Fighting global health challenges through innovation

Omega DIAGNOSTICS GROUP PLC

Omega Diagnostics Group PLC
Annual Report and Group Financial Statements 2015

Find up-to-date information at
www.omegadiagnostics.com

Omega Diagnostics Group PLC

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@OmegaDiagnostic

Front cover: Uzma Bari, Development Scientist.

Operational Highlights

- Visitect® CD4 test manufacturing process fully in-house following further recruitment to the scientific team.
- Engagement with experts in lateral flow diagnostics and completion of investigation phase for Visitect® CD4.
- Visitect® CD4 final product stability being evaluated prior to further field evaluation.
- Continuing progress with allergy development programme with 32 allergens now optimised.
- Finished kits for 27 allergens available on the shelf and external site evaluations started.
- Appointment of Colin King as Chief Operating Officer from 3 August 2015.
- Manufacturing facility in Pune, India, progressing with fit-out substantially completed.

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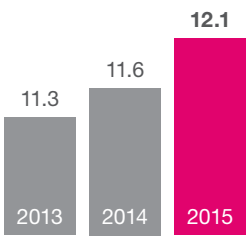
Financial Highlights

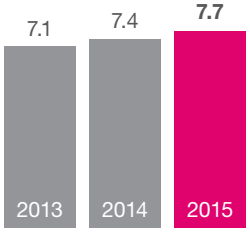
Sales (£m)

£12.1m ↑ 4%



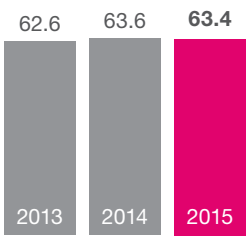
Gross profit (£m)

£7.7m ↑ 4%



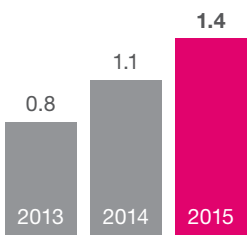
Gross profit (%)

63.4% ↓ 0.2%



Adjusted profit before tax (£m)

£1.4m ↑ 25%



A leading company in the fast growing area of immunoassay, with a global presence in over 100 countries

Our focus

Allergy and Autoimmune

The Group develops, manufactures and sells allergy tests for over 600 allergens. It has more than 20 years' experience in the development of products for the diagnosis of allergies and a substantial understanding and knowledge in the production and standardisation of allergen extracts. The autoimmune panel is a range of enzyme immunoassay (EIA) tests for the detection and quantification of multiple autoimmune diseases.

600+

Over 600 specific IgE allergens available.

Food Intolerance

The Group provides a range of tests and instrumentation associated with food intolerance and gut health. Based on quantifying total IgG reactions to over 220 different foods, these tests are designed to support both health practitioners and individuals who wish to make informed decisions when managing their health.

220+

IgG reactions to over 220 different foods.

Infectious Diseases

The Group specialises in a range of diagnostic kits for infectious diseases, in particular syphilis, febrile antigens and dengue fever. Enzyme immunoassays are available for a variety of viral, bacterial and fungal infections, complemented by a diverse selection of agglutination, fluorescence and rapid tests.

26m

26 million people living with HIV in remote settings need improved access to CD4 testing.

Our range of products

Omega Diagnostics Group PLC's subsidiaries provide high quality IVD (in-vitro diagnostics) products for use in hospitals, blood banks, clinics and laboratories in over 100 countries and specialise in the areas of allergy and autoimmune, food intolerance and infectious diseases.

Allergy and Autoimmune

Main products:

- Allergozyme
- Allergodip
- Genesis Elisa

Revenue share

£3.6m

Food Intolerance

Main products:

- Genarrayt®/Foodprint®
- Food Detective®
- CNS laboratory service

Revenue share

£6m

Infectious Diseases

Main products:

- Immutrep Syphilis
- Micropath Bacterial tests
- Dengue Elisa

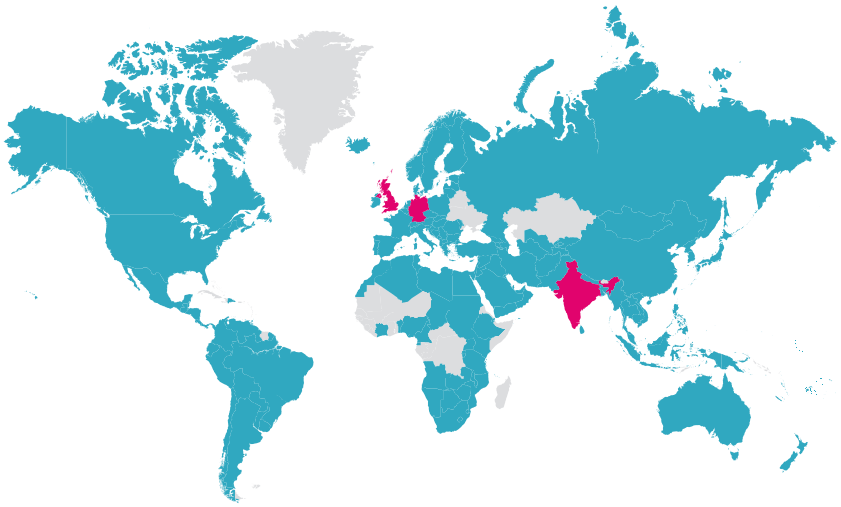
Revenue share

£2.5m

→ Kayleigh Bruce, Quality Control Supervisor.

Where we operate

A global reach allows the Group to benefit from fast growing economies in emerging markets while simultaneously mitigating challenging economic and political instability in certain regions of the world.



Countries where our products are distributed
Countries where we have a direct presence

Our Core Markets
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Our progress

Double-digit growth in Food Intolerance sales

The Food Intolerance division has again outperformed expections with increased sales of Food Detective® kits and Genarrayt®/Foodprint® reagents as well as our CNS laboratory service increasing test numbers. A further 18 Genarrayt®/Foodprint® instruments have been placed during the year, taking total installations to 150 across 38 countries.

Read more on pages 12 and 13

Progress being made to deliver the full value of Visitect® CD4

By increasing the number of local sites available to us for testing and performing a number of internal investigations, we have identified and corrected the root cause issues that have previously led to test variability. The next steps are to complete the verification and validation of the in-house manufacturing processes.

Read more on page 14

Continuing progress on the IDS/Allersys® automated analyser

Progress with the allergy development programme has focused on validation and scale up of the manufacturing process. Commercial scale quantities of 27 allergens have been produced and all have passed internal quality control procedures. Beta evaluations across two European sites in Italy and Spain are now underway.

Read more on page 15

Strong financial performance

Adjusted profit before tax for the year has increased by 25% on the prior year, helped by increased sales and ongoing close management of overheads. This result was achieved despite reported turnover being approximately £0.4 million lower than it would have been if euro and dollar-denominated turnover had been translated at prior year exchange rates.

Read more on page 18

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↑ Left: Rory Ironside, Development Scientist.
Right: Chris McMurran, Rapid Test Systems Manager.

We're committed to addressing global health challenges

Our mission is to improve human health and well-being through innovative diagnostic products and global partnerships.

Omega is one of the UK's leading companies in the fast growing area of **food intolerance** testing and also operates in markets supplying tests for allergies and autoimmune diseases and specific infectious diseases through a strong distribution network in over 100 countries.

Our Strategy and Key Performance Indicators

A clear strategy to further the Group's progress

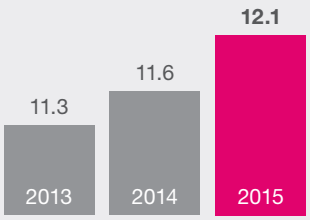
A clear strategy to leverage the Group's business model through focusing on its strengths and differentiating with its use of innovative technologies and global partners.

- → To maintain leadership in Food Intolerance testing and expand to provide a wider portfolio of related health and well-being tests.
- → To become a leader in Allergy IVD testing through automation and mid-tier market targeting.
- → Identifying Global Health opportunities and commercialising novel POC diagnostics tests for resource-poor areas with high unmet clinical needs.
- → Collaborating with NGO networks to gain mass distribution of products.

The core business remains in good shape as evidenced by the increase in adjusted profit before tax and Food Intolerance sales.

