Regulatory Announcement

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

Omega, which supplies a wide range of immunoassay-based products, announces interim results for the six months ended 30 September 2007.

Omega operates in niche markets, primarily in infectious diseases (including Syphilis, TB, Dengue Fever, Chagas disease and Malaria), food intolerance testing and autoimmune diseases (including anaemia, connective tissue disease and renal disease). Omega has a strong distribution network in over 100 countries.

Financial Summary:

	6 months 30 September 2007	**6 months 30 September 2006**
Revenue	1,147,777	1,009,211
Gross profit	503,346	432,328
Operating loss	(92,369)	(77,340)
Loss before tax	(132,643)	(335,197)
Loss per share (basic and diluted)	2.4p	20.7p

Interim Highlights:

- Omega's first acquisition, of Gensis Diagnostics Ltd and Cambridge Nutritional Sciences Ltd, completed on 3 September 2007 for an intitial consideration of £5.7m.
- £2.2m new equity (before expenses) raised via a cash placing of 7,333,333 New Ordinary Shares at 30p a share.
- Appointment of Dr Mike Walker as a new Non-Executive Director
- Acquisition furthers Omega's strategy to become a leading *in-vitro* diagnostics company and to

grow through selective acquisitions.

- Net cash at the period end of £444,114.

Regarding outlook, David Evans, Chairman, said:

"In the two months since the period covered by this statement, the Group has achieved sales of around £800,000 and the Board is confident in its continued prospects and the positive outlook for the remainder of the year and beyond."

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Chairman's Statement

Dear Shareholder

I am pleased to be able to report on good progress for the Group in the first half of the year that gives us a degree of confidence for the full year outcome.

Strategy

On 3 September 2007, the Group completed its first acquisition since becoming a public Company in September 2006 with the acquisition of Genesis Diagnostics Ltd ('Genesis') and Cambridge Nutritional Sciences Ltd ('CNS'). Genesis manufactures and sells a range of products testing for allergy and food intolerance, autoimmune disorders and infectious diseases. CNS provides a laboratory service for food intolerance and certain other diseases. This acquisition provides a good opportunity for the Group to provide additional products through the extensive Omega distribution network and there are early encouraging signs of interest in the enlarged product offering.

Ultimately, of greater strategic importance, the products that use the acquired macro and microarray technologies have shown good sales growth since Genesis was first identified as an acquisition opportunity and the Board is confident in the ability of these products to deliver further growth. As I mentioned in the Annual Report, these technologies also offer applicability across other disease states, and the strategy will involve expansion of the number of assays that can be performed on these platforms.

The Board shares your disappointment in the performance of the Company's share price since the acquisition was completed but we are confident that we have now laid the foundations from which we can begin to deliver shareholder value and as and when appropriate we will continue to look for further suitable acquisition opportunities.

Financial

The results for the period include the contribution for one month of trading from Genesis and CNS since completion of the acquisition. The Income Statement separately highlights the results of acquisition but I would draw your attention to the section entitled International Financial Reporting Standards below for a full understanding of the financial benefits of the acquisition.

Revenue for the period increased by just under 14% to £1,147,777 (2006: £1,009,211) as the benefit of the acquisition immediately began to impact. Gross margin also increased by one percentage point to 43.9% (2006: 42.8%). The improvement in gross margin is expected to continue for the rest of the year as the mix of higher margin Genesis and CNS products takes effect (see below under IFRS).

Administration costs increased to £595,715 (2006: £391,816). This was due mainly to the increased costs of being a public company for the whole of the period under review compared to very little by way of equivalent costs in the prior period due to the timing of becoming a public company. The acquisition has added £91,737 in the period.

The loss for the period has reduced to £116,417 (2006: £335,197) representing a loss per share of 2.4p (2006: loss per share of 20.7p). Net cash at the period end was £444,114 (2006: £480,431) and follows the successful placing of 7,333,333 ordinary shares at 30p per share to part-fund the acquisition. The expenses of the share issue amounted to £445,889. In addition, the Group raised new debt of £1.2 million from its principal banker, Bank of Scotland. These funds were used to repay older loans totalling £60,250 with the balance being used towards the acquisition cost.

