27 June 2016

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

FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2016

Omega (AIM: ODX), the medical diagnostics company focused on allergy, food intolerance and infectious disease, announces its audited results for the year ended 31 March 2016.

Omega is one of the UKôs leading companies in the fast growing area of food intolerance, operating in markets supplying tests for allergies and autoimmune diseases as well as specific infectious diseases. The Company is able to do this through a strong distribution network in over 100 countries, a direct presence in Germany and India, and with a growing network of global partnerships.

Financial Highlights:

- Turnover up 5% to £12.7m (2015: £12.1m)
  - Food intolerance revenue up 19% to £7.06m (2015: £5.95m)
  - Allergy and autoimmune revenue down 13% to £3.16m (2015: £3.61m)
  - Infectious disease/other revenue down 1% to £2.52m (2015: £2.55m)
- Gross profit up 6% to £8.1m (2015: £7.7m)
- Adjusted profit before tax* of £1.35m (2015: £1.37m)
- Adjusted EPS 1.2p (2015: 1.3p)
- Cash at the period end of £1.30m (2015: £1.97m)

* Adjusted for amortisation of intangible assets, share based payment charges and IFRS-related discount charges

Operational highlights:

- Appointment of Colin King as Chief Operating Officer on 3 August 2015
- Completion of the fit-out of the laboratory and manufacturing facility in Pune, India with prototype devices made for a range of malaria rapid tests
- Automated Allergy programme ready for commercial launch, with 41 allergens optimised and successfully evaluated at sites across Europe
- Food Intolerance segment delivering the fastest growth in revenue at the highest gross margin
- We have now demonstrated in-house that Visitect® CD4 functions up to 35°C

Commenting, David Evans, Chairman, said:

ñWe have demonstrated that our Allersys® reagent range has the potential to create a significant market presence, offering a choice for the first time to laboratory purchasing managers, who have been without a choice for a long time in a segment of the market. We have also demonstrated that Visitect® CD4 now functions up to 35°C, meeting a key design goal parameter. We are now undertaking testing with patient samples to be confident that we have a robust design and we remain positive on bringing a revolutionary product to the market that will have a major impact on improving healthcare outcomes for millions of people.

ñWe have a solid and profitable core business. We have also identified a number of organic growth opportunities for all our business segments which we believe could significantly enhance shareholder value. We are evaluating all these opportunities, including those which could be delivered from existing resources, to ensure we are on the right side of under-promising and over-delivering.ò

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Chairman's Statement

Strategy

Point-of-care (POC) testing

Visitect® CD4
In terms of our strategic priority with Visitect® CD4, at times, I accept that it probably feels like the development process has taken two steps forward, followed by one step back, but we have persevered in working through the complex technical challenges of optimising the test to function up to 35°C. We now have a method of running test devices which indicates performance in line with our design goals. Our aim is to ensure that we can retain this performance so that the test can be run in the field by community healthcare workers without access to lab facilities.

In our trading update of 21 April 2016 we mentioned a shifting of the needle away from being a biological challenge to an engineering challenge. Subsequently, we have further improved our chances of success by demonstrating elimination of the ambient temperature effect with a test design that requires no engineering modification for field use because it does not require off-line sample treatment. This new design has been tested internally and shows no temperature effect over the range 20-35°C. We are currently now undertaking testing at a local hospital site with patient samples. We have also been able to undertake certain pre-verification studies in order to reduce risks beyond a successful optimisation outcome. Field trials will follow completion of the verification and validation phase, which would then lead to a market launch.

We have also continued to assess the potential market for this product and we have concluded that:

- a large unmet market need still exists for this test; and
- we now represent the only current active development prospect for an instrument-free POC CD4 test.

We have manufacturing capacity for Visitect® CD4 tests, both in Alva, Scotland, and in our new facility in Pune, India.

Pune manufacturing facility
During the year, we completed the fit-out of our 20,000 sq. ft. manufacturing facility in Pune, funded in part with a grant contribution of US$0.54 million from UNITAID. In addition to providing capacity for Visitect® CD4, our first products to be made there will be a range of malaria rapid tests. The equipment needed to manufacture rapid tests has now been installed and has undergone installation and operational qualification. Prototype devices have been manufactured on a small scale and, when tested on samples, indicate a level of performance equivalent to a market-leading product, which is very encouraging. When the manufacturing procedures have been finalised, the equipment will complete its production qualification and will enable larger batches of tests to be manufactured for verification and validation, and we have been able to source a number of malaria-positive and negative samples on a commercial scale which can be stored and then used for this purpose when needed.

The Group's strategy is unwavering in terms of providing POC testing for infectious diseases in parts of the world where there remain substantial unmet needs.

