with the terms of that acquisition agreement.

On 16 April 2008 and 12 March 2009, the company made cash payments respectively of £38,010 and £67,827 in settlement of agreed earn-out targets in respect of the acquisition of Genesis and CNS. The Company also made a cash payment of £61,634 on 12 September 2008, in respect of the same acquisition agreement, which was a deferred sum payable on the first anniversary date after completion. All three amounts have been included on the consolidated cash flow statement under outflow on acquisition of subsidiary.

Aborted acquisition

During the latter half of last year, the Company was involved in the planned acquisition of another company which required Omega to raise new funds to complete the acquisition. The funding environment deteriorated throughout the process, due to the turmoil in worldwide financial markets, and the Company concluded that due to those challenging circumstances it was not possible to raise sufficient funds to continue with the proposed 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 by obtaining indemnities from third parties for these costs. Among these third parties were Dr Mike Walker and David Evans, directors of the Company, who agreed to cover 30% and 10% of the costs respectively. As a result, the financial impact of the aborted transaction to the Company has been limited to £80,301. Due to the one-off nature and value of these costs, they have been 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.

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. Following the purchase of Genesis and CNS, the Group continues to generate a net surplus in US dollars from its trading activities. Given this situation, in March 2008, the Company converted half of its then outstanding sterling loan with Bank of Scotland into US dollars. This enabled the Group to benefit from US interest rates which were lower than interest rates in the UK at that time. However, the strengthening of the US dollar against sterling throughout the year has given rise to a foreign exchange translation loss of £188,295 (2008: £13,449). In part, this has been offset by the gain of £94,652 referred to above under Administrations costs.

Interest rate management

Following conversion of a part of the sterling loan into US dollars (see Currency management above), 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 charge through the income statement of £9,871 (2008: £230). Accordingly, at the balance sheet date, the Group had assets of derivative financial instruments of £599 (2008: £3,419) and liabilities of derivative financial instruments of £10,700 (2008: £3,649).

Cash flow

Net cash inflow for the year was £100,043 (2008: £134,691) which meant that at the year end, the Group had cash and cash equivalents of £612,554 (2008: £512,511). The Group's conversion of operating profit into operating cash has remained efficient with cash generated from operations of £668,276 (2008: £438,435) as the Group has benefited from a full year of trading from Genesis and CNS. The Company incurred deferred consideration payments in respect of the acquisition of Genesis and CNS of £167,471 as detailed earlier in this report. In total, the Group's net debt position has decreased to £1,635,013 (2008: £1,753,270).

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.

Capital expenditure

The Group incurred £134,433 (2008: £157,721) on plant and machinery fixed assets. Most purchases comprised smaller value replacement items and general IT equipment upgrades. The single largest investment, of £107,500, was the purchase of a new inkjet printer for laying minute amounts of material onto a microarray slide. This new non-contact form of printing replaces the older contact printing machine and significantly increases the manufacturing and development capacity of the Group in this area. This investment has been financed by way of a new finance lease, repayable over 36 months.

Kieron Harbinson
Group Finance Director
6 July 2009

Consolidated Income Statement
for the year ended 31 March 2009

	2009	2008
	£	£
Continuing operations		
Revenue	5,438,313	3,491,580
Cost of sales	<u>(2,094,049)</u>	<u>(1,593,686)</u>
Gross profit	3,344,264	1,897,894
Administration costs	(2,691,545)	(1,599,657)
Other income - government grants and related assistance	550	-
Exceptional administration costs	<u>(80,301)</u>	<u>-</u>
Operating profit	572,968	298,237
Finance costs	(312,232)	(187,421)
Finance income - interest receivable	6,157	12,892
Profit before taxation	266,893	123,708
Tax (charge) / credit	(45,852)	113,807
Profit for the year	<u>221,041</u>	<u>237,515</u>
Earnings Per Share (EPS)		
Basic EPS on profit for the year		
- before exceptional items	2.0p	2.4p
- after exceptional items	1.4p	2.4p
Diluted EPS on profit for the year		
- before exceptional items	2.0p	2.2p
- after exceptional items	1.4p	2.2p

Consolidated Balance Sheet
as at 31 March 2009

	2009	2008
	£	£
ASSETS		
Non-current assets		
Intangibles	4,879,700	5,111,747
Property, plant and equipment	639,446	592,647
Deferred taxation	107,530	124,310
Derivative financial instruments	599	3,419
	<u>5,627,275</u>	<u>5,832,123</u>
Current assets		
Inventories	762,380	627,037

Trade and other receivables	1,254,963	1,085,291
Income tax receivable	4,055	-
Cash and cash equivalents	612,554	512,511
	<u>2,633,952</u>	<u>2,224,839</u>
Total assets	<u>8,261,227</u>	<u>8,056,962</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	5,011,769	4,405,998
Retained earnings	(646,548)	(945,537)
Total equity	<u>4,365,221</u>	<u>3,460,461</u>
Liabilities		
Non-current liabilities		
Other financial liabilities	-	204,476
Long-term borrowings	1,875,263	1,976,912
Deferred taxation	575,065	591,366
Derivative financial instruments	10,700	3,649
Total non-current liabilities	<u>2,461,028</u>	<u>2,571,927</u>
Current liabilities		
Short-term borrowings	372,304	288,869
Other financial liabilities	131,580	733,327
Trade and other payables	871,725	726,325
Income tax payable	59,369	71,577
Total current liabilities	<u>1,434,978</u>	<u>1,820,098</u>
Total liabilities	<u>3,896,006</u>	<u>4,392,025</u>
Total equity and liabilities	<u>8,261,227</u>	<u>7,852,486</u>

