

Regulatory Announcement

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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

Omega, a medical diagnostic company that produces and sells a wide range of in-vitro diagnostic test kits, announces results for the year ended 31 March 2007.

Omega operates in a niche market supplying tests for specific infectious diseases and other clinical conditions through its distribution network in more than 100 countries. The infectious diseases include Syphilis, TB, Dengue Fever and Malaria. All products are designed for use in clinical laboratories and Rapid Tests are designed for use at the point of care.

Financial Summary:

	Year to 31 March 2007	Year to 31 March 2006
Revenue	2,032,146	2,143,806
Gross profit	831,489	868,145
Operating (loss)/profit	(885,652)	162,661
(Loss)/profit before tax	(1,141,225)	197,722

2007 Highlights:

- Acquisition by Quintessentially English plc of Omega Diagnostics Limited
- Change of name from Quintessentially English plc to Omega Diagnostics Group PLC
- £1 million new equity (before expenses) raised via a cash placing of 50,000,000 New Ordinary Shares at 2p per share
- Appointment of a new management team from Omega Diagnostics Limited:
 - § David Evans, Non-Executive Chairman;
 - § Andrew Shepherd, Chief Executive;
 - § Kieron Harbinson, Finance Director; with

§ Michael Gurner continuing as a Non-Executive Director

- European patent grant for Branched Peptide technology for Herpes Simplex Virus 2
- Gross profit margins maintained in competitive market
- Strategy being to grow through selective acquisitions

Regarding outlook, David Evans, Chairman, said:

“Trading in the current year remains flat and the rationale for seeking to grow through acquisition is further underlined. The Board remains confident in that stated objective and will update the markets accordingly.”

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CHAIRMAN'S STATEMENT

In my first report as Chairman of Omega Diagnostics Group PLC I wish to convey to you that the overall outlook for the Group going forward is significantly more positive than the results for the year to 31 March indicate.

Strategy

On 19 September 2006, Omega Diagnostics Limited reversed into Quintessentially English plc with a stated aim of seeking to acquire other companies within the medical diagnostics sector in order to gain substantive critical mass.

That objective remains, although the speed of progress has been significantly slower than the Board had anticipated, and whilst external factors have played a significant part in this, the responsibility ultimately rests with the Board (see Financial section below).

In pursuit of its stated strategy, the Board has reviewed in detail a significant number of opportunities with a view to identifying the most appropriate target as a basis for future growth. By definition, this first target will impact significantly on the future direction of the Group both in terms of technology and of market segments that are applicable to the given technology.

The Board believes its preferred target will offer significant market opportunity, utilising both macro and micro array technology with an applicability across a number of disease states. The execution of any deal is predicated on securing the necessary funds through both debt and equity finance, and the Board remains confident that any such deal will be successfully executed.

Financial

The Group has adopted reverse acquisition accounting and therefore the consolidated figures presented (and comparatives) show the results of Omega Diagnostics Limited for the period under review in addition to the post acquisition results of Omega Diagnostics Group PLC (formerly Quintessentially English plc).

Revenue for the period declined by 5.2% to £2,032k (2006: £2,143k) as revenue from the Asian sub-continent declined due to challenges faced within the Indian diagnostics market. Consequentially Gross Profit declined to £831K (2006: £868k) with relatively static gross margins of 40.9% (2006: 40.5%).

Administrative expenses increased from £736k in 2006 to £925k this year primarily as a result of the associated costs of listing, advice in relation to reporting under IFRS and some increase in personnel costs.

There was an Exceptional Charge of £799k (excluding goodwill) in relation to various financial obligations entered into at the time of the reversal into Quintessentially English plc. These charges conform to relevant accounting standards, however lacking in common sense these may be. I draw your attention in particular to two items in relation to the CEO's Deferred Salary Agreement and my own warrant instrument, the charges to the Income Statement being £34k and £93k respectively. Both Andrew Shepherd and I have waived our rights under both agreements (see strategy section above) and there is no obligation on the Company whatsoever, albeit a charge has been recognised. Compliance at the expense of comprehension.