Allergy automation

As reported on 21 April 2016, we have successfully optimised 41 allergens for use on the automated IDS/Allersys® system which perform and concord with tests on the predicate device, ThermoFisher's ImmunoCAP® system. We have now tested over 1,000 patient samples in beta evaluations in Spain, Italy and France, with an ongoing evaluation in Germany, and the results will be included in the technical file to support CE marking the products. It has been shown that the combination of our Allersys® reagents on the IDS iSYS instrument provides a technology which is easy to use, has a quick time to first result and is efficient and flexible for laboratory use.

It is worth noting that successfully developing over 40 immunoassays for a development spend of £5.5 million is a highly credible achievement by global IVD industry standards of development expenditure. We have identified a clear plan to increase the number of allergens, from 41 to 120, over the next three years to ensure we continue to leverage the significant knowledge built up over the last four years.

We also have a fully validated in-house manufacturing system with finished products available on the shelf.

Commercialisation discussions are at a detailed and advanced stage with IDS and other partners about how best to launch into the market and we will keep shareholders fully informed on progress.

Food intolerance

Our flagship products of Genarrayt®/Foodprint® for laboratory use and our Food Detective® for use by Nutritionists have continued to grow from our strategic success in continuing to grow our export markets. Since the acquisition of Genesis/CNS in 2007, Food Detective® has been sold in over 75 countries and Genarrayt®/Foodprint® has been sold into over 40 countries.

We believe there are further significant opportunities for growth in this sector, with increasing numbers of consumers around the world taking more of an active interest in their health and wellbeing. In particular, we believe that China and North America are markets which are largely unaddressed but increasingly suitable for food intolerance testing products and services.

Financial performance

Group revenue grew by 5% to £12.7 million (2015: £12.1 million) with another strong performance from our Food intolerance division. On average, there was a weaker euro but stronger US dollar rate against sterling throughout the year, so the net currency effect was smaller this year where revenue would have been £0.2 million higher (2015: £0.4 million) on a constant currency basis. Gross profit increased to £8.1 million (2015: £7.7 million), representing a similar level of gross profit margin at 63.8% (2015: 63.4%) and adjusted profit before tax (statutory profit before tax with add backs for amortisation of intangible assets, share-based payment charges and IFRS-related discount charges) was 98.4% of last yearøs figure at £1.4 million. Adjusted earnings per share were 1.2 pence (2015: 1.3 pence), the small reduction reflecting a tax charge of £90k in the year versus a tax credit of £55k in the previous year. Statutory earnings per share were 0.5p (2015: 0.7p).

The Groupøs cash position at the year end was as expected, with cash reserves of £1.3 million (2015: £2.0 million). We continue to monitor our working capital management in the conversion of adjusted operating profit (operating profit excluding share-based payments and amortisation of intangible assets) into operating cash and the conversion factor for the year was 108% (2015: 93%).

Corporate governance

The size and structure of the Board and its committees are kept under review to ensure an appropriate level of governance operates throughout the year. The Board is comprised of two Non-executive Directors and four Executive Directors who meet frequently during the year to discuss strategy and to review progress and outcomes against objectives. Board reports containing KPIs, which report on business issues by exception, are circulated in advance of each Board meeting which contribute to a more efficient Board process allowing sufficient time to consider business-critical issues. The Group is not required to comply with the full requirements of the UK Corporate Governance Code (as an AIM-quoted company) but we believe the Board has the skills and the necessary experience to deliver on its plans and objectives in a way that enables Non-executive members of the Board to challenge and advise the Executive team as appropriate.

The Audit Committee and the Remuneration Committee are comprised of the two Non-executive Directors and the Board believes the current make-up and the number of committees remain appropriate for a group of our size.

Board and employees

Colin King joined the Board as Chief Operating Officer on 3 August 2015 and has introduced a number of initiatives to improve processes, communication and plan execution, which has laid the foundations on which we will deliver increased growth with improved management of expectations in the years ahead. We have also increased our scientific teams to overcome the challenges of CD4 and to increase the run rate of the new allergen optimisation alluded to above.

The Group now has over 160 employees around the world and, again, I thank them for all their hard work throughout the year, which has delivered growth in revenues every year for at least the last ten years.

Outlook

We have a robust order book going forward which provides a solid foundation for achieving our first half sales targets.

We have demonstrated that our Allersys® reagent range has the potential to create a significant market presence, offering a choice for the first time to laboratory purchasing managers, who have been without a choice for a long time in a segment of the market. We have also demonstrated that Visitect® CD4 now functions up to 35°C, meeting a key design goal parameter. We are now undertaking testing with patient samples to be confident that we have a robust design and we remain positive on bringing a revolutionary product to the market that will have a major impact on improving healthcare outcomes for millions of people.

We have a solid and profitable core business. We have also identified a number of organic growth opportunities for all our business segments which we believe could significantly enhance shareholder value. We are evaluating all these opportunities, including those which could be delivered from existing resources, to ensure we are on the right side of under-promising and over-delivering.