Consolidated Statement of Changes in Equity
for the year ended 31 March 2009

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2007	860,175	374,121	(1,183,052)	51,244
Issue of share capital for cash consideration	293,333	1,450,778	-	1,744,111
Issue of share capital for non-cash consideration	178,449	1,159,917	-	1,338,366
Fair value adjustment to issue of share capital for non-cash consideration	-	89,225	-	89,225
Profit for the year ended 31 March 2008	-	-	237,515	237,515
Balance at 31 March 2008	<u>1,331,957</u>	<u>3,074,041</u>	<u>(945,537)</u>	<u>3,460,461</u>
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

Consolidated Cash Flow Statement
for the year ended 31 March 2009

	2009 £	2008 £
Cash flows generated from operations		
Profit for the year	221,041	237,515
Adjustments for:		
Taxation	45,852	(113,807)
Finance costs	312,232	187,421
Finance income	(6,157)	(12,892)
Operating profit before working capital movement	572,968	298,237
(Increase)/decrease in trade and other receivables	(169,672)	234,858
(Increase)/decrease in inventories	(135,343)	64,919
Increase/(decrease) in trade and other payables	205,913	(279,257)
(Gain)/loss on sale of property, plant and equipment	(350)	520
Depreciation	85,484	61,554
Amortisation of intangible assets	98,750	57,604
Share-based payments	77,948	-
Taxation paid	(67,422)	-
Net cash flow from operating activities	668,276	438,435
Investing activities		
Finance income	6,157	12,892
Purchase of property, plant and equipment	(26,933)	(157,721)
Sale of property, plant and equipment	2,500	6,500
Outflow on acquisition of subsidiary	(167,471)	(2,896,258)
Net cash used in investing activities	(185,747)	(3,034,587)
Financing activities		
Finance costs	(67,603)	(126,637)
Proceeds from issue of share capital	-	1,744,111
New loans	-	1,354,924
Loan repayments	(264,259)	(241,555)
Finance lease repayments	(50,624)	-
Net cash (used in)/from financing activities	(382,486)	2,730,843
Net increase in cash and cash equivalents	100,043	134,691
Cash and cash equivalents at beginning of year	512,511	377,820
Cash and cash equivalents at end of year	612,554	512,511

Notes to the Preliminary Announcement
for the year ended 31 March 2009

1. Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The consolidated balance sheet at 31 March 2009 and the consolidated income statement, 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.

The comparative consolidated financial information for the year ended 31 March 2008 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 2009 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 2009.

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, 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, directors of the Company, who agreed to cover 30% and 10% of the costs respectively. As a result the financial impact of the aborted transaction to the Company has been limited to £80,301. Due to the one-off nature and value of these costs, they have been 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	96,120	101,623
Exchange difference on loans	188,295	13,449
Unwinding of discounts	64,583	64,888
Fair value adjustment to acquisition	(57,907)	-
Fair value adjustment to financial derivatives	9,871	230
Finance leases	11,270	7,231
	312,232	187,421

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.

	2009 £	2008 £
Net profit attributable to equity holders of the Group	221,041	237,515

	2009 number	2008 number
Basic average number of shares	15,356,991	9,921,322
Omega earn-out	-	757,213

Diluted weighted average number of shares	15,356,991	10,678,535
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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 the weighted average number of ordinary shares, both basic and diluted.

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

	2009 £	2008 £
Net profit attributable to equity holders of the Group	221,041	237,515
Exceptional Items	80,301	-
Profit before exceptional items attributable to equity holders of the Group	301,342	237,515

5. Intangible assets

Consolidated	Goodwill £	Technology assets £	Total £
Cost			
At 1 April 2007	-	-	-
On acquisition	3,194,351	1,975,000	5,169,351
At 31 March 2008	3,194,351	1,975,000	5,169,351
Adjustment related to contingent consideration	(133,297)	-	(133,297)
At 31 March 2009	3,061,054	1,975,000	5,036,054
Accumulated amortisation and impairment			
At 1 April 2007	-	-	-
Amortisation charge in the year	-	57,604	57,604
At 31 March 2008	-	57,604	57,604
Amortisation charge in the year	-	98,750	98,750
At 31 March 2009	-	156,354	156,354
Net book value			
31 March 2009	3,061,054	1,818,646	4,879,700
31 March 2008	3,194,351	1,917,396	5,111,747

Impairment testing of goodwill

The Group tests goodwill annually for impairment, or more frequently if there are indicators of impairment. The carrying amount of goodwill is indicated in the table above.

The recoverable amount of Genesis-CNS has been determined based on a value in use calculation using cash flow projections based on the financial budget approved by the Board covering the period to 31 March 2010. The key assumption used for the budget is the revenue opportunity for existing products and in particular, the opportunity for microarray and microarray-based products. The discount rate applied to cash flows is 14% reflecting the pre-tax weighted average cost of capital (WACC) for the Group. The WACC is the weighted average cost of pre-tax cost of debt financing and the pre-tax cost of equity financing. Cash flows beyond the budget period are extrapolated over the next 4 years using a growth rate of 7% that equates to the current rate of growth seen globally in the IVD industry. Thereafter, a nil growth rate has been assumed for prudence. As a result, there has been no impairment to the carrying value of goodwill.

Sensitivity analysis

Base forecasts show significant headroom above carrying value. Sensitivity analysis has been undertaken to assess the impact of any reasonably possible change in key assumptions. There is no reasonably possible change that would cause the carrying value to exceed the recoverable amount.

The adjustment relating to contingent consideration amounting to £133,297 results from a reassessment of the

Genesis/CNS earn out. Other than for the adjustment above, there has been no impairment to the carrying value of goodwill.

6. Annual General Meeting

Annual General Meeting will be held at Omega House, Hillfoots Business Village, Alva, FK12 5DQ on 27 August 2009 at 11am.

7. 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

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