International Financial Reporting Standards ('IFRS')

The acquisition of Genesis and CNS has been accounted for under IFRS3 *Business Combinations* and a full explanation is given in note 2 to this Interim Report. However, the Standard requires that certain stock items acquired be valued using selling prices as opposed to cost prices. Whilst the Standard does allow a deduction in value to be made for certain costs and an element of profit, the effect has been to increase the value of stock acquired by £49,720 over and above the value that would have applied if cost price had been used. Since these stock items were then sold by 30 September, this increased cost of sale has been charged within the separately identified 'acquisitions' column of the Income Statement. Excluding this increased cost, the result for Genesis and CNS for the one month since acquisition would have been a profit before tax of £72,245.

Research and Development

The Group has successfully completed its internal evaluations of its new test for Herpes Simplex Virus Type 2 infections. The results of an external evaluation are still awaited before the Group can formally launch the new product. The acquisition of Genesis has expanded the development capacity of the Group and I look forward to being able to report on further developments in the future.

Outlook

In the two months since the period covered by this statement, the Group has achieved sales of around £800,000 and the Board is confident in its continued prospects and the positive outlook for the remainder of the year and beyond.

David Evans, CA
Non-Executive Chairman

6 December 2007

Consolidated Income Statement
for the six months ended 30 September 2007

6 months to

	30 Sept 2007 Ongoing operations £	6 months to 30 Sept 2007 Acquisitions £	6 months to 30 Sept 2007 Total £	6 months to 30 Sept 2006 Total £
Continuing operations				
Revenue	**953,865**	**193,912**	**1,147,777**	1,009,211
Cost of Sales	**(564,303)**	**(80,128)**	**(644,431)**	(576,883)
Gross Profit	**389,562**	**113,784**	**503,346**	432,328
Administration Costs	**(503,978)**	**(91,737)**	**(595,715)**	(391,816)
Other income - government grants and related assistance	**-**	**-**	**-**	7,015
Exceptional administration costs	**-**	**-**	**-**	(124,867)
Operating (loss)/profit	**(114,416)**	**22,047**	**(92,369)**	(77,340)
Finance Costs	**(47,253)**	**(261)**	**(47,514)**	(14,174)
Finance Revenue - interest receivable	**6,501**	**739**	**7,240**	-
Exceptional items - goodwill	**-**	**-**	**-**	(243,683)
(Loss)/profit before taxation	**(155,168)**	**22,525**	**(132,643)**	(335,197)
Tax credit	**-**	**16,226**	**16,226**	-
(Loss)/profit for the period	**(155,168)**	**38,751**	**(116,417)**	**(335,197)**
Loss per share – basic and diluted			**(2.4p)**	(20.7p)

Consolidated Balance Sheet
as at 30 September 2007

	At 30 Sept 2007 £	At 31 Mar 2007 £	At 30 Sept 2006 £
Assets			
Non-current assets			
Intangibles	**5,046,917**	-	-
Property, plant and equipment	**617,321**	107,995	84,969
Deferred taxation	**58,464**	58,464	57,057
	5,722,702	166,459	142,026
Current assets			
Inventories	**654,870**	263,637	259,209
Trade and other receivables	**913,617**	746,108	477,797
Cash and cash equivalents	**463,302**	634,651	798,153
	2,031,789	1,644,396	1,535,159
Total assets	**7,754,491**	1,810,855	1,677,185
Equity and liabilities			
Issued capital	**4,415,997**	1,234,296	1,280,558
Retained earnings	**(1,299,469)**	(1,183,052)	(471,204)
Total equity	**3,116,528**	51,244	809,354

Liabilities			
Non current liabilities			
Long term borrowings	**2,304,558**	27,383	18,650
Other financial liabilities	**708,100**	705,112	91,281
Deferred taxation	**584,973**	-	-
Total non current liabilities	**3,597,631**	732,495	109,931
Current liabilities			
Short term borrowings	**259,188**	289,698	385,923
Trade and other payables	**781,144**	737,418	371,977
Total current liabilities	**1,040,332**	1,027,116	757,900
Total liabilities	**4,637,963**	1,759,611	867,831
Total equity and liabilities	**7,754,491**	1,810,855	1,677,185