David Evans
Non-executive Chairman
24 June 2016

Chief Executive's Review

Dear fellow shareholder

During the year we have made solid progress with the core business, mostly driven by the Food intolerance division, which delivered another good year of growth and profitability and which more than mitigated the sales decline we saw in Germany.

Operations and organisational change

In August 2015, Colin King was appointed as Chief Operating Officer. He brings extensive knowledge and expertise to the Group and has spent the last few months reviewing each of the business units and identifying organic growth opportunities that can be delivered over the next three years. There has been a very positive effort made by all staff at every level in the Group and a true appreciation that we can grow all of our business segments over that period in both turnover and profitability.

As part of the business review there have been additions to the operations teams in all of our business units to enable us to take on the new opportunities that have been identified. It is worth noting that most of the opportunities are organic in nature, although we plan to establish a small evaluation unit to fully assess new opportunities before bringing them into the mainstream development programme.

We appreciate that our employees are one of our greatest assets and we are ensuring that they are well equipped to execute on the strategic opportunities that we have identified. The appointment of experienced project managers has been key, appreciating that we have fallen short on delivering projects in the past and that we need more control of project processes.

Our two current major opportunities, CD4 and the Allersys® allergy development programme, still offer the nearest potential for transformational growth in the future but, in acknowledging the issues that we have faced with the CD4 technology transfer and subsequent initial trial results in India and Kenya, we clearly had to make some internal changes to how we work.

Core business

Segmental revenue performance

Food intolerance
The Food intolerance division has again performed well, producing double-digit growth. For this year, total Food intolerance sales increased by 19% to £7.06 million (2015: £5.95 million).

Sales of Food Detective® grew by a further 10% in the year to £2.29 million (2015: £2.08 million), with good growth performances in Europe, Latin America and China. Total volumes achieved were 181,000 units (2015: 163,000 units), a growth of 11%.

Sales of Genarrayt®/Foodprint® reagents grew by 38% to £3.47 million (2015: £2.52 million), with strong performances in Europe, North America and the Middle East. The top three markets all exceeded annual revenues in excess of £0.5 million and the next five markets measured by revenue all exceeded £0.1 million each. The Group sold a further 18 instruments in the year, taking the cumulative number of installations to 168 instruments in 39 countries, and revenue per instrument (excluding Spain) increased by 27% to £18,175 (2015: £14,354). The higher percentage growth rate of reagent sales (as compared to the overall growth in revenue per instrument) reflects the investment that was made into newer North American and South East Asian markets in the previous year.

Our CNS laboratory service showed a decrease of 11% in sales to £0.58 million (2015: £0.65 million). Sales were still dominated by the markets in the UK and Ireland and we produced and sold 7,008 patient reports in the year (2015: 8,241), maintaining an average price of £82.73 per report (2015: £79.33).

Food intolerance will continue to be a key growth driver and contributor to the bottom line. This has been reflected in the increase in operational and marketing resource to provide high level scientific and technical support for the CNS product range. The growth trajectory is expected to continue, with this core business supported by increasing the range of products and services in the health and well-being market, which now extends beyond 75 countries.

Allergy and autoimmune
Sales for the Allergy and autoimmune division are comprised of Allergy sales of £2.57 million (2015: £3.08 million) and sales of Autoimmune products of £0.59 million (2015: £0.53 million), an increase of 11%. The Allergy sales continue to be derived almost exclusively from our Omega Diagnostics GmbH business in Germany, which has experienced a reduction in sales due to continued reimbursement restrictions in all but five of the 17 regions we operate in. The overall reduction in Omega Diagnostics GmbH allergy sales was 12% in euro terms. In reported sterling terms, the reduction was 17% due to the weakening of the euro against sterling rate throughout most of the year, the average rate being 1.368 (2015: 1.275). The modest growth in Autoimmune sales reverses a recent downward trend due principally to growth in India and China.

Infectious diseases
Infectious diseases sales decreased by 1% to £2.52 million (2015: £2.55 million). Increased turnover in countries such as Bangladesh and Nigeria have been offset by other markets such as Brazil which has been hit by an economic downturn.

These products operate in a very competitive and commoditised market, but we foresee a future increase in sales coming from the introduction of new products such as CD4 and malaria rapid tests coming through the Global Health programme and the Pune operation.

Allergy development

Significant efforts continued to be made throughout the year with the optimisation of 41 allergens being achieved in April 2016. All of our Allersys® reagents have been validated on the IDS iSYS analyser, demonstrating performance that matches the market leader. Inventory build is underway for the launch, which is expected to be over the next few months. Work is already being carried out to increase the number of allergen tests, both in house and with our external development partner.