The overall loss for the period was £1,140k (2006: profit £255k), a disappointing result in core trading terms before the additional accounting-related costs which merely exacerbate the reported loss.

Balance sheet

Net cash at the year-end was £378k (2006: overdraft £298k).

Included in trade and other receivables is £284k in relation to professional fees incurred in respect of potential acquisitions.

R&D

The work on the Group's HSV test continues, and the Board believes that the product will launch and contribute to revenue in the first half of the new financial year.

The Company is currently evaluating technology from the US Centers for Disease Control and Prevention for an emerging virus that may have significant clinical relevance, but no decision has yet been made in relation to this.

Outlook

Trading in the current year remains flat and the rationale for seeking to grow through acquisition is further underlined. The Board remains confident in that stated objective and will update the markets accordingly.

David Evans

Non-Executive Chairman

BUSINESS REVIEW

This is our first Annual Report since floating on AIM in September 2006 through the reverse acquisition of Quintessentially English plc. Being a public company will enhance our plan to be a pivotal force in the consolidation of the in-vitro diagnostics ('IVD') industry and position us as a key player in the market. Our strategy is to grow by acquisition, build our product portfolio and leverage sales through our distribution network which covers over 100 countries worldwide.

Turnover fell by just over 5% throughout the year as the Group continues to operate in a highly competitive and challenging market. Sales of the TB diagnostic products, however, have seen an increase of 25% during the year to £126,136, (2006: £100,588) due to increased marketing activity in India by our exclusive partner, GlaxoSmithKline.

Market conditions

In 2004, the global IVD market was estimated at US\$27.7bn, with the immunoassay/infectious disease/blood bank screening market worth approximately US\$5.4bn. This market is forecast to rise to approximately US\$8bn by 2008. Immunoassays have become a widely accepted technique in the field of clinical diagnosis of disease.

The IVD industry is a global one. In 2003, the North American market was the largest of the regional markets, accounting for approximately 43% of the total market. Western Europe was the second largest market (31%), followed by Japan (11%). However, the 'Rest of World' (ROW) region was one of the fastest growing markets, with annual growth rates in excess of 10% forecast to 2008. Of particular interest to the Company is the growth rate in India, which is our largest single market, and which is growing at an average annual growth rate of 21% over the same period.

There has been a significant degree of consolidation in the IVD market over recent years. Based on 2003 data, approximately 90% of the global market is shared by 10 companies, while approximately 200 companies share the remaining 10% of the market with sales ranging from under \$5 million to about \$300 million. A number of companies are achieving success in the IVD marketplace by focusing on high growth niches.

Merger and acquisition strategies are being followed by many of the major players and those aspiring to become the major players through acquisitive growth. A recent example of this is the acquisition by the Medical Solutions group of Siemens AG of Diagnostic Products Corporation for approximately US\$1.86 billion and Bayer Diagnostics for €4.2 billion, which now makes Siemens a top 10 player in the IVD industry. Smaller companies are also growing rapidly through acquisition, and one particular example is Trinity Biotech plc ('Trinity') which is listed on NASDAQ and the Irish Stock Exchange. Trinity was formed in 1992 as a small IVD company and has grown to have sales of approximately US\$100 million by 2005 and a market value of approximately US\$133 million as at 14 March 2007.

Sales, marketing and distribution channels

Omega sells its products through a network of exclusive and non-exclusive distributors in over 100 countries.

These distributors purchase products in their own right and then distribute most to the clinical laboratories in their country. In addition, Omega also sells directly to several Ministries of Health in countries which favour international tenders over local supply contracts. Omega also supplies other IVD manufacturers on an OEM basis with several products, and these are then sold under the OEM customers' labels. OEM sales in the year were £242,155 (2006: £247,004), representing 11.9% (2006: 11.5%) of total sales in the year.

In the UK, Omega sells directly into several specialist/reference laboratories, but the coverage is not extensive. Less than 3% (2006: 3%) of Omega's sales occur in the UK, the majority being to third party IVD companies as OEM sales.