Consolidated Statement of Changes in Equity

for the six months ended 30 September 2007

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 April 2006	80,036	156,476	(169,593)	66,919
Reverse acquisition capital adjustment	265,451	-	-	265,451
Issue of share capital	514,688	263,907	-	778,595
Loss for the period	-	-	(335,197)	(335,197)
Share-based payments	-	-	33,586	33,586
Balance at 30 September 2006	860,175	420,383	(471,204)	809,354
	-			
Expenses in connection with share issue	-	(46,262)	-	(46,262)
Loss for the period	-	-	(804,621)	(804,621)
Share-based payments	-	-	92,773	92,773
Balance at 31 March 2007	**860,175**	**374,121**	**(1,183,052)**	**51,244**
Issue of share capital	471,782	2,709,919	-	3,181,701
Loss for the period	-	-	(116,417)	(116,417)
Balance at 30 September 2007	**1,331,957**	**3,084,040**	**(1,299,469)**	**3,116,528**

Consolidated Cash Flow Statement

for the six months ended 30 September 2007

	6 months to 30 Sept 2007 £	6 months to 30 Sept 2006 £
Cash flows generated from operations		
Loss for the period	**(116,417)**	(335,197)
Adjustments for:		
Goodwill write off	**-**	243,683
Taxation	**(16,226)**	-
Finance costs	**47,514**	14,174
Finance income	**(7,240)**	-
Operating loss before working capital movement	**(92,369)**	(77,340)

Decrease/(increase) in trade and other receivables	**409,949**	(14,895)
Decrease/(increase) in inventories	**37,086**	(911)
(Decrease)/increase in trade and other payables	**(252,451)**	81,752
Government grant amortisation	**-**	(2,667)
Depreciation	**17,369**	14,332
Amortisation of intangible assets	**8,229**	-
Share-based payments	**-**	33,586
Net cash flow from operating activities	**127,813**	33,857
Investing activities		
Finance income	**7,240**	-
Purchase of property, plant and equipment	**(131,191)**	(7,660)
(Outflow)/inflow on acquisition of subsidiary	**(2,896,258)**	21,767
Net cash (used)/from investing activities	**(3,020,209)**	14,107
Financing activities		
Finance costs	**(47,514)**	(14,174)
Proceeds from issue of share capital	**1,754,111**	778,595
New loans	**1,324,826**	-
Loan repayments	**(72,733)**	(34,100)
Net cash from financing activities	**2,958,690**	730,321
Net increase in cash and cash equivalents	**66,294**	778,285
Cash and cash equivalents at beginning of period	**377,820**	(297,854)
Cash and cash equivalents at end of period	**444,114**	480,431

Notes to the Interim Report

for the six months ended 30 September 2007

1. Basis of Preparation

For the purpose of preparing the March 2007 Annual financial statements the Directors opted to use IFRS as adopted by the EU in advance of the requirements by the AIM Rules that apply to the current financial year. 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 2007. 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. As a result of the current period's business combination, the following additional accounting policies have been applied.

Intangible Assets

Intangible assets acquired as part of a business combination are recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition at fair value at the acquisition date, the historic cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a finite life have no residual value and are amortised on a straight line basis over the expected useful lives with charges included in administration costs, as follows:

- Technology assets – 20 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Basis of Consolidation

The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). 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. The format of the consolidated income statement presented in these interim financial statements is that which will be adopted in the financial statements for the current year. This differs from that used in the Group's 2007 Annual Report. The revised format, which includes a separate column showing the results of the acquisition made in the current year separately from ongoing operations, has been adopted as it presents information in a format that is more relevant to users of the financial statements.

The interim financial statements are unaudited but have been formally reviewed by the auditors and their report which is unqualified will be published in the Interim Report to be sent to shareholders. The information shown in the consolidated balance sheet as at 31 March 2007 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has been extracted from the Group's 2007 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 2007 Annual Report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

These interim financial statements were approved by the Board of Directors on 6 December 2007.