With external evaluations having now been completed in Spain, Italy and France, with a fourth evaluation being completed in Germany, we will have sufficient data to allow us to apply the CE Mark to all 41 allergens, a prerequisite for marketing any diagnostic test in Europe and beyond.

In addition to the Allersys® programme, we have taken steps to reinvigorate an allergy dipstick product line called Allergodip® by expanding the panel of tests available to include country-specific panels. This, alongside the introduction of a mobile phone app that allows quantification of the test result, will provide us with a much broader product offering and one that will appeal to many of the resource-poor countries where we operate. India, with its plethora of small labs, is a particular target market for this product.

Infectious diseases

Visitect® CD4
Over the last year, we have concentrated our efforts to resolve the so called ambient temperature effect (ATE). The root cause of this was determined and it was anticipated that we would need to work with design companies to provide a one-step solution to the ATE because a sample pre-treatment step was required. However, we continued to also investigate possible alternative designs and subsequently demonstrated we can manufacture devices which indicate operating performance at temperatures between 20°C and 35°C during in-house testing, without the need for a sample pre-treatment step. This is currently undergoing exhaustive testing with patient samples at a local hospital site.

We have continued to engage with the various stakeholders in this area and all the indications are that there is still a substantial market for this product when launched. We still need to undertake clinical field trials and obtain regulatory approvals once we have a finished test. Visitect® CD4 will be the only instrument-free, disposable CD4 test available in the world, having seen two competitors leave the field over the last year. We remain confident that we will deliver a product which generates significant demand throughout the global health community.

Rapid test manufacturing
The opening of our new rapid test manufacturing facility in Pune, India, means that we not only have additional manufacturing space for Visitect® CD4 but also for additional rapid tests that can be produced in a low cost manufacturing environment. The manufacturing equipment has been installed and validated and work has

commenced on manufacturing a range of malaria tests which will go into field trials during the new financial year. Given our extensive links in the field of global health, other opportunities present themselves on a regular basis, including the development of new tests for dengue fever, a major tropical disease.

Outlook

Once again, Food intolerance kept up its good performance for both principal products, Food Detective® and Genarrayt®/ Foodprint®, and we expect to see this continuing in the year ahead with the marketing initiatives being planned and executed as part of our organic growth strategy.

Reaching the launch stage of the Allersys® allergy tests is another milestone achievement for the Group and we are looking forward to reporting good sales progress over the coming year, together with our continuing goal of delivering Visitect® CD4 to the market.

The entire Group has been energised by the arrival of Colin King and we have identified several potential opportunities for accelerated growth over the next three years. We will look to execute on those which deliver the greatest shareholder value.

Once again, I would like to thank all the Group employees who have made great efforts throughout the year in delivering progress. We look forward to a year of growth and further progress.

Andrew Shepherd
Chief Executive
24 June 2016

Financial review

Financial performance

Our core business has again proved to be resilient. Total revenue was up by 5.3% to £12.7 million (2015: £12.1 million), with our Food intolerance division delivering another strong performance, with continued double-digit year-on-year revenue growth. Our Allergy and autoimmune division suffered another fall in revenue due to a reduced level of sales in Germany and our Infectious disease division maintained revenue within 1% of last yearôs result. Compared to last year, there was a reduced currency impact in that sales for this year would have been £0.2 million higher (2015: £0.4 million) at constant exchange rates, with a £0.3 million euro-related reduction in sales (weaker euro against sterling) being offset by a US dollar-related gain of £0.1 million (stronger dollar against sterling).

Gross profit increased by 6.0% to £8.1 million (2015: £7.7 million), with the gross margin being maintained at 63.8% (2015: 63.4%). Costs, net of other operating income, have risen by £0.6 million to £7.7 million (2015: £7.1 million), the principal reasons being an increase in costs related to an expanded Board of £0.2 million, an increase in staff and rent costs of the Pune, India, facility and an increase in personnel costs in the UK due to increased staff numbers and auto enrolment into pension schemes in line with UK legislation. Adjusted profit before tax (statutory profit before tax of £0.7m with add backs for amortisation of intangibles, share-based payment charges and IFRS-related discount charges) was maintained at the same level as last year at £1.35 million compared to £1.37 million the year before. Segmental performance as presented in the notes to the financial statements still shows that the Food intolerance division is the only profitable segment right now, but our plans to address the shortfall remain the same, with opportunities for Allersys® and Visitect® CD4 as outlined throughout this Strategic Report.

Other operating income of £273k through the income statement comprised a further amortised credit of £251k from the UNITAID grant received in a prior year and a final amortised credit of £22k from a Scottish Enterprise Regional Selective Assistance grant first awarded in 2012.