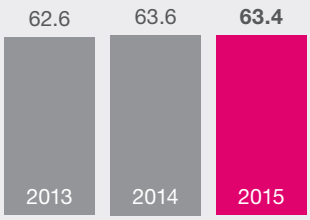
Sales (£m)

£12.1m ↑ 4%



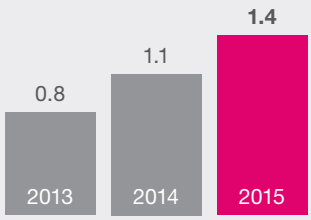
Gross profit (%)

63.4% ↓ 0.2%



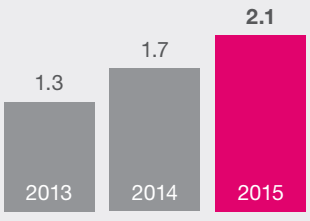
Adjusted profit before tax (£m)

£1.4m ↑ 25%



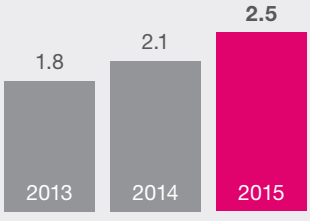
Food Detective® sales (£m)

£2.1m ↑ 23%



Food Intolerance – Genarrayt®/Foodprint® (£m)

£2.5m ↑ 19%



I am confident that we now have the right team to deliver the inherent value that exists within our two main strategic opportunities

In summary

- Confirmation that Visitect® CD4 completed its investigation phase but technical challenges remain.
- External evaluations underway to support CE marking of the Allersys® reagents.
- Adjusted profit before tax increased by 25% to £1.4 million.
- Appointment of Colin King as Chief Operating Officer.

"The Group remains in a strong cash position with cash reserves of £2.0 million."

David Evans Non-executive Chairman

Strategy

Point-of-care (POC) testing

The Group's strategy remains undiminished in wanting to become a market leader in the provision of POC testing for infectious diseases in large parts of the world where resources remain constrained and where there are substantial unmet needs. Our strategic priority for the year was to establish that our Visitect® CD4 test was capable of achieving acceptable performance in a field setting.

Following a three-batch validation in February 2014, the Visitect® CD4 test underwent pilot studies in India and Kenya in the first half of the year. The results from the Indian study showed acceptable performance whereas the results from Kenya were sub-optimal, as compared to our design goals. In order to determine the cause behind the Kenyan results, further batches were made which, when tested on samples in the UK, demonstrated unacceptable levels of batch-to-batch variability.

We decided that we needed to make a number of changes to the programme to determine the root cause of variability. Firstly, we brought the previously outsourced manufacturing process in-house. Secondly, we engaged with experts in lateral flow device development and manufacture who were able to investigate the issues with co-inventors from the Burnet Institute. Thirdly, we shifted internal management responsibility to our Development team from Operations. Finally, we agreed access to a local hospital with a much higher throughput of patient samples.

During the second half of the year, we sought to manufacture the test using the benchtop methods exactly as developed by the Burnet Institute and, in the process, we have been able to deconstruct and reconstruct the test and to characterise fully all the key components. We have been able to make thousands of devices, tested on hundreds of samples, which has resulted in the recent achievement of confirming that we now have a process of making test devices which is capable of meeting certain design goals. We have now moved into a period of verification and validation and we are concentrating our efforts on overcoming a stability issue that has become evident that manifests after a period of five weeks of storage at room temperature. This requires further investigation as to root cause, which is being undertaken now. Verification and validation is a necessary process undertaken to establish finished product performance and we will not put product back into field evaluation until we have addressed this issue and the product meets the needs of the target market. Once resolved, we will restart the earlier field trials.

Allergy automation

Our strategic aim in Allergy remains unaltered: to launch a panel of 40 allergens on the automated IDS/Allersys® system followed by a programme of menu extensions to achieve a number two market position. During the year, we transferred the optimisation work from our external contractor to a newly recruited in-house scientific team. Our external contractor remains a key contributor and retains responsibility for the claim support work. In total, we have six IDS/Allersys® instruments across two sites supporting the work programmes.

Following a successful pilot study in June 2014, comparing the performance of eight Allersys® allergens with the predicate device, ThermoFisher's ImmunoCAP® system, the results were presented in June this year at the European Academy of Allergy and Clinical Immunology (EAACI) annual meeting in Barcelona which has generated a lot of follow-on interest.

We now have a fully validated in-house manufacturing system with finished kits for 27 allergens available on the shelf. All these kits have recently begun external evaluations at sites in Spain and Italy and will provide performance data for the technical file needed to support CE marking the product. Commercialisation discussions continue, both with IDS in markets where it has a direct presence, and with IDS' partners, which have developed a complementary range of autoimmune tests on the IDS/Allersys® platform.

Financial performance

The Group has seen growth in revenue of 4%, achieving £12.1 million for the year (2014: £11.6 million). This is despite the weaker euro exchange rate against sterling throughout the year. Revenue would have been £0.4 million higher on a constant currency basis. Gross profit increased to £7.7 million (2014: £7.4 million) and adjusted profit before tax (our preferred measure of profit and as defined on page 31) increased by 25% to £1.4 million (2014: £1.1 million). Adjusted earnings per share was 1.3 pence (2014: 1.2 pence), the smaller rate of growth reflecting the higher average number of shares in issue throughout the current year.

The Group's cash position remains strong with cash reserves of £2.0 million (2014: £3.1 million) at the year end following another year of efficient working capital management in the conversion of operating profit into operating cash.

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 comprises two Non-executive Directors and three Executive Directors, with one more Executive Director joining the Board on 3 August 2015 (see below), who meet frequently during the year to discuss strategy and to review progress and outcomes against objectives. Whilst, as an AIM-quoted company, the Group is not required to comply with the full requirements of the UK Corporate Governance Code, we believe the Board has a good mix of skills and experience and a culture that easily enables the 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

In transitioning through to our next phase of growth, I am very pleased that Colin King has agreed to join the Board as Chief Operating Officer, joining us from the Alere Group. Colin's appointment will take effect from 3 August 2015 and a separate announcement with the relevant AIM disclosures will be made at that time. I have known Colin for many years and he has a wealth of experience in managing change, leading teams and delivering to targets. I am sure he will prove to be a valuable addition to our team at this exciting phase of our development.

Andrew Shepherd, whilst retaining his overall CEO remit and focus on delivering CD4 to the market, has been given responsibility for identifying new product opportunities in global health with a focus on achieving new product launch targets.

Last but not least, I would like to thank all our employees, who work very hard to deliver improving results year after year, and much of our progress is down to a team effort across the Group as a whole.

Outlook

Trading in our core business in the new financial year to date is in line with management expectations. We continue to foresee growth opportunities in Food Intolerance which will mitigate the ongoing pressures of reimbursement for our Allergy business in Germany.

Since our last update on Visitect® CD4 confirming completion of the internal investigation phase, we moved into the process of verification and validation. This includes testing the longer-term stability of in-house manufactured finished devices, and as such, could not commence until the manufacturing process had been selected. We are now concentrating our efforts on overcoming the stability issue and we will put the product back into field evaluation only once we have addressed this issue.

We have continued to demonstrate that the combination of an increasing number of Allersys® reagents on IDS' automated analyser can achieve comparable performance with the market-leading predicate instrument and we have recently commenced the first of our external evaluations using product manufactured in-house with validated manufacturing methods.

Our future prospects will be improved considerably by the successful outcomes to our two key strategic projects. Whilst we still face technical challenges, I am confident that we now have the right team to deliver the inherent value that exists within both these strategic opportunities.

David Evans
Non-executive Chairman
6 July 2015

Our aim is to leverage core competencies to generate strategic opportunities to maximise shareholder value

Omega's foundation of extensive knowledge and know-how, R&D capability, manufacturing and marketing expertise and an existing cash-generative core business enables the Group to commercialise innovative diagnostics products through global partnerships.

1 Build on core competencies

Our focus encompasses:

Manufacturer of quality IVD products

Omega has acquired more than 25 years' experience in the development and manufacture of products within three segments: Allergy and Autoimmune, Food Intolerance and Infectious Disease, with each of its sites possessing ISO 9001 and ISO 13485 accreditation and being compliant with directive 98/79/EC on medical devices. Omega has a skilled and experienced global marketing team which is highly knowledgeable of the Group's products and the markets that they are sold into.

Generating cash from our core business

The Group always aims to manage its working capital efficiently and has a track record of conversion of operating profit into operating cash.

Investing in our R&D programme

The majority of Omega's products across all segments have been developed over many years through an investment in skilled teams of scientists.

People and knowledge

In recent years Omega has significantly expanded the senior management team, recruiting a number of key staff with years of experience within the medical diagnostics industry. Four additional development scientists have been recruited since the year end, further increasing in-house resource to accelerate the development projects. Bill Rhodes was also appointed in the year as a Non-executive Director and brings a wealth of global experience to Omega.

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Our Business Model in Action
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2 Accessing strategic opportunities

We achieve this through:

Innovation

Omega's global reputation stems from its beginnings as a manufacturer of tests for a range of infectious diseases. This reputation led to the opportunity to license the CD4 technology to develop a point-of-care (POC) test for an estimated 17 million HIV positive patients who cannot currently access testing. We also have access to a POC test for syphilis which can differentiate between active and past infections. WHO estimates there are 12 million new cases of syphilis each year, with currently no POC assays on the market for detecting specific IgG and IgM antibodies.