2. Business Combination
Acquisition of Genesis Diagnostics Ltd and Cambridge Nutritional Sciences Ltd.

On 3 September 2007, the Group acquired 100% of the voting shares of Genesis Diagnostics Ltd ('Genesis') and Cambridge Nutritional Sciences Ltd ('CNS'), both unlisted companies based in Cambridgeshire, UK. Genesis is an established business in the medical diagnostics industry developing, producing and selling a range of test kits specialising in the areas of autoimmune disease, infectious diseases and food intolerance. CNS provides a testing service for food intolerance and some other diseases.
The acquisitions have been accounted for using the purchase method of accounting and the interim consolidated financial statements include the results of Genesis and CNS for the one month period from the acquisition date. The provisional fair values of the identifiable assets and liabilities of Genesis and CNS as at the date of the acquisition were:

	Genesis book value £	CNS book value £	Fair value adjustments £	Total £
Intangible assets	-	-	1,975,000	1,975,000
Property, plant and equipment	211,947	31,139	152,418	395,504
Inventories	373,599	5,000	49,720	428,319
Trade and other receivables	544,916	72,599	-	617,515
Cash and cash equivalents	168,921	213,152	-	382,073
Borrowings	(45,500)	-	-	(45,500)
Trade and other payables	(128,298)	(16,925)	(30,000)	(175,223)
Deferred tax liability	-	-	(601,199)	(601,199)
Net Assets	1,125,585	304,965	1,545,939	2,976,489
Goodwill on acquisition				3,080,146
				6,056,635
Fair value of consideration				5,978,303
Acquisition costs				78,332
				6,056,635

Valuation of Acquired Intangible Assets
The valuation of acquired intangible assets has been performed in accordance with recognised industry standards. Intangible assets, which have been separately identified from goodwill, comprise the technology assets of the microarray, macroarray and microplate. Where necessary, the Group has consulted with independent external valuation experts in determining fair value and has assessed the net present value of future cash flows from these assets using the relief-from-royalty method. A discount rate of 14% has been used as representing the Group's weighted average cost of capital.

Inventories
The fair value adjustment to inventories of £49,720 represents the uplift in value of the acquired finished goods in Genesis as required by IFRS3, which states that finished goods should be valued at selling prices less costs to sell and less a reasonable profit allowance. The increased value should then be recognised as a charge through cost of sales in the Income Statement to match with when the finished goods are sold. Since all the finished goods at the acquisition date were sold by 30 September, cost of sales for Genesis and CNS for the one month of September includes this additional charge.

Cost of the Acquisition
The total acquisition cost of £6,056,635 comprised a cash payment of £3,200,000, 4,461,220 shares in the Company with a fair value of £1,427,590 based on the market price at acquisition, loan notes totalling £1,100,000 discounted to a fair value of £959,539, an earn-out based on the future performance of certain products, estimated at £400,000 discounted to a present value of £329,540, a deferred cash payment of £61,634 payable 12 months after completion and acquisition costs of £78,332. The earn-out accrues at 7% of sales of the relevant products over the three year period from 1 November 2006 to 31 October 2009, and is payable in three annual instalments once amounts are finally agreed.

Funding
To fund the cost of the acquisition, the Group raised £2,200,000 (before expenses of £445,889) via the placing of 7,333,333 new ordinary shares at a price of 30p per share. In addition, the Group borrowed £1.2 million under a senior term loan facility from its principal banker, repayable over five years. The loan carries interest at 2.5% over base rate for the first year and may fall to 2% over base rate thereafter provided the Group remains within agreed covenants. The vendors of Genesis and CNS were issued loan notes of £1,100,000 repayable in three equal instalments on anniversary dates in 2013, 2014 and 2015. Interest accrues at base rate and is payable with the final instalment.

Cash Outflow on Acquisition

	£
Net cash acquired with Genesis and CNS	382,074
Acquisition costs	(78,332)
Cash paid	(3,200,000)
Net cash outflow	(2,896,258)

Goodwill
The goodwill recognised above is attributed to the synergies of the business combination which are expected to come from combining the assets and operations of Genesis and CNS with the assets and existing infrastructure of the Omega Group.

3. Earnings per Share

	2007	**2006**
	£	**£**

	2007 number	2006 number
Net profit attributable to equity holders of the Group	(116,417)	(335,197)
Basic average number of shares	4,939,728	1,618,262

The diluted loss per share is based on the same number of shares above as the effect of outstanding warrants and options is anti-dilutive.

On 30 August 2007, the Company undertook a capital reorganisation dividing each 1p ordinary share into an intermediate ordinary share of 0.1p and a deferred ordinary share of 0.9p. The deferred ordinary shares created are valueless. The intermediate ordinary shares were subsequently consolidated on the basis of one new ordinary share of 4p for each 40 intermediate ordinary shares in existence.

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

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