Taxation

Our UK companies continue to benefit from a benign tax environment that encourages investment in research and development activities. In the year, adjusted tax losses of £1.4 million for the prior year to 31 March 2015 were surrendered for cash, generating a cash rebate of £0.2 million. The losses were surrendered at 14.5% and we took into account the direction of travel of likely corporation tax rates in the future when these losses are likely to offset future profits. We still have cumulative tax losses of £2.9 million for years ended up to 31 March 2014 that are carried forward for future offset. A portion of these losses were not surrendered due to lower surrender rates applying for earlier years. The current year tax charge of £0.1 million (2015: £0.1 million tax credit) would effectively have been neutral had we not carried out this exercise.

Earnings per share

Adjusted earnings per share were 1.2 pence versus 1.3 pence in the prior year. The difference is due to the tax position, as described above, leading to adjusted profit after tax of £1.26 million versus £1.43 million in the prior year, both calculated on a fully diluted 109.5 million shares in issue.

Research and development

We continued to invest in research and development at similar levels to last year, spending a total of £1.74 million (2015: £1.81 million), representing 13.7% of Group turnover. Expenditure on our Allersys® project was similar at £0.95 million (2015: £0.98 million) as we maintained our focus on reaching our target of optimising at least 40 allergens for an initial launch. Expenditure on our Visitect® CD4 was also maintained at £0.49 million (2015: £0.48 million) as we achieved a resolution to the previously reported ambient temperature effect and now have a test that functions between 20°C through to 35°C. We also incurred £0.1 million on developing our POC allergy dipstick test, Allergodip®, for use in doctorsôoffices. Of the £1.74 million incurred, £1.5 million has been capitalised on the balance sheet in accordance with IAS 38 ï Development Costs whilst earlier stage R&D expenditure of £0.26 million (2015: £0.31 million) has been expensed through the income statement.

Intangible assets

Our intangible assets have grown to a total of £13.5 million (2015: £12.1 million), which includes components of

goodwill of £4.6 million, separately identifiable intangible assets of £3.2 million and capitalised development costs of £5.7 million.

Goodwill

There has been no impairment of goodwill on any of the acquisitions to date. Goodwill of £4.6 million (2015: £4.5 million) has increased by £0.1 million relating to the retranslation of goodwill to £1.2 million (2015: £1.1 million) in acquiring the Allergy IVD business in Germany in 2010. £0.4 million arose on acquiring Co-Tek in 2009 and £3.0 million arose on acquiring Genesis/CNS in 2007.

Intangible assets

Separately identifiable intangible assets have been recognised on acquisition: £2.0 million on Genesis/CNS, of which £0.8 million has been amortised to date; £0.1 million on Co-Tek, which has been fully amortised; and £1.7 million on Omega Diagnostics GmbH, of which £1.2 million has been amortised to date. A purchased licence of £1.5 million relates to the exclusive global access rights to the IDSï iSYS platform for allergy testing, which, to date, has not been amortised.

Capitalised development costs

£1.5 million of capitalised development costs have been incurred in the year (as outlined above), bringing the cumulative spend to date to £4.1 million on the Allergy iSYS and Allergodip® projects and £1.6 million on the Visitect® CD4 project, neither of which has been amortised to date. The amortisation of these capitalised development costs, along with the purchased licence referred to above, will only start after commercialisation of these assets. As stated on previous occasions, this particular subset of amortisation charges will not be added back in the computation of the Groupôs routinely reported adjusted profit before tax.

Property, plant and equipment

The Group invested a further £0.6 million (2015: £0.7 million) in the year across its operations. The largest element included £0.3 million (2015: £0.1 million) in completing the fit-out of our manufacturing facility in Pune, India, and purchasing the initial phase equipment needed to produce rapid lateral flow tests. £0.1 million (2015: £0.3 million) was spent in Alva, including the purchase of additional bench top equipment for Visitect® CD4, and £0.2 million (2015: £0.2 million) has been invested in Genesis/CNS to increase capacity for our flagship Food intolerance products and to undertake some facility refurbishment.

Financing

The Group continues to enjoy a good relationship with its principal bankers and, in June of this year, we agreed an overdraft renewal for an increased facility of £1.7 million (2015: £1.0 million) for a further year. This facility remains undrawn at the date of this report and will be utilised for increased working capital purposes as we look to expand our business across all its income streams.

Operating cash flow

Given the amount we invest in research and development, it is a key priority to manage working capital efficiently and to be effective in converting operating income into cash. Cash inflow from operating activities during the year was £1.45 million (2015: £1.25 million). The Group has achieved a conversion rate of adjusted operating profit (operating profit plus amortisation of intangible assets plus share-based payments) to operating cash of 108% (2015: 93%). As anticipated, we ended the year with cash reserves of £1.30 million (2015: £1.97 million) and net cash of £0.89 million (2015: £1.42 million).