Licensing

The Group will license in its needs in areas where it does not have in-house expertise, with the IDS/Allersys® instrument being an example of this. The Group looks to collaborate with world-leading global health partners who are well placed to undertake the early research phase and who then look to license out those opportunities, the Burnet Institute being an example of this.

Partnerships

Partnership with the Burnet Institute in Australia resulted in Omega securing an exclusive global licence to a unique, simple, lateral flow POC device which confirms whether a patient's CD4 count is above or below a clinical cut off. This has the opportunity to reduce significantly the number of patients lost to care as a result of the length of time between testing and treatment.

Partnership with Immunodiagnostic Systems Group plc (IDS) enabling Omega to develop a range of allergy immunoassays on IDS's automated system. Combined with Omega's experience in assay development, this forms a strong platform for allergy testing.

3 Commercialisation

This is accomplished via:

Global network and distribution capability

Omega has a strong distribution network in over 100 countries and a number of the distributors in place have had long-standing relationships with Omega and sell a wide range of the Company's products.

Direct market presence

In Germany and India, where Omega has a direct presence, we have sales teams focused on the needs of end user customers.

NGO/Aid agencies

Collaborating with NGO networks to gain mass distribution of products.

Well positioned to benefit from a truly global business

Our combination of direct subsidiaries and a strong distribution network give Omega a worldwide presence.

Our strategy is to leverage a truly global business platform and continue to grow our core business. Continued growth is planned through continued geographic expansion, distribution partner optimisation and expanding the menu to broaden our offering.

Key

- Infectious Diseases
- Allergy and Autoimmune
- Food Intolerance

Americas

Market dynamics

- Weakening economy in Brazil and US dollar currency exchange.
- Strong growing economy in Mexico.
- Huge regulatory requirement in the US (FDA).

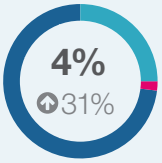
Performance highlights

- Growth of 79% of Food Intolerance products in Brazil and Canada.

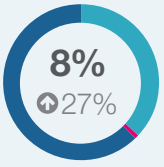
Market outlook

- Continued growth in Latin America. Focus on Mexico for growth opportunities.
- Expand on a strong market position for Food Intolerance in Canada.
- Explore longer-term options for US entry.

North America



South and Central America



Europe

Market dynamics

- Continued reimbursement pressure on domestic business in Germany.
- Weaker euro versus sterling.
- Depressed markets in Southern Europe.
- New markets opening in Eastern Europe.

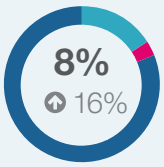
Performance highlights

- Slowly declining business in Germany.
- Regional Allergodip panel development to support export sales.
- Food Intolerance remains strong in Southern Europe despite economic conditions.
- Food Intolerance continues to grow.

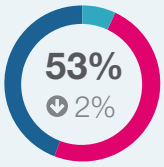
Market outlook

- Introduce large allergen panel on Allergodip and grow export business out of Germany to mitigate domestic decline.
- Diversification of business in Germany to maximise resources.
- Continued growth in Food Intolerance.

UK



Europe



Middle East and Africa

Market dynamics

- Political and economic instability.
- Currency availability and devaluation.
- Strong market in Africa for current infectious disease products but increased competition and price pressure.

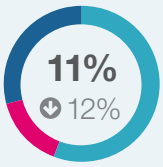
Performance highlights

- Launch of Foodprint® Arabia in Gulf countries.
- Registration of Foodprint® and Food Detective® in Saudi Arabia.
- Strong growth in Nigeria and Iran.

Market outlook

- Continued growth of Food Intolerance in Gulf countries.
- Reverse trend in Infectious Diseases through Visitect® CD4 sales.

Middle East and Africa



Asia and Far East

Market dynamics

- Fast growing economies and increased expenditure on healthcare.
- Currency devaluation in India.

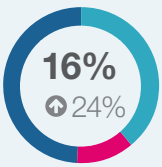
Performance highlights

- Continued growth in India despite currency devaluation combined with improved product mix.
- Strong growth in China.
- New Food Intolerance partners in Hong Kong and the Philippines.

Market outlook

- Diversification of portfolio in India and continued growth.
- Focus on tier 2 and 3 cities in India.
- Implement manufacturing facility in India to gain access to lower production costs.
- Continued growth in Food Intolerance in India, China and SE Asia.

Asia and Far East



The core business remains in good shape as evidenced by the increase in Food Intolerance sales

In summary

- Group revenue increased by 4% to £12.1 million, despite currency headwinds.
- Adjusted profit before tax increased by 25% to £1.4 million.
- Important changes made to technical management of CD4 programme lead to completion of investigation phase.
- Growing team focused on Global Health activities and opportunities.
- Continued investment in in-house scientific resource.

Dear fellow shareholder

During the year we made progress with the core business, mostly driven by the Food Intolerance division, which delivered another good year of growth and profitability. Although we faced challenging issues with the production transfer of the CD4 product, it also gave us the opportunity to review our overall operation to make it more efficient.

Operations and organisational change

The CD4 opportunity remains the major factor in what we see as the potential for transformational growth in the near future but, in acknowledging the issues that we faced with the technology transfer and subsequent initial trial results in India and Kenya, we clearly had to make some internal changes to how we work.

As David has mentioned in his Chairman's Statement, additional important changes have been made to the technical management of the CD4 programme with all technical activity now falling under the control of our R&D Director, Dr Edward Valente. As reported elsewhere we have recently encountered a stability issue which still needs to be resolved and I am confident we have the right team in place to do that.

We have also established a new division, Global Health, reporting directly to me, which encompasses all aspects of the CD4 product roll-out and promotion along with assessment and development of new product opportunities. This new division has a dedicated team of sales and product specialists who have built up extensive experience in the global health arena over the last few years. It also includes market development and promotional activities for the schistosomiasis and syphilis POC products.

In January 2015 we appointed Dr Nigel Abraham as Group Scientific Director for Food Intolerance Products and Services. A fellow of the Institute of Biomedical Science for over 30 years, Nigel joins us from Genova Diagnostics Europe, where he was Scientific Director and Board Member. Nigel is a specialist in allergy and food intolerance and has been involved in extensive research in the field of chemical mediators of allergic disease. His extensive knowledge and expertise will bring support to new product development as we extend our range, ongoing assay improvement programmes and customer service.

In appreciating the challenges ahead of us, we have expanded and broadened our Board Executive team with the appointment of Colin King as Chief Operating Officer (COO). We are all looking forward to Colin joining the Board in August 2015. His wealth of relevant industry experience and his depth and breadth of knowledge of the in-vitro diagnostics sector will greatly benefit the Company going forward.

In addition to the strengthened Board change we have a high quality senior management team, consisting of site managers from our subsidiary operations and other key managers from Operations, Development and Sales. This group meets on a regular basis to discuss and troubleshoot and contribute to the overall strategic goals of the Group.

Core business

Segmental revenue performance

Food Intolerance

The Food Intolerance division has consistently performed well since we acquired the Genesis/CNS business in 2007 and has maintained a 17.5% compound annual growth rate in revenue over the last six years. For this year, total Food Intolerance sales increased by 15% to £5.95 million (2014: £5.18 million).

Sales of Food Detective® grew by a further 23% in the year to £2.08 million (2014: £1.69 million) with impressive growth performances in Poland,

Brazil and China. Total volumes achieved were just over 163,000 units (2014: 106,000 units). Excluding component sales to China, the average selling price per kit was £20.66 (2014: £22.55), the fall over the previous year reflecting targeted promotional activities in Poland.

Sales of Genarrayt®/Foodprint® reagents grew by 19% to £2.52 million (2014: £2.12 million) with strong performances in Spain, France, Canada and Brazil. Spain and France both exceeded annual revenues 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 150 instruments in 38 countries, and revenue per instrument (excluding Spain) increased by 4% to £14,354 (2014: £13,746). The lower percentage growth rate of revenue per instrument (as compared to the overall growth in reagent sales) reflects the investment being made into newer Far Eastern markets.

Our CNS laboratory service achieved a modest increase of 3% in sales to £0.65 million (2014: £0.64 million), dominated by the markets in the UK and Ireland. We produced and sold 8,241 patient reports in the year (2014: 7,985), maintaining an average price of £79.33 per report (2014: £79.55).