Omega's largest distributor by sales value in the year ended 31 March 2007 was GlaxoSmithKline in India, accounting for £197,287 (2006: £234,302) and representing 9.7% (2006: 10.9%) of Omega's sales in the year.

Omega's geographical market coverage is wide, without any dominant area. This ensures that there is a spread of risk and opportunity.

Omega currently has no sales into the US and Japanese markets. Omega does not currently hold regulatory

approval from the US Food and Drug Administration (FDA) for either products or facilities. However, the US sales potential for the new HSV-2 test is such that the Directors consider that this market is a prime target, albeit that application for FDA regulatory approval would require to be made beforehand.

During the year, a European patent was granted in respect of the Company's Branched Peptide technology which has been exclusively licensed from the Medical Research Council (MRC). The Patent covers the enabling technology that allows assays to be developed with resulting superior sensitivity and specificity, which are key features of any new diagnostic test.

During the year, the technology has been applied to the development of a new test for Herpes Simplex Virus 2 ('HSV-2'). Whilst the development was delayed due to technical reasons which have been overcome since the year-end, good progress has been made subsequently which will allow the new test to proceed to clinical trials and product launch within the first half of the new financial year. In addition, a further European patent was granted in April 2007 in respect of the Branched Peptide specific sequence for HSV-2. These patents, together with the US patent granted earlier in respect of the specific peptide sequence, will provide the Company with full IP coverage in the two largest markets for this product.

Andrew Shepherd

Chief Executive

FINANCIAL REVIEW

The full year result has been impacted by the accounting for the reverse acquisition of the Company by Omega Diagnostics Limited on 19 September 2006. Following completion of the reverse transaction to enable the pursuit of an acquisition-led strategy, costs of over £100,000 have been incurred in the year which, but for the transaction, would not have been incurred. These costs are included within Administration costs. The largest element of this cost has involved advice in connection with reporting results under International Financial Reporting Standards ('IFRS'), regulatory and compliance costs as a public company and increased personnel costs. In addition, a number of exceptional charges totalling just over £1 million have arisen which have been itemised as Exceptional items on the Income Statement and are described more fully below. The net result for the year is a loss of £1,139,818 (2006: £254,779 profit).

Revenue

Revenue for the year was £2,032,146 representing a decrease of 5.2% over the previous year (2006: £2,143,806). The Company continues to operate in highly competitive markets, and growth in certain regions was offset by reductions in other areas.

Gross profit

Gross profit for the year was £831,489 (2006: £868,145). The gross profit margin has improved slightly in the year to 40.9% (2006: 40.5%). Before the allocation of labour and overhead costs, the gross margin over direct material costs for agglutination tests was 62.5% (2006: 60.0%) and for ELISA tests was 51.9% (2006: 50.1%) as the Company benefited from some efficiencies within its operations. The lower level of overall sales in the year means that fixed labour and overhead costs have a higher effect on margins, accounting for the total increase being only 0.4 percentage points.

Loss before tax

The loss before tax was £1,141,225 – largely due to exceptional charges. Administration costs for the year totalled £924,716 (2006: £736,495). The increase in administration costs is largely attributable to the compliance

and regulatory costs associated with the Company's listing on the AIM Market of the London Stock Exchange and the costs of pursuing the acquisition strategy mentioned above.

Research and development expenditure was £32,588 (2006: £38,996) as the Company has continued with the development of a novel new test for diagnosing Herpes Simplex Virus infections, utilising its patent-protected technology licensed exclusively from the Medical Research Council.

The Company has suffered an exchange loss of £19,056 (2006: exchange gain £3,595) in the year. The Company's operations are conducted throughout the world and involve buying and selling in sterling, euros and US dollars. The biggest fluctuation in exchange rates in the year has been between sterling and the US dollar where sterling has strengthened throughout the year. Given that the Company sells more in US dollar value terms than it buys in US dollars, there is a net exposure to the weakened US dollar that has given rise to this exchange loss.