Foreign exchange

The Group has investments in overseas operations and conducts trading transactions in currencies other than sterling. The principal currencies used and the average foreign exchange rates in the year are as follows:

	2015/16	2014/15
	£	£
Sterling/US dollar	**1.50**	1.60
Sterling/euro	**1.368**	1.275
Sterling/Indian rupee	**98.22**	98.57

Profit and loss account

The Group has foreign-denominated bank accounts to allow for the receipt and settlement of amounts in connection with its normal trading operations. These transactions are subject to timing differences between when they are transacted and when they are settled, which can give rise to foreign exchange differences. Foreign-denominated receivables, payables and bank balances are restated into sterling at closing balance sheet dates, which also gives rise to foreign exchange differences. During the year, the Group benefited from an exchange gain of £6,000 (2015: £6,000) on these transactions which has been credited through the income statement.

Other comprehensive income

The Group has net assets in Germany and India, held in fully owned subsidiaries. The original investments in these subsidiaries are held at historic exchange rates. The difference between these historic balances and their restated amounts at the most recent closing balance sheet rates gives rise to movements which are recorded through other comprehensive income and carried as a balance sheet reserve. During the year, there has been a gain of £261,000 (2015: £524,000 charge) on the retranslation of foreign operations, predominantly in Germany. Although the average euro rate against sterling was weaker in the current year, as shown in the above table, the spot rate at 31 March 2016 was ú1.262 = £1 (2015: ú1.367 = £1), hence the gain in the year.

Kieron Harbinson
Group Finance Director
24 June 2016

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	2016	2015
	£	£
Continuing operations		
Revenue	**12,743,896**	**12,105,319**
Cost of sales	**(4,608,383)**	**(4,431,671)**
Gross profit	**8,135,513**	**7,673,648**
Administration costs	**(5,917,453)**	**(5,278,903)**
Selling and marketing costs	**(1,821,068)**	**(1,894,844)**
Other operating income	**272,769**	**173,069**
Operating profit	**669,761**	**672,970**
Finance costs	**(24,154)**	**(30,620)**
Finance income ï interest receivable	**16,225**	**41,908**
Profit before taxation	**661,832**	**684,258**
Tax (charge) / credit	**(89,920)**	**54,788**
Profit for the year	**571,912**	**739,046**
Other comprehensive income to be reclassified to profit and loss in subsequent periods		
Exchange differences on translation of foreign operations	**260,960**	**(523,856)**
Tax (charge) / credit	**(29,098)**	**56,068**
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods		
Actuarial gain / (loss) on defined benefit pensions	**255,459**	**(270,128)**
Tax (charge) / credit	**(47,533)**	**58,228**
Other comprehensive income for the year	**439,788**	**(679,688)**
Total comprehensive income for the year	**1,011,700**	**59,358**
Earnings Per Share (EPS)		
Basic and Diluted EPS on profit for the year	0.5p	0.7p

Adjusted Profit before Taxation		
For the year ended 31 March 2016	**2016**	**2015**
	£	**£**
Profit before taxation	**661,832**	**684,258**
IFRS related discount charges	**17,793**	**14,941**
Amortisation of intangible assets	**309,163**	**378,680**
Share based payment charges	**362,327**	**295,223**
Adjusted profit before taxation	**1,351,115**	**1,373,102**
Earnings Per Share (EPS)		
Adjusted EPS on profit for the year	1.2p	1.3p

Consolidated Balance Sheet
as at 31 March 2016

	2016 £	2015 £
ASSETS		
Non-current assets		
Intangibles	**13,462,355**	**12,104,723**
Property, plant and equipment	**2,691,722**	**2,429,233**
Deferred taxation	**1,426,205**	**1,530,777**
Retirement benefit surplus	**44,759**	**-**
	17,625,041	**16,064,733**
Current assets		
Inventories	**2,011,495**	**2,062,095**
Trade and other receivables	**2,838,269**	**2,539,851**
Cash and cash equivalents	**1,302,257**	**1,972,137**
	6,152,021	**6,574,083**
Total assets	**23,777,062**	**22,638,816**
EQUITY AND LIABILITIES		
Equity		
Issued capital	**16,727,516**	**16,727,516**
Retained earnings	**3,905,909**	**2,792,842**
Other reserves	**(446,248)**	**(707,208)**
Total equity	**20,187,177**	**18,813,150**
Liabilities		
Non-current liabilities		
Long-term borrowings	**282,914**	**315,446**
Deferred taxation	**1,537,560**	**1,266,213**
Deferred income	**-**	**83,394**
Retirement benefit deficit	**-**	**192,907**
Total non-current liabilities	**1,820,474**	**1,857,960**
Current liabilities		
Short-term borrowings	**127,783**	**237,772**
Trade and other payables	**1,641,628**	**1,542,059**
Deferred income	**-**	**187,875**
Total current liabilities	**1,769,411**	**1,967,706**
Total liabilities	**3,589,885**	**3,825,666**
Total equity and liabilities	**23,777,062**	**22,638,816**