As our Food Intolerance business continues to be a key growth driver and contributor to the bottom line, it has become increasingly clear that we need the right resource to provide high level scientific and technical support for the CNS product range. The clear strategic intention is to continue on a growth trajectory with this core business supported by increasing the range of products 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 £3.08 million (2014: £3.52 million) and sales of Autoimmune products of £0.53 million (2014: £0.45 million). The Allergy sales continue to be derived almost exclusively from our Omega 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 GmbH allergy sales was limited to 6% in euro terms. In reported sterling terms, the reduction was 13% due to the weakening of the euro against sterling rate throughout most of the year, the average rate being 1.275 (2014: 1.186). The strategy remains to focus on retaining customer relationships through training, service and education. The modest growth in Autoimmune sales reverses a recent downward trend due principally to growth in the Middle East.

Significant efforts continue to be made with the Allersys® Allergy development programme with steady progress having been made towards commercial launch. With 32 allergens having been optimised and showing equivalent performance to the market leader and with external site evaluations still to be concluded there is still some work ahead of us but we have confidence that when we launch the test platform it will be well accepted.

Infectious Diseases

Infectious Diseases sales increased by 4% to £2.55 million (2014: £2.45 million). The increase is principally down to two factors. First, the recovery in business fortunes of a UK customer that, in the previous year, experienced financial difficulties but which has now secured a more stable footing. Second, a combination of improved market and product mix in Africa and Asia has more than mitigated for some reductions in the Middle East.

Whilst remaining in a very competitive environment we foresee a future increase in sales coming from the introduction of new products such as CD4 and other products coming through the Global Health programme.

Global Health

Visitect® CD4

Over the last year, there has been a tremendous effort made by the technical team in resolving the production issues surrounding the test following the results of earlier trials in India and Kenya. With assistance from the inventor scientists from the Burnet Institute together with additional support from expert consultants in rapid diagnostic test (RDT) development, we have now reached the point where all of the potential variables have been analysed and investigated, effectively rebuilding the test from base raw materials to finished product. Whilst we have successfully made three pilot batches we have yet to complete verification and validation studies to confirm robustness and manufacturing at scale. A repeat of the earlier field trials in India and Kenya to demonstrate utility in field conditions will only commence once the stability issue is resolved. Several other evaluation sites are under discussion with other NGO partners as the interest in the test remains very high.

In addition to full scale production in the UK, our production facility in Pune, India, is taking shape with a completion date expected within the next six months. This will eventually provide us with capacity of 2 million tests per annum in addition to the 2.5 million tests able to be produced in a single shift in the Alva, UK, facility.

Commercialisation

Efforts in priming the market for the test entry onto the market have continued unabated throughout the year and we are at a stage where all the major groups in this field recognise and appreciate that Visitect® CD4 is going to fulfil a vital role in initiating antiretroviral treatment for millions of people living with HIV. Visitect® CD4 is still the only instrument-free, disposable CD4 test available in the world.

Visitect® CD4 is planned to be initially introduced and implemented in 13 countries in Sub-Saharan Africa through working with major NGO networks.

As part of the commercialisation process there are certain regulatory hurdles to overcome in addition to gaining the CE mark approval for the test itself. WHO Prequalification (WHO PQ) for the test which aims to promote and facilitate access to safe, appropriate and affordable in-vitro diagnostics of good quality in an equitable manner. Focus is placed on in-vitro diagnostics for priority diseases such as HIV (including CD4) and their suitability for use in resource-limited settings. We are already engaged with WHO to gain PQ for Visitect® CD4 but the timescale for this is likely to be in excess of one year. In the absence of WHO PQ approval there is also Expert Review Panel for Diagnostics (ERPD), which aims to provide guidance to procurement agencies. ERPD has been designed to assess the risks associated with procurement of diagnostic products that have high public health impact, but that have not yet undergone assessment by WHO or a stringent national regulatory authority (SRA) such as the US FDA.

It is not intended to replace WHO PQ or stringent regulatory assessment. Rather, it provides an interim assessment decision, valid for a time-limited period, in anticipation of completion of stringent regulatory review. The short-term goal is to obtain ERPD approval for Visitect® CD4 well in advance of WHO PQ, which will allow the earliest procurement of product.

mHealth

The field trials of the Android smartphone app to record and transmit Visitect® CD4 test results have also been delayed during the CD4 investigation phase but will be capable of being recommenced once the results from India and Kenya show that the test device itself works in the field. NGOs and global health organisations are very enthusiastic as the test/app combination offers a complete information solution from test site to management headquarters. Our activities and involvement with the GSMA (Groupe Speciale Mobile Association) consortium continue to attract attention from major players in Africa such as mining companies which operate across the continent and in areas which are remote and have poor healthcare facilities and a high HIV burden.

Outlook

This last year has been challenging for the Company and frustrating for staff and shareholders alike with the delays in the launch of the CD4 test. However, we have made good progress over the last few months to have a test which is capable of being made which meets certain design goals, but technical challenges remain. Once we resolve these issues we will repeat the earlier field trials in Kenya and India, and are confident that we will deliver a product which meets the demands of the Global Health community.

Our core business has performed well again despite some headwinds in relation to foreign exchange issues which brought our turnover down by £0.4 million. However, once again, Food Intolerance kept up its good performance for both principal products, Food Detective® and Genarrayt®/Foodprint®, which we expect to see continuing this coming year.

However, we all appreciate that the focus is on Visitect® CD4 as this product has the ability to be truly transformational for the Group. I would like to thank all the Group employees who have made great efforts throughout the year.

Andrew Shepherd
Chief Executive
6 July 2015

Our Business Model in Action

Omega has proven to be an outstanding partner – I have been impressed with the technical capability of the Omega R&D team in Alva."

David Anderson, Co-Inventor of Visitect® CD4, and team
Burnet Institute, Melbourne, Australia

Visitect® prospects still key to value

Technical transfer from Burnet to Omega. Three pilot batches successfully manufactured – May 2015.

Visitect® CD4 summary to date:

Phase 1 → **Phase 2** → **Phase 3**

- Phase 1 completion of full scale manufacturing validation and verification which will lead to devices being released for evaluation in India and Kenya.
- Successful field evaluation leading to CE marking and submission to ERPD.
- Positive opinion from ERPD process providing clearance for NGO procurement.

Addressing a growth market

Addressing a growth market dominated by a single competitor with large barriers to entry, we have made significant progress towards our launch target of 40 allergens.

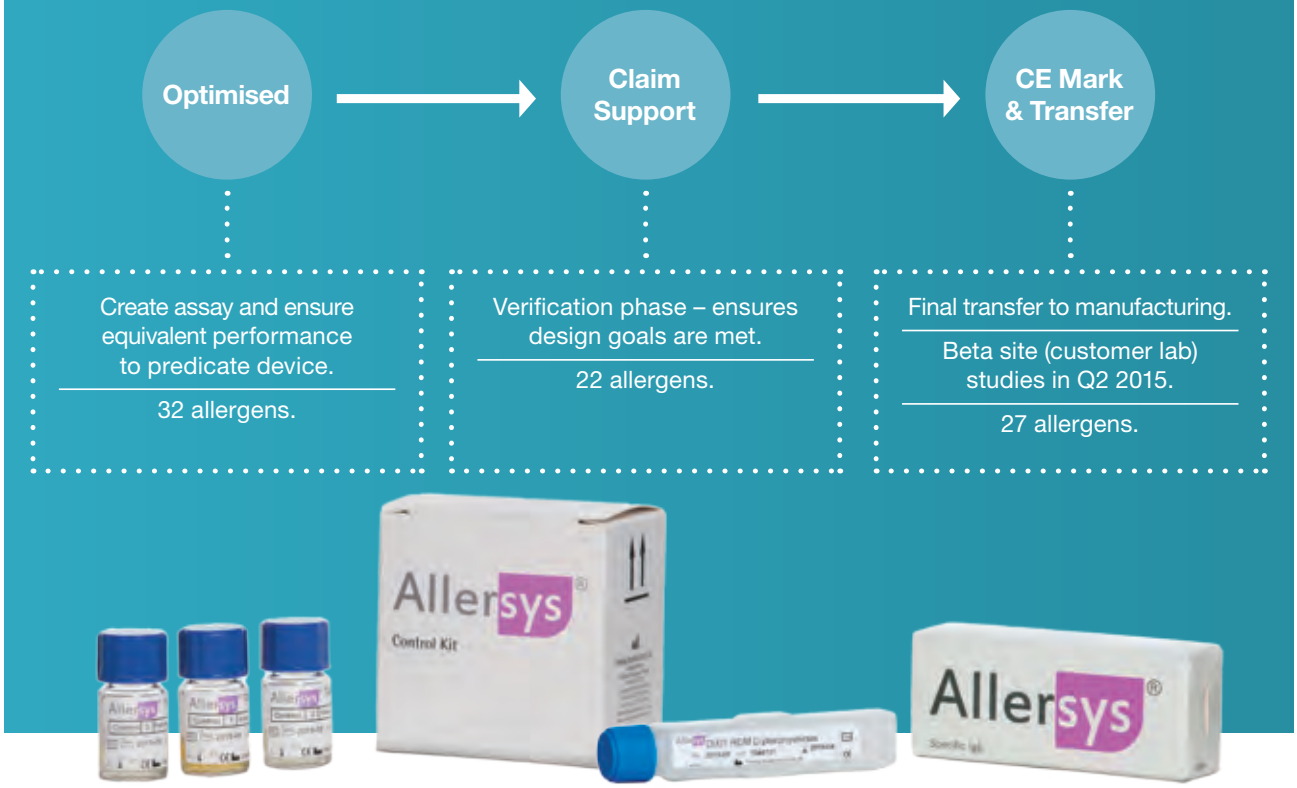
Offering a true choice in the marketplace, recent feedback from the first evaluation sites endorses both the competitiveness and performance of our Allersys® reagent system for the IDS/Allersys® instrument.