Exceptional items

Earn-out

Under the terms of the acquisition agreement covering the purchase of Omega Diagnostics Limited ('ODL') by Omega Diagnostics Group PLC, the original shareholders in ODL may be entitled to additional shares in the Company on obtaining certain earn-out targets. The earn-out is for a maximum amount of £1.788 million and is subject to an earn-out calculation, but to the extent that the earn-out amount exceeds £770,000, the amount by which it exceeds £770,000 shall only be included and become payable if EBITDA per share is equal to or greater than 0.2 pence. The number of new ordinary shares to be delivered depends upon the five-day average closing mid-market price prior to publication of the audited results for the year ended 31 March 2008 and accordingly will give rise to a variable number of new ordinary shares being delivered. The earn-out is considered to be a contract to be settled by delivery of the Company's own equity instruments the accounting for which is determined by International Accounting Standard 32 ('IAS32').

Under IAS32, a contract that will be settled by the delivery of a variable number of equity instruments so that the fair value of the equity instruments to be issued equals the amount of the contractual obligation, is a financial liability. The liability to be recognised should be the present value of the consideration expected to be payable. At initial recognition, the quantum of liability to be recognised will depend upon management's expectation, at that date, of the amount that would ultimately be payable, with any changes in expectation being reflected through the Income Statement. The directors have reviewed the position and are of the opinion that an earn-out amount of £770,000, discounted to a present value of £705,112, should be recognised as a liability in the accounts with a corresponding charge to the Income Statement. When new ordinary shares are finally issued in settlement of the earn-out, the liability will be extinguished with equity being recognised for the same amount.

Andrew Shepherd deferred salary arrangement

On 23 August 2006, the Company entered into an agreement with Andrew Shepherd which recognised that he had deferred part of his salary since 17 July 2002. At 23 August 2006, the deferred amount totalled £104,166. In February 2007, Andrew Shepherd waived his entire rights under this agreement. Pursuant to the agreement, the Company had agreed that payment of the deferred amount would occur no earlier than 1 April 2009 and then, only when the annual results of the Group evidence profits before tax of not less than £500,000. The deferred amount, provided that the condition had been met, would have been payable, at the option of Andrew Shepherd, either in cash or in 5,208,325 new Ordinary Shares, being the deferred amount at a price of 2 pence per share. Under IFRS2 *Share Based Payments*, if an entity has granted the counterparty the right to choose whether a share-based payment transaction is settled in cash or by issuing equity instruments, the entity has granted a compound financial instrument, which includes a debt component (i.e. the counterparty's right to demand payment in cash) and an equity component (i.e. the counterparty's right to demand settlement in equity instruments rather than in cash).

In this case, the fair value of the debt component was the present value of the deferred salary (£104,166) whilst

the fair value of the equity component was that calculated under the normal equity-settled IFRS2 methodology. The Directors have calculated the fair value of the debt component to be £91,281 and the fair value of the equity component to be £33,586. As there was no future service requirement, and despite the waiver of rights, the equity component cost of £33,586 has immediately had to be charged to the Income Statement.

David Evans warrant

On 23 August 2006 the Company issued a warrant instrument to David Evans entitling him to subscribe for 6,088,843 Ordinary Shares at a subscription price of 2 pence per share. In February 2007, David Evans waived his entire rights under this agreement. The vesting period of this warrant was from 19 September 2006 until 31 March 2008. The warrant was issued to David Evans in his capacity as Non-Executive Chairman and, therefore, he was in receipt of an employee share-based payment. Accordingly, the transaction should be accounted for under IFRS2 *Share Based Payments*. This transaction takes the form of an equity-settled share-based payment transaction and should be measured at fair value using a grant date model. The cost of the award would normally be recognised over the relevant service period.

Under IFRS2, the cost of the award to an employee is the fair value of the equity instrument awarded as at the date of grant. This comprises the intrinsic value of the instrument (share price less exercise price) and a time value. The time value of an option arises from the time remaining to expiry and will take into account share volatility, time period remaining, and the risk-free rate of return. This is usually calculated using an option-pricing model. The Directors have calculated that the fair value of the cost of this award from the date of grant to 31 March 2007 would have been £32,031. However, due to the waiver of rights, the entire cost of £92,773 has had to be charged immediately. £60,742 has been treated as an exceptional charge.