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	Share capital £	Share premium £	Retained earnings £	Translation reserve £	Total £
Balance at 31 March 2014	**5,086,756**	**11,640,760**	**1,914,405**	**(183,352)**	**18,458,569**
Profit for the year ended 31 March 2015	-	-	739,046	-	739,046
Other comprehensive income - net exchange adjustments	-	-	-	(523,856)	(523,856)
Other comprehensive income - actuarial loss on defined benefit pensions	-	-	(270,128)	-	(270,128)
Other comprehensive income - tax credit	-	-	114,296	-	114,296
Total comprehensive income for the year	-	-	583,214	(523,856)	59,358
Share-based payments	-	-	295,223	-	295,223
Balance at 31 March 2015	**5,086,756**	**11,640,760**	**2,792,842**	**(707,208)**	**18,813,150**
Profit for the year ended 31 March 2016	-	-	571,912	-	571,912
Other comprehensive income - net exchange adjustments	-	-	-	260,960	260,960
Other comprehensive income - actuarial gain on defined benefit pensions	-	-	255,459	-	255,459
Other comprehensive income - tax charge	-	-	(76,631)	-	(76,631)
Total comprehensive income for the year	-	-	750,740	260,960	1,011,700
Share-based payments	-	-	362,327	-	362,327
Balance at 31 March 2016	**5,086,756**	**11,640,760**	**3,905,909**	**(446,248)**	**20,187,177**

Consolidated Cash Flow Statement
for the year ended 31 March 2016

	2016 £	2015 £
Cash flows generated from operations		
Profit for the year	**571,912**	739,046
Adjustments for:		
Taxation	**89,920**	(54,788)
Finance costs	**24,154**	30,620
Finance income	**(16,225)**	(41,908)
Operating profit before working capital movement	**669,761**	672,970
Increase in trade and other receivables	**(298,418)**	(123,934)
Decrease / (increase) in inventories	**50,600**	(369,154)
Increase in trade and other payables	**99,569**	155,701
Gain on sale of property, plant and equipment	**-**	(1,777)
Depreciation	**322,576**	324,967
Amortisation of intangible assets	**309,163**	378,680
Movement in grants	**(271,269)**	(84,783)
Share-based payments	**362,327**	295,223
Taxation received	**209,367**	-
Cash flow from operating activities	**1,453,676**	1,247,893
Investing activities		
Finance income	**16,225**	41,908
Purchase of property, plant and equipment	**(620,652)**	(701,565)
Purchase of intangible assets	**(1,418,536)**	(1,394,146)
Sale of property, plant and equipment	**-**	8,367
Net cash used in investing activities	**(2,022,963)**	(2,045,436)
Financing activities		
Finance costs	**(24,154)**	(21,793)
New loans	**104,566**	247,500
Loan repayments	**(120,353)**	(360,000)
Finance lease repayments	**(126,734)**	(89,976)
Net cash used in financing activities	**(166,675)**	(224,269)
Net decrease in cash and cash equivalents	**(735,962)**	(1,021,812)
Effects of exchange rate movements	**66,082**	(122,064)
Cash and cash equivalents at beginning of year	**1,972,137**	3,116,013
Cash and cash equivalents at end of year	**1,302,257**	1,972,137

Notes to the Preliminary Announcement
for the year ended 31 March 2016

1. Basis of preparation

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434(3) of the Companies Act 2006.

The consolidated balance sheet at 31 March 2016 and the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year then ended have been extracted from the Group's financial statements which were approved by the Board of Directors on 24 June 2016 and are audited. The comparative consolidated financial information for the year ended 31 March 2015 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 2016 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 2016.

Basis of consolidation

The Group financial statements consolidate the financial statements of Omega Diagnostics Group PLC and the entities it controls (its subsidiaries). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

2. Segment information

2016	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	3,254,725	8,681,553	2,698,113	-	14,634,391
Inter-segment revenue	(95,693)	(1,621,862)	(172,940)	-	(1,890,495)
Total revenue	3,159,032	7,059,691	2,525,173	-	12,743,896
Operating costs	(3,479,086)	(4,572,482)	(2,768,799)	(1,253,768)	(12,074,135)
Operating profit/(loss)	(320,054)	2,487,209	(243,626)	(1,253,768)	669,761
Net finance (costs)/income	(58,283)	(2,137)	(21,625)	74,116	(7,929)
Profit/(loss) before taxation	**(378,337)**	**2,485,072**	**(265,251)**	**(1,179,652)**	**661,832**
Adjusted profit before taxation					
Profit/(loss) before taxation	(378,337)	2,485,072	(265,251)	(1,179,652)	661,832
IFRS-related discount charges	-	-	-	17,793	17,793
Amortisation of intangible assets	200,335	98,907	9,921	-	309,163
Share-based payment charges	-	-	-	362,327	362,327
Adjusted profit/(loss) before taxation	**(178,002)**	**2,583,979**	**(255,330)**	**(799,532)**	**1,351,115**