Further external evaluations are planned using reagents made in commercial quantities from a fully validated in-house manufacturing facility.

Allersys® – A progressive year

Significant efforts continue to be made with steady progress towards commercial launch.

Allersys®:



Operating a system of internal control and risk management

The long-term success of the Group depends on the continual review, assessment and control of the key business risks it faces. The Group's principal risks and uncertainties are briefly outlined below.

Risk and description	Mitigating actions	Change
General economic conditions The Group may be faced with changes in the general economic climate in each territory in which it operates that may adversely affect the financial performance of the Group. Factors which may contribute include the level of direct and indirect competition against the Group, industrial disruption, rate of growth of the Group's product segments and interest rates.	The Group seeks to mitigate this risk by conducting operations on a broad geographic basis and by introducing new technologies to remain innovative.	↓ World economies in which the Group operates continue to steadily recover from the recent economic downturns.
Regulatory risk The manufacturing, marketing and use of the Group's products are subject to regulation by government and regulatory agencies in many countries. Of particular importance is the requirement to obtain and maintain approval for a product from the applicable regulatory agencies to enable the Group's products to be marketed. Approvals can require clinical evaluation of data relating to safety, quality and efficacy of a product.	The Group seeks to mitigate regulatory risk by increasing the resource in this area and by conducting its operations within recognised quality assurance systems and undergoes external assessment to ensure compliance with these systems.	↑ Increased risk recognises there are changes ahead around the new IVD regulations but already timelines are being deferred.
Acquisition risk The success of the Group depends on the ability of the Directors to assimilate and integrate the operations, personnel, technologies and products of acquired companies.	The Group seeks to mitigate this risk by selecting companies that meet certain criteria and by conducting a detailed due diligence review.	→ No acquisitions in the year.

Key

Increase in risk

No change in risk

Decrease in risk

Risk and description	Mitigating actions	Change
Eurozone risk The euro area combines 19 countries with multiple domestic policies all having to operate under common monetary conditions. The legacy of the financial crisis and differing policy choices will continue to weigh more heavily on some than others.	The Group monitors those countries under pressure and mitigates the risk in those countries where it has trading relationships, with tighter credit control procedures and credit limits where necessary.	↑ The ability of certain countries to remain within the Eurozone has come under an increased threat which could lead to further weakening of the euro against major currencies.
Development risk The Group continues to undertake an increased level of development activity than in the past with the aim of launching new products in the future. There is no guarantee that development activity will lead to the future launch of products. Such development activity can meet technical hurdles that are unable to be overcome and market and competition activity can render the output from development activities obsolete.	The Group seeks to mitigate the risk around development activities by ensuring that development programmes are planned in accordance with recognised industry quality standards, managed by people with the requisite skills. The Group also continues to monitor industry trends and customers' needs to ensure its development targets remain relevant.	↓ Resolution of previously reported variability issues leads to increasing confidence regarding CD4. Competitor landscape less crowded. Continued increase in number of allergens optimised against main competitor predicate device.
Foreign currency risk A significant proportion of the Group's sales are denominated in euros through Omega GmbH and in US dollars and the growing business through Omega Dx in India means that the Group is subject to risks associated with currency movements. Geopolitical tensions also exist in certain parts of the world which can lead to a tightening of monetary conditions.	Natural hedging is adopted where possible whereby certain goods and services are sourced in euros and US dollars to match liabilities with trading income in these currencies. It is currently the Group's policy to settle intercompany balances with Omega GmbH and Omega Dx within a short timescale.	↑ With Omega GmbH and Omega Dx there is increasing exposure to the investment in foreign subsidiaries.

The Group's performance and efficient managing of working capital resulted in £2 million of cash at the year end

In summary

- Group revenue increased by 4% to £12.1 million.
- Food Intolerance sales increased by 15% to £5.95 million.
- Gross margin maintained at 63.4%.
- Adjusted profit before tax increased by 25% to £1.4 million.
- Adjusted earnings per share of 1.3 pence.
- Cash in hand at the end of the year of £2.0 million.

Financial performance

Our core business has continued to perform well against currency and reimbursement headwinds in Germany. Total revenue was up by 4.4% to £12.1 million (2014: £11.6 million), with our Food Intolerance division delivering another strong performance, maintaining its year-on-year growth. But for weaker exchange rates during the year, compared to the prior year, reported sales would have been £0.4 million higher. Gross profit increased by 4.1% to £7.7 million (2014: £7.4 million), with the gross margin being maintained at 63.4% (2014: 63.6%).

Costs, net of other operating income, have risen slightly to £7.0 million (2014: £6.8 million), the principal reasons being an increase in costs related to Visitect® CD4, a near full-year charge for the manufacturing space in Pune, India, and investment in regulatory staff, offset by true savings in Omega GmbH coupled with a positive exchange effect in German overheads. Adjusted profit before tax increased significantly to £1.4 million compared to £1.1 million the year before. The lack of profitability in segmental performance as presented in the notes to the financial statements on page 42 will be addressed by the opportunities outlined throughout this Strategic Report. The UK companies continue to benefit from the enhanced R&D tax credit system and a net tax credit of £0.1 million (2014: £0.15 million) has been recognised in the year. Accordingly, adjusted profit after tax of £1.43 million (2014: £1.25 million), on a fully diluted 109.5 million shares in issue, resulted in adjusted earnings per share of 1.3 pence (2014: 1.2 pence).

Other operating income of £173k through the income statement comprised a credit of £74k from the UNITAID grant received at the end of last year. Further income of £54k from a Scottish Enterprise Regional Selective Assistance grant awarded in 2012 was credited on the attainment of additional employment targets and capital expenditure incurred. The balance of £45k relates to compensation received from Lloyds Bank for previous hedging products that the Company was required to take out as part of borrowings entered into in 2007.

Research and development

Total investment in research and development was £1.81 million (2014: £1.61 million) representing 15% of Group turnover. Expenditure continues to be focused on our two key strategic opportunities. Expenditure on our Allersys® project increased to £0.98 million (2014: £0.93 million), the marginal increase reflecting additional staff costs in expanding our in-house scientific team. Expenditure on our Visitect® CD4 project increased to £0.48 million (2014: £0.43 million) as we progressed and completed our internal investigation phase. The total expenditure of £1.5 million has been capitalised on the balance sheet in accordance with IAS 38 – Development Costs. Earlier stage R&D expenditure amounted to £0.31 million (2014: £0.24 million), which has been expensed through the income statement.

Intangible assets

The Group's intangible asset bank has grown to £12.1 million (2014: £11.3 million), comprising goodwill of £4.5 million, separately identifiable intangible assets of £3.4 million and capitalised development costs of £4.2 million.

Goodwill

There has been no impairment of goodwill on any of the acquisitions to date. A reduction of total goodwill to £4.5 million (2014: £4.7 million) in the year relates to a £0.2 million retranslation of goodwill to £1.1 million (2014: £1.3 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 £0.7 million has been amortised to date; £0.1 million on Co-Tek, which has been fully amortised; and £1.7 million on Omega GmbH, of which £1.1 million has been amortised to date. A purchased licence of £1.5 million relates to the exclusive global access rights to the IDS–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 £3.1 million on the Allergy iSYS project and £1.1 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 last year, this particular subset of amortisation charges will not be added back in the computation of the Group's routinely reported adjusted profit before tax.

Property, plant and equipment

The Group has invested £0.7 million (2014: £0.5 million) in the year across all its operations. This included a further £0.3 million in Alva on expanding its Visitect® CD4 manufacturing assembly facility following the decision to bring the entire process in-house, of which 90% has been funded through an asset finance facility. In India, £0.1 million has been paid on account to the contractor responsible for the fit-out of the new manufacturing facility in Pune. Approximately £0.2 million has been invested in Genesis/CNS to ensure it keeps pace with the growth experienced in our Food Intolerance business. The balance of expenditure covers normal replacement of smaller laboratory equipment items.