Goodwill

Following completion of the acquisition of Omega Diagnostics Limited ('ODL') by the Company, under IFRS3 Business Combinations, the Directors believe ODL should be identified as the acquirer, as it had the power to govern the financial and operating policies of the resulting enlarged group through the appointment of its directors onto the Company's board and through the ongoing equity interests in the Company of the ODL shareholders. Accordingly, the acquisition has been treated as a reverse acquisition.

As set out in IFRS3 B9, the cost of the business combination shall be allocated by measuring the identifiable assets and liabilities at their fair values at the acquisition date. Any excess of the cost of the combination over the acquirer's interest in the net fair value of those items shall be accounted for as goodwill. Goodwill arising on the acquisition has been calculated at £243,683. As the Company had minimal net assets and no inherent operations or trade at the time of the acquisition, there was no underlying cash generation to support the carrying value of goodwill. Accordingly, the directors are of the opinion that the goodwill arising from the acquisition would appear to have been impaired and has therefore immediately been written down.

Taxation

There is a tax credit of £1,407 (2006: £57,057 tax credit) in the year, representing a movement in the deferred tax charge. A reconciliation of the charge is shown in note 6 to the Accounts.

Earnings per share

There was a basic loss per share of 1.2 pence compared to earnings per share of 0.4 pence in the previous year. There was a diluted loss per share of 1.1 pence, by taking into account the effect of known transactions that may give rise to a future issue of shares.

Future acquisition costs

In the year since the reverse transaction, the Company has pursued its acquisition strategy. Professional fees amounting to £283,950 have been incurred and are included in other receivables and other payables on the balance sheet at 31 March 2007.

Financing and cash flow

Net cash inflow for the year was £675,674 (2006: £30,768) following £1 million (gross) raised on 19 September 2006 through the placing of 50,000,000 new ordinary shares at 2p per share at the same time as the reverse takeover transaction. The net funds received from the issue of shares after expenses amounted to £732,333. Cash generated from operations was £26,637 (2006: £139,047) and cash used to repay loans in the year was £60,704 (2006: £60,055). Net cash at the year-end amounted to £317,570 (2006: £418,804 net debt).

Capital expenditure

The Company incurred £32,469 (2006: £12,390) on fixed assets, predominantly on plant and machinery to semi-automate a production labelling process and on general IT equipment upgrades.

Kieron Harbinson

Finance Director

OMEGA DIAGNOSTICS GROUP PLC Consolidated INCOME STATEMENT for the year ended 31 March 2007

	2007 £	2006 £
Continuing operations		
Revenue	2,032,146	2,143,806
Cost of sales	(1,200,657)	(1,275,661)
Gross profit	831,489	868,145
Administration costs	(924,716)	(736,495)
Other income – government grants and related assistance	7,015	31,011
Exceptional administration costs	(799,440)	-
Operating (loss)/profit	(885,652)	162,661
Finance costs	(24,898)	(36,016)
Finance revenue – interest receivable	13,008	182
Exceptional items - loan waiver	-	70,895
Exceptional items – goodwill	(243,683)	-
(Loss)/profit before taxation	(1,141,225)	197,722
Tax credit	1,407	57,057

(Loss)/profit for the year		(1,139,818)	254,779
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Earnings Per Share (EPS)

Basic EPS on (loss)/profit for the year	– before exceptional items	(0.1p)	0.3p
	– after exceptional items	(1.2p)	0.4p
Diluted EPS on (loss)/profit for the year	– before exceptional items	(0.1p)	0.3p
	– after exceptional items	(1.1p)	0.4p

OMEGA DIAGNOSTICS GROUP PLC Consolidated Balance Sheet As at 31 MARCH 2007

	2007 £	2006 £
Assets		
Non-current assets		
Property, plant and equipment	107,995	91,641
Deferred tax	58,464	57,057
	166,459	148,698
Current assets		
Inventories	263,637	258,298
Trade and other receivables	746,108	462,902
Cash and cash equivalents	634,651	8,401
	1,644,396	729,601
Total assets	1,810,855	878,299
EQUITY AND LIABILITIES		
Equity		
Issued capital	1,234,296	236,512
Retained earnings	(1,183,052)	(169,593)
Total equity	51,244	66,919
Liabilities		
Non-current liabilities		
Other financial liabilities	705,112	-
Long term borrowings	27,383	60,250
Deferred income - government grants	-	2,667
Total non-current liabilities	732,495	62,917