2015	Allergy and Autoimmune £	Food Intolerance £	Infectious/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	3,698,302	7,449,037	2,712,236	-	13,859,575
Inter-segment revenue	(84,478)	(1,502,610)	(167,168)	-	(1,754,256)
Total revenue	3,613,824	5,946,427	2,545,068	-	12,105,319
Operating costs	(3,851,938)	(3,873,796)	(2,812,507)	(894,108)	(11,432,349)
Operating profit/(loss)	(238,114)	2,072,631	(267,439)	(894,108)	672,970
Net finance (costs)/income	(61,172)	169	(21,794)	94,085	11,288
Profit/(loss) before taxation	**(299,286)**	**2,072,800**	**(289,233)**	**(800,023)**	**684,258**
Adjusted profit before taxation					
Profit/(loss) before taxation	(299,286)	2,072,800	(289,233)	(800,023)	684,258
IFRS-related discount charges	-	-	-	14,941	14,941
Amortisation of intangible assets	261,171	98,901	18,608	-	378,680
Share-based payment charges	-	-	-	295,223	295,223
Adjusted profit/(loss) before taxation	**(38,115)**	**2,171,701**	**(270,625)**	**(489,859)**	**1,373,102**

3. Revenues

	2016 £	2015 £
UK	**939,635**	979,964
Germany	**2,667,102**	3,074,157
Rest of Europe	**3,513,511**	3,381,582
North America	**1,098,320**	515,963
South/Central America	**874,151**	904,276
India	**548,837**	480,138
Asia and Far East	**1,480,638**	1,439,271
Africa and Middle East	**1,621,702**	1,329,968
	12,743,896	12,105,319

4. Finance costs

	2016 £	2015 £
Interest payable on loans and bank overdrafts	**3,104**	4,708
Unwinding of discounts	**-**	7,792
Finance leases	**21,050**	18,120
	24,154	30,620

5. Tax (charge) / credit

	2016 £	2015 £
Tax (charge)/credit in the income statement		
Current tax - prior year adjustment	209,368	-
Deferred tax - current year	132,794	62,161
Deferred tax - prior year adjustment	(432,082)	(7,373)
	(89,920)	54,788
Tax relating to items charged or credited to other comprehensive income		
Deferred tax on actuarial (gain)/loss on retirement benefit obligations	(47,533)	58,228
Deferred tax on net exchange adjustments	(29,098)	56,068
	(76,631)	114,296

Reconciliation of total tax charge

Factors affecting the tax charge/(credit) for the year:

Profit before tax	661,832	684,258
Effective rate of taxation	20%	21%
Profit before tax multiplied by the effective rate of tax	132,366	143,694
Effects of:		
Expenses not deductible for tax purposes and permanent differences	76,734	65,054
Research and development and deferred tax credits	(250,622)	(362,447)
Movement on deferred tax arising from share-based payments	-	125,613
Tax repayment on surrender of tax losses in prior year at 14.5%	(209,368)	-
Tax losses surrendered in prior year at 20%	288,783	-
Tax under provided in prior years	143,299	7,373
Adjustment due to different overseas tax rate	(59,975)	(29,449)
Impact of UK rate change on deferred tax	(31,297)	(4,626)
Tax charge/(credit) for the period	89,920	(54,788)

6. 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.

	2016 £	2015 £
Profit attributable to equity holders of the Group	**571,912**	739,046

	2016 Number	2015 Number
Basic average number of shares	**108,745,669**	108,745,669
Share options	**780,017**	821,093
Diluted weighted average number of shares	**109,525,686**	109,566,762

Adjusted Earnings per share on profit for the year

The Group presents adjusted earnings per share which is calculated by taking adjusted profit before taxation and adding the tax credit or deducting the tax charge in order 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 and financial performance.

	2016 £	2015 £
Adjusted profit before taxation	**1,351,115**	1,373,102
Tax (charge)/credit	**(89,920)**	54,788
Adjusted profit attributable to equity holders of the Group	**1,261,195**	1,427,890

7. Annual General Meeting

The Annual General Meeting will be held at Omega House, Hillfoots Business Village, Clackmannanshire, FK12 5DQ on 10 August 2016 at 12 noon.

8. Annual Report

The annual report will be sent to shareholders on 12 July 2016 and will also be available at the registered office of Omega Diagnostics Group PLC at:

One London Wall, London, EC2Y 5AB

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

www.omegadiagnostics.com