Financing

The Group continues to enjoy a good relationship with its principal bankers and, in May of this year, we renewed our £1 million overdraft facility for a further year; this remains undrawn and, accordingly, the Group remains in a strong position to fund its two key strategic objectives.

Operating cash flow

The Group always aims to manage its working capital efficiently and generated operating cash of £1.25 million (2014: £1.67 million) in the year. 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 93% (2014: 122%). The reduction in percentage from the prior year is principally attributable to the intentional decision to lock in and hold key raw materials for our Visitect® CD4 test, worth £0.3 million (2014: £Nil) at the year end. Overall, we ended the year with cash reserves of £1.97 million (2014: £3.12 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:

	2014/15	2013/14
Sterling/US dollar	**1.60**	1.60
Sterling/euro	**1.275**	1.186
Sterling/Indian rupee	**98.57**	96.33

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 (2014: £74,000 exchange loss) 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 charge of £524,000 (2014: £127,000) on the retranslation of foreign operations.

Kieron Harbinson
Group Finance Director
6 July 2015

Andrew Shepherd
Chief Executive
6 July 2015

The Strategic Report was approved by the Board of Directors on 6 July 2015 and signed on its behalf by Kieron Harbinson, Group Finance Director, and Andrew Shepherd, Chief Executive.

In transitioning through to our next phase of growth, Colin King will join the Board as Chief Operating Officer on 3 August 2015

David Evans
Non-executive Chairman

A R

Appointed August 2000

David joined Omega in 2000 as Non-executive Chairman. He has considerable experience within the diagnostics industry. As Financial Director he was a key member of the team that floated Shield Diagnostics Limited in 1993. He became Chief Executive Officer responsible for the merger of Shield Diagnostics Group plc with Axis Biochemicals ASA of Norway in 1999 to create Axis-Shield plc. In addition to his role as Non-executive Chairman of Omega, he holds Non-executive Directorships in a number of other companies.

Andrew Shepherd
Chief Executive

Founder

Andrew is the Founder and Chief Executive of Omega. He has worked in the medical diagnostics industry for 41 years. In 1986 he moved to Scotland to join Bioscot Limited and, shortly afterwards, established Omega. He has used his technical experience and knowledge of exporting to oversee the significant growth of the export of Omega products. He is an active member of a number of relevant trade associations, and was a member of the Bill and Melinda Gates Foundation's (BMGF) Global Health Diagnostics Forum, which provided guidance to BMGF in advising on technology and future investments in worldwide diagnostics programmes for developing countries.

Kieron Harbinson
Finance Director

Appointed August 2002

Kieron joined Omega in August 2002 as Finance Director. He has a broad experience in technology and related businesses. He started his career with Scotia Holdings PLC in 1984 and remained with the company for 14 years, occupying various senior finance roles. These roles enabled him to acquire experience in corporate acquisitions, disposals and intellectual property matters. In addition he gained experience in various debt and equity transactions, and was involved in raising over £100 million for the company. He then joined Kymata Limited, a start-up optoelectronics company, as Finance Director. Over a period of 18 months, he was involved in raising approximately US$85 million of venture capital funding.

Corporate Governance Report
Page 23

Jag Grewal
Sales and Marketing Director

Appointed June 2011

Jag joined Omega in June 2011 as Group Sales and Marketing Director. He has worked in the medical diagnostics industry for 21 years having started out as a Clinical Biochemist in the NHS. In 1995 he joined Beckman Instruments where he developed a career spanning 15 years in sales and marketing holding a variety of positions in sales, product management and marketing management. In 2009 he left as Northern Europe Marketing Manager to join Serco Health where he helped create the first joint venture within UK pathology between Serco and Guys and St Thomas' Hospital. He is also past Chairman and current treasurer of the British In-Vitro Diagnostics Association (BIVDA).

William Rhodes
Non-executive Director

A R

Appointed 1 May 2013

During his 14 year career with Becton, Dickinson and Co., one of the world's leading suppliers of medical, diagnostic and life science research products, Bill held a number of senior leadership positions and, until the end of 2012, was BD's Senior Vice President, Corporate Strategy and Development, being responsible for BD's worldwide mergers and acquisitions and corporate strategies. Previously, he was Worldwide President of BD Biosciences, a business segment with turnover of over US$1.0 billion, including the provision of flow cytometry instruments and their associated reagents for CD4 testing used in a wide range of laboratory settings. Prior to working for BD, Bill held senior business development positions with Pfizer Inc. and Johnson and Johnson.

Key

A Audit Committee

R Remuneration Committee

Committee Chairman

Senior Management Team

Dr Edward Valente
Group Research and Development Director

Edward joined Omega in March 2011 as Allergy Systems Director. He has worked in the medical diagnostics industry for 30 years. He started his career with Amersham International in 1983 where he held scientific and managerial positions in clinical diagnostics research and development. He then joined Shield Diagnostics in 1988 and held managerial positions in R&D and marketing. Latterly, he was responsible for market development of new markers, including clinical studies, and design and development of immunoassay products on automated platforms for industry majors.

Mike Gordon
Group Operations Director

Mike joined Omega in October 2011 as Group Operations Director. He has worked in the medical diagnostics industry for 30 years. He started his career with Inveresk Research International as a Development Scientist. He then joined Bioscot Ltd working through its transition to Cogent Diagnostics Ltd and onwards to Hycor Biomedical Ltd. During this time he has held the positions of Quality Manager, Production Director and latterly as Production and Logistics Manager for its last corporate owners. During this period he was responsible for the implementation of ISO 9001 and for successfully navigating the company through the process of US FDA registration and inspection.

Iain Logan
Group Financial Controller

Iain joined Omega in November 2010 as Group Financial Controller. He qualified as a Chartered Accountant in 2002 with PricewaterhouseCoopers in Edinburgh. He then worked at Murray International Holdings Limited in the head office finance team for three years performing a variety of financial accounting roles. He then moved on to Murray Capital Limited, the investment management company of Murray International Holdings Limited, gaining experience in all aspects of acquisitions, disposals and investment portfolio company analysis and management. His current role primarily covers responsibility for the financial reporting of the Group and management of the Group finance team.

Prashant Maniar
Managing Director – Omega Dx (Asia) Pvt Limited

Prashant joined Omega Dx (Asia) in October 2011 as Managing Director. He has worked in the diagnostics industry for 25 years. He started his career as Production Head in Cadila Laboratories. He then spent 15 years working for GlaxoSmithKline and ThermoFisher Scientific in various roles establishing their diagnostic business in India with 14 collaborations with national and multinational companies. In his most recent role he established the Microbial Control business for Lonza India. He has been responsible for the commercial set up of Omega Dx (Asia) Pvt Ltd and has transitioned the Group's business in India from distributor to wholly owned subsidiary.

Jamie Yexley
Site Manager – Genesis Diagnostics Limited, Cambridge Nutritional Sciences Limited

Jamie joined Genesis and CNS in June 1999 as a Production Laboratory Assistant. He was promoted to Production Manager in 2005 and Operations Manager in 2009. He has been instrumental in seeing the Company through a sustained period of rapid growth and change. In 2012 he moved to the role of Site Manager. He has 21 years' manufacturing experience with 14 years specifically in the medical diagnostics industry. Educated in Cambridge he has spent his professional career working in the manufacturing industry starting in an FMCG environment. Throughout his time with the Company he has been responsible for ICT where he is recognised as the Group's foremost expert.

Karsten Brenzke
Site Manager – Omega Diagnostics GmbH

Karsten joined Omega GmbH in November 2010 as a consultant to facilitate the acquisition of the IVD business from Allergopharma. He was then appointed on a permanent basis initially as Finance Manager before being appointed as Site Manager in May 2012. He has worked for different industry companies in the finance control function with his longest stay of seven years at Zeppelin Power Systems where he gained experience in mergers and post-merger integration.

Corporate Governance Report

As an AIM-quoted company, the Group is not required to produce a corporate governance report nor comply with the requirements of the UK Corporate Governance Code. However, the Directors are committed to providing information on an open basis and present their Corporate Governance Report as follows:

The Board of Directors

The Board currently comprises one Non-executive Chairman; one Non-executive Director; and three Executive Directors, who are the Chief Executive, the Finance Director and the Sales and Marketing Director. David Evans, Non-executive Chairman, and William Rhodes, Non-executive Director, are considered by the Board to be independent in character and judgement. The Board meets at regular intervals and is responsible for setting corporate strategy, approving the annual budget, reviewing financial performance, agreeing the renewal of and any new banking/treasury facilities, approving major items of capital expenditure and reviewing and approving acquisitions. The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively.

During the financial year, the Board met on eight occasions. Of the eight meetings David Evans, Kieron Harbinson and Jag Grewal attended all eight and Andrew Shepherd and William Rhodes attended seven out of the eight meetings they were entitled to attend.

The Chairman has additional Non-executive Directorships of the following companies:

- Scancell Holdings plc
- EKF Diagnostics plc
- Venn Life Sciences plc
- Diagnostic Capital Limited
- Lochglen Whisky Limited
- Fine Art of Golf Limited
- OptiBiotix Health plc
- Premaitha plc
- Integrated Magnetic Systems Limited
- Collagen Solutions plc

The Audit Committee

The Audit Committee has met on two occasions during the year and once since the year end. The Committee is comprised of David Evans, as Chairman, and William Rhodes and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditors relating to the Group's accounting and financial reporting, in all cases having due regard to the interests of shareholders. The Committee shall also review preliminary results announcements, summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price-sensitive nature.

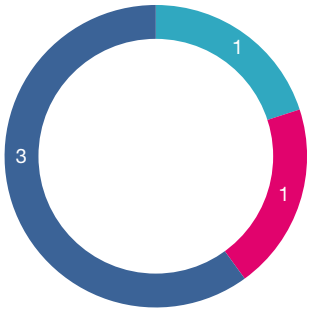
The Committee considers and makes recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, re-appointment and removal of the Group's external auditors. The Committee also oversees the relationship with the external auditors including approval of remuneration levels, approval of terms of engagement and assessment of their independence and objectivity. In so doing, they take into account relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services. Ernst & Young LLP have been auditors to Omega Diagnostics Limited (ODL) since 2000 and were appointed as auditors to the Group following completion of the reverse takeover of ODL in September 2006.

Responsibilities of the Board

- Setting corporate strategy
- Approving the annual budget
- Reviewing financial performance
- Agreeing the renewal of and any new banking/treasury facilities
- Approving major items of capital expenditure
- Reviewing and approving acquisitions

The Board is provided with appropriate information in advance of Board meetings to enable it to discharge its duties effectively.

Executive/Non-executive Board membership



Key

- Non-executive Chairman 1
- Non-executive Director 1
- Executive Director 3

Board attendance throughout the year

	Board	Audit Committee	Remuneration Committee
David Evans	8/8	3/3	3/3
Andrew Shepherd	7/8	—	—
Kieron Harbinson	8/8	—	—
Jag Grewal	8/8	—	—
William Rhodes	7/8	3/3	3/3

The Audit Committee continued

The Committee has reviewed the effectiveness of the Group's system of internal controls and has considered the need for an internal audit function. At this stage of the Group's size and development, the Committee has decided that an internal audit function is not required, as the Group's internal controls system in place is appropriate for its size. The Committee will review this position on an annual basis.

The Committee also reviews the Group's arrangements for its employees raising concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee ensures that such arrangements allow for independent investigation and follow-up action.

The Remuneration Committee

The Remuneration Committee has met on three occasions during the year. The Committee is comprised of David Evans, as Chairman, and William Rhodes and has primary responsibility for determining and agreeing with the Board the remuneration of the Company's Chief Executive, Chairman, Executive Directors, Company Secretary and such other members of the Executive management as it is designated to consider. The remuneration of the Non-executive Directors shall be a matter for the Chairman and the Executive Directors of the Board. No Director or manager shall be involved in any decisions regarding their own remuneration.

Internal control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness throughout the year. Such a system can only provide reasonable assurance against misstatement or loss.

The Board monitors financial controls through the setting and approval of an annual budget and the regular review of monthly management accounts. Management accounts contain a number of indicators that are designed to reduce the possibility of misstatement in financial statements.

Where the management of operational risk requires outside advice, this is sought from expert consultants, and the Group receives this in the areas of employment law and health and safety management.

The Group is compliant with industry standard quality assurance measures and undergoes regular external audits to ensure that accreditation is maintained.

Communication with shareholders

The Board recognises the importance of communication with its shareholders. The Group maintains informative websites for Omega Diagnostics Limited, Cambridge Nutritional Sciences Limited and Omega GmbH containing information likely to be of interest to existing and new investors. In addition, the Group retains the services of financial PR consultants, providing an additional contact point for investors. The Board encourages shareholder participation at its Annual General Meeting, where shareholders can be updated on the Group's activities and plans.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report, which runs from page 8 to page 19. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 and 19. In addition, Note 21 to the financial statements includes the Group's objectives, policies and processes for its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has recently renewed a £1 million overdraft facility for a further year and this, together with a cash-generative core business and the application of working capital discipline, means that the Group maintains cash levels within its business to meet its short and longer-term objectives.

As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and fully capitalise on the new product opportunities despite continued uncertainties with the macroeconomic outlook.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the Board

Kieron Harbinson
Company Secretary
6 July 2015

Advisers

Nominated adviser and broker
finnCap Limited
60 New Broad Street
London EC2M 1JJ

Auditors
Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

Solicitors
Brodies LLP
15 Atholl Crescent
Edinburgh EH3 8HA

Registrar
Share Registrars Limited
Suite E
First Floor, 9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Public relations
Walbrook PR Limited
4 Lombard Street
London EC3V 9HD

Country of incorporation
England & Wales

Omega Diagnostics Group PLC
Registered number: 5017761

Directors' Report

The Directors present their Annual Report and Group financial statements for the year ended 31 March 2015.

Principal activities
The principal activity of the Company is as a holding company. The principal activity of the Group is the manufacture, development and distribution of medical diagnostics products.

Results and dividends
The result for the year is a profit of £739,046 (2014: £692,851) which has been taken to reserves. The Directors do not propose to pay a dividend. The results are disclosed in more detail in the Strategic Report on pages 8 to 19.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Company loss for the year ended 31 March 2015 is £434,233 (2014: profit of £65,166).

Business review and future development
A review of business and future development is discussed in more detail in the Strategic Report. Key performance indicators are disclosed on page 5.

Research and development
Details of research and development activity are contained in the Financial Review on pages 18 and 19. Costs in the year amounted to £1,807,661 (2014: £1,615,240). Costs of £307,149 in relation to research activities (2014: £245,873) were expensed through the statement of comprehensive income and costs of £1,500,512 in relation to product development (2014: £1,369,367) were capitalised and included within intangible assets as detailed in Note 8.

Directors
The names of the Directors who have served the Group throughout the year are:

- David Evans
- Kieron Harbinson
- Andrew Shepherd
- Jag Grewal
- William Rhodes

Biographies of all Directors serving at the year end are on pages 20 and 21.

Directors' interests
The beneficial interests of Directors who have served throughout the year are listed in the Directors' Remuneration Report on pages 27 and 28. There are no non-beneficial interests held by Directors. There have been no changes to any Director's interests in the shares of the Group between 31 March 2015 and the date of this report.

Employees
The Group encourages communication with its employees and favours an environment where staff can put forward their ideas, suggestions and concerns on any matter that involves them. The Group gives full and fair consideration to applications for employment made by disabled people, having regard to their particular aptitudes and abilities. Where an employee becomes disabled in the course of their employment, where possible, arrangements will be made for appropriate retraining to match their abilities with their duties.

Principal risks and uncertainties
The Board meets regularly to review operations and to discuss risk areas. The Strategic Report contains details of the Group's system of internal control. Note 21 to the financial statements contains details of financial risks faced by the Group.

Auditors
The auditors, Ernst & Young LLP, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Directors' statement as to disclosure of information to auditors
The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 20 and 21. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

Kieron Harbinson
Company Secretary
6 July 2015

Major interests in shares
As at 30 June 2015 the following shareholders held more than 3% of the Group's issued ordinary share capital:

	Number of 4 pence ordinary shares	Percentage
Legal & General Investment Management	19,476,471	17.91%
Liontrust Asset Management	8,711,494	8.01%
Octopus Investments Limited	6,676,930	6.14%
Mobeus Equity Partners LLP	6,541,600	6.02%
Hargreaves Lansdown Stockbrokers	5,005,199	4.60%
Richard Sneller	4,400,000	4.05%
Unicorn Asset Management	4,266,750	3.92%
Charles Stanley Stockbrokers	3,918,600	3.60%
SG Private Banking	3,350,265	3.08%

Directors' Remuneration Report

As an AIM-quoted company, the Group is not required to produce a remuneration report that satisfies all the requirements of the Companies Act. However, the Directors are committed to providing information on an open basis and present their Remuneration Report as follows:

Remuneration Committee

The Remuneration Committee is comprised of David Evans and William Rhodes. The Committee meets as and when required to determine and agree with the Board the policy for the remuneration of the Group's Chief Executive, Chairman and Executive Directors. The objective of this policy shall be to ensure that members of the Executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Group. No Director or manager shall be involved in any decisions as to their own remuneration.

Remuneration policy

The Group's policy is that the remuneration arrangements, including pensions, for subsequent financial years should be sufficiently competitive to attract, retain and motivate high quality Executives capable of achieving the Group's objectives, thereby enhancing shareholder value.

Incentive schemes/share option schemes

During the prior year, Andrew Shepherd was issued with an option over 800,000 ordinary shares of the Group, Kieron Harbinson was issued with an option over 640,000 ordinary shares of the Group and Jag Grewal was issued with an option over 610,000 ordinary shares of the Group. All of the options were granted on 25 February 2014 and were under the Company's EMI Option Scheme.

William Rhodes was issued in the prior year with an option over 2,130,406 ordinary shares of the Group. The option was granted under the Company's third Unapproved Option Scheme.

Directors' service contracts

Andrew Shepherd entered into a service contract with the Group on 23 August 2006, under which he was appointed as Chief Executive on an annual salary of £85,000. His salary was increased to £131,250 per annum from 1 April 2009 and then further increased to £145,000 per annum from 1 April 2011. The agreement will continue until terminated by either party giving to the other not less than twelve months' notice in writing.

Kieron Harbinson entered into a service contract with the Group on 23 August 2006, under which he was appointed as Finance Director and Company Secretary on an annual salary of £72,500. His salary was increased to £94,500 per annum from 1 April 2009 and then further increased to £115,000 per annum from 1 April 2011. The agreement will continue until terminated by either party giving to the other not less than three months' notice in writing.

David Evans was appointed a Non-executive Director of the Group on 19 September 2006 and was entitled to an annual fee of £25,000 from 1 April 2008. The agreement will continue until terminated by either party giving to the other not less than one month's notice in writing.

Jag Grewal entered into a service contract with the Group on 30 June 2011, under which he was appointed as an Executive Director on an annual salary of £110,000. The agreement will continue until terminated by either party giving to the other not less than three months' notice in writing.

William Rhodes was appointed a Non-executive Director of the Group on 1 May 2013 and is entitled to an annual fee of £40,000. The agreement will continue until terminated by either party giving to the other not less than one month's notice in writing.

Directors' emoluments

	Fees/basic salary £	Bonuses £	Benefits in kind £	**Total 2015 £**	Total 2014 £
Executive					
Andrew Shepherd	145,000	—	—	**145,000**	145,000
Kieron Harbinson	115,000	—	1,789	**116,789**	116,561
Jag Grewal	110,000	—	—	**110,000**	110,000
Non-executive					
David Evans	25,000	—	—	**25,000**	25,000
William Rhodes	40,000	—	—	**40,000**	36,667

The amounts paid in the year towards Directors' pension contributions were as follows:

Directors' pension contributions

	2015 £	2014 £
Andrew Shepherd	**7,250**	7,250
Kieron Harbinson	**5,750**	5,750
Jag Grewal	**5,500**	5,500

Directors' interests in the 4 pence ordinary shares of Omega Diagnostics Group PLC are as follows:

	31 March 2015	31 March 2014
David Evans	**3,043,634**	2,870,134
Kieron Harbinson	**426,062**	363,562
Andrew Shepherd	**2,708,180**	2,677,206
Jag Grewal	**99,913**	68,604
William Rhodes	**—**	—

The Directors have no interests in the shares of subsidiary companies.

Directors' share options

	At 1 April 2014	Granted during the year	Lapsed during the year	Exercised during the year	**At 31 March 2015**	Option price pence	Date of grant	Earliest exercise date	Expiry date
David Evans	390,822	—	—	—	**390,822**	19.0p	10/12/08	10/12/09	10/12/18
William Rhodes	2,130,406	—	—	—	**2,130,406**	15.25p	04/07/13	04/07/16	04/07/23
Andrew Shepherd	703,480	—	—	—	**703,480**	19.0p	10/12/08	10/12/09	10/12/18
	600,000	—	—	—	**600,000**	14.5p	05/07/12	05/07/15	05/07/22
	800,000	—	—	—	**800,000**	30.5p	25/02/14	25/02/17	25/02/24
Kieron Harbinson	468,987	—	—	—	**468,987**	19.0p	10/12/08	10/12/09	10/12/18
	300,000	—	—	—	**300,000**	14.5p	05/07/12	05/07/15	05/07/22
	640,000	—	—	—	**640,000**	30.5p	25/02/14	25/02/17	25/02/24
Jag Grewal	100,000	—	—	—	**100,000**	13.25p	12/08/11	12/08/12	12/08/21
	200,000	—	—	—	**200,000**	14.5p	05/07/12	05/07/15	05/07/22
	610,000	—	—	—	**610,000**	30.5p	25/02/14	25/02/17	25/02/24

During the prior year Andrew Shepherd, Kieron Harbinson and Jag Grewal were issued with options under the Company's EMI Option Scheme and William Rhodes was issued with options under the Company's third Unapproved Option Scheme.

The share price at 31 March 2015 was 13.75 pence. The highest and lowest share prices during the year were 30.50 pence and 13.63 pence respectively.

Approved by the Board

David Evans
Non-executive Director
6 July 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Directors are required to prepare Group and Company financial statements for each financial year end. Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position of the Group and Company, financial performance of the Group and cash flows of the Group and Company for that period. In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group and Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- make judgements and estimates that are reasonable.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

to the members of Omega Diagnostics Group PLC

We have audited the financial statements of Omega Diagnostics Group PLC for the year ended 31 March 2015 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement, Company balance sheet, Company statement of changes in equity, Company cash flow statement and the related Notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Annual Report and Group financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently material based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Annie Graham (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
6 July 2015

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2015

	Note	2015 £	2014 £
Continuing operations			
Revenue	7	**12,105,319**	11,593,870
Cost of sales		**(4,431,671)**	(4,223,000)
Gross profit		**7,673,648**	7,370,870
Administration costs		**(5,278,903)**	(4,741,186)
Selling and marketing costs		**(1,894,844)**	(2,102,359)
Other income		**173,069**	—
Operating profit	7	**672,970**	527,325
Finance costs	5	**(30,620)**	(28,975)
Finance income – interest receivable	7	**41,908**	44,691
Profit before taxation		**684,258**	543,041
Tax credit	6	**54,788**	149,810
Profit for the year		**739,046**	692,851
Other comprehensive income to be reclassified to profit and loss in subsequent periods			
Exchange differences on translation of foreign operations		**(523,856)**	(126,514)
Tax credit		**56,068**	13,488
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods			
Actuarial (loss)/gain on defined benefit pensions		**(270,128)**	51,941
Tax credit/(charge)		**58,228**	(12,071)
Other comprehensive income for the year		**(679,688)**	(73,156)
Total comprehensive income for the year		**59,358**	619,695
Earnings per share (EPS)			
Basic and diluted EPS on profit for the year	20	**0.7p**	0.7p

Adjusted Profit Before Taxation

for the year ended 31 March 2015

	2015 £	2014 £
Profit before taxation	**684,258**	543,041
IFRS-related discount charges (included within Finance costs)	**14,941**	12,575
Amortisation of intangible assets (included within Administration costs)	**378,680**	414,308
Share-based payment charges (included within Administration costs)	**295,223**	125,987
Adjusted profit before taxation	**1,373,102**	1,095,911
Earnings per share (EPS)		
Adjusted EPS on profit for the year	**1.3p**	1.2p

Adjusted profit before taxation is derived by taking statutory profit before taxation and adding back IFRS-related discount charges, amortisation of intangible assets, share-based payment charges, acquisition costs and fair value adjustments to financial derivatives. This is not a primary statement.

Consolidated Balance Sheet

as at 31 March 2015

	Note	2015 £	2014 £
ASSETS			
Non-current assets			
Intangibles	8	**12,104,723**	11,259,215
Property, plant and equipment	9	**2,429,233**	2,283,911
Deferred taxation	14	**1,530,777**	1,138,404
Retirement benefit surplus	18	**—**	84,370
Total non-current assets		**16,064,733**	14,765,900
Current assets			
Inventories	10	**2,062,095**	1,692,941
Trade and other receivables	11	**2,539,851**	2,415,917
Cash and cash equivalents		**1,972,137**	3,116,013
Total current assets		**6,574,083**	7,224,871
Total assets		**22,638,816**	21,990,771
EQUITY AND LIABILITIES			
Equity			
Issued capital		**16,727,516**	16,727,516
Retained earnings		**2,792,842**	1,914,405
Other reserves		**(707,208)**	(183,352)
Total equity		**18,813,150**	18,458,569
Liabilities			
Non-current liabilities			
Long-term borrowings	12	**315,446**	319,044
Deferred taxation	14	**1,266,213**	1,042,925
Deferred income	13	**83,394**	—
Retirement benefit deficit	18	**192,907**	—
Total non-current liabilities		**1,857,960**	1,361,969
Current liabilities			
Short-term borrowings	12	**237,772**	427,823
Trade and