Current liabilities		
Short-term borrowings	289,698	366,955
Trade and other payables	737,418	381,508
Total current liabilities	<u>1,027,116</u>	<u>748,463</u>
Total liabilities	1,759,611	811,380
Total equity and liabilities	<u>1,810,855</u>	<u>878,299</u>

OMEGA DIAGNOSTICS GROUP PLC
Consolidated Statement of Changes in Equity
for the year ended 31 March 2007

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 31 March 2005	80,036	156,476	(424,372)	(187,860)
Profit for the year ended 31 March 2006	-	-	254,779	254,779
Balance at 31 March 2006	<u>80,036</u>	<u>156,476</u>	<u>(169,593)</u>	<u>66,919</u>
Reverse acquisition capital adjustment	265,451			265,451
Issue of share capital	514,688	217,645		732,333
Loss for the year ended 31 March 2007			(1,139,818)	(1,139,818)
Share based payments			126,359	126,359
Balance at 31 March 2007	<u>860,175</u>	<u>374,121</u>	<u>(1183,052)</u>	<u>51,244</u>

OMEGA DIAGNOSTICS GROUP PLC
Consolidated Cash Flow Statement
for the year ended 31 March 2007

	2007 £	2006 £
Cash flows generated from operations		

(Loss)/profit for the year	(1,139,818)	254,779
Adjustments for:		
Goodwill write off	243,683	-
Taxation	(1,407)	(57,057)
Finance costs	24,898	36,016
Finance income	(13,008)	(182)
Other income	-	(70,895)
	<hr/>	
Operating (loss)/profit before working capital movement	(885,652)	162,661
(Increase)/decrease in trade and other receivables	(283,206)	42,716
(Increase)/decrease in inventories	(5,339)	48,422
Increase/(decrease) in trade and other payables	1,061,022	(134,025)
Grant amortised	(2,662)	(16,000)
Depreciation	16,115	35,273
Share-based payments	126,359	-
Tax refunds	-	-
Net cash flow from operating activities	<hr/> 26,637 <hr/>	139,047
Investing activities		
Finance income	13,008	182
Purchase of property, plant and equipment	(32,469)	(12,390)
Inflow on acquisition of subsidiary undertaking	21,767	-
Net cash from/(used) in investing activities	<hr/> 2,306 <hr/>	(12,208)
Financing activities		
Finance costs	(24,898)	(36,016)
Proceeds from issue of share capital	732,333	-
Loan repayments	(60,704)	(60,055)
Net cash (used in)/from financing activities	<hr/> 646,731 <hr/>	(96,071)
Net increase/(decrease) in cash and cash equivalents	675,674	30,768
Cash and cash equivalents at beginning of period	(297,854)	(328,622)
Cash and cash equivalents at end of period	<hr/> 377,820 <hr/>	(297,854)

OMEGA DIAGNOSTICS GROUP PLC
COMPANY INCOME STATEMENT
for the 15 MONTHS ended 31 March 2007

	15 months ended 31 Mar 2007	12 months ended 31 Dec 2005
	£	£
Continuing operations		
Administration costs	(175,306)	(92,303)

Exceptional administration costs	(94,328)	-
Operating loss	(269,634)	(92,303)
Finance costs	(153)	(104)
Finance revenue – interest receivable	15,408	7,708
Loss before taxation	(254,379)	(84,699)
Tax credit	-	-
Loss for the year	(254,379)	(84,699)

OMEGA DIAGNOSTICS GROUP PLC
COMPANY Balance Sheet
As at 31 MARCH 2007

	2007 £	2005 £
Assets		
Non-current assets		
Investments	1,917,114	2
	<u>1,917,114</u>	<u>-</u>
Current assets		
Trade and other receivables	415,007	-
Cash and cash equivalents	586,190	152,126
	<u>1,001,197</u>	<u>152,126</u>
Total assets	<u>2,918,311</u>	<u>152,128</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	2,223,971	279,636
Retained earnings	(285,913)	(157,893)
Total equity	<u>1,938,058</u>	<u>121,743</u>
Liabilities		
Non-current liabilities		
Other creditors	705,112	-
Total non-current liabilities	<u>705,112</u>	<u>-</u>
Current liabilities		
Trade and other payables	275,141	30,385
Total current liabilities	<u>275,141</u>	<u>30,385</u>

Total liabilities	980,253	30,385
Total equity and liabilities	<u>2,918,311</u>	<u>152,128</u>

OMEGA DIAGNOSTICS GROUP PLC
Company Statement of Changes in Equity
For the 15 months ended 31 March 2007

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 31 December 2005	111,769	167,867	(73,194)	206,442
Loss for the year ended 31 December 2005	-	-	(84,699)	(84,699)
Balance at 31 December 2005	<u>111,769</u>	<u>167,867</u>	<u>(157,893)</u>	<u>121,743</u>
Issue of share Capital	1,120,688	823,647	-	1,944,335
Loss for the 15 months ended 31 March 2007	-	-	(254,379)	(254,379)
Share based payments	-	-	126,359	126,359
Balance at 31 March 2007	<u>1,232,457</u>	<u>991,514</u>	<u>(285,913)</u>	<u>1,938,058</u>

OMEGA DIAGNOSTICS GROUP PLC
company Cash Flow Statement
for the 15 months ended 31 March 2007

	15 months ended 31 Mar 2007 £	12 months ended 31 Dec 2005 £
Cash flows generated from operations		
(Loss) for the year	(254,379)	(84,699)
Adjustments for:		
Finance costs	153	104

Finance income	(15,408)	(7,708)
Operating (loss) before working capital movement	(269,634)	(92,303)
(Increase) in trade and other receivables	(415,007)	-
Increase in trade and other payables	949,868	14,221
Share-based payments	126,359	-
Net cash flow from operating activities	391,586	(78,082)
Investing activities		
Finance income	15,408	7,708
Investment in subsidiary	(1,917,112)	-
Net cash (used in)/from investing activities	(1,901,704)	7,708
Financing activities		
Finance costs	(153)	(104)
Proceeds from issue of share capital	1,944,335	-
Net cash from/(used in) financing activities	1,944,182	(104)
Net increase/(decrease) in cash and cash equivalents	434,064	(70,478)
Cash and cash equivalents at beginning of period	152,126	222,604
Cash and cash equivalents at end of period	586,190	152,126

Notes to the Financial Statements For the Year ended 31 March 2007

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 summarised balance sheet at 31 March 2007 and the summarised income statement, summarised cash flow statement 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 2006 is based on an abridged version of the group's published financial statements for that period, which contained an unqualified audit report and which have been filed with the Registrar of Companies. The comparative company financial information for the year ended 31 December 2005 is based on an abridged version of the company's published financial statements for that period, which contained an unqualified audit report and which have been filed with the Registrar of Companies.

The statutory accounts for 2007 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 and Company 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 and Company for the year ended and 15 months ended 31 March 2007 respectively.

2. 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.

	2007 £	2006 £
Net profit attributable to equity holders of the Group	(1,139,818)	254,779
	2007 number	2006 number
Basic average number of shares	93,988,048	60,600,000
Warrants	5,588,432	-
Director's share option	2,800,800	-
Diluted weighted average number of shares	102,377,280	60,600,000

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

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, as per the above table.

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

	2007 £	2006 £
Net profit attributable to equity holders of the Group	(1,139,818)	254,779
Exceptional items	1,043,123	(70,895)

Profit before exceptional items attributable to equity holders of the Group	(96,695)	183,884
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3. Annual General Meeting

The Annual General Meeting of the Company will be held at the offices of Brodies LLP, 15 Atholl Crescent, Edinburgh EH3 8HA on 8 August 2007 at 11am.

4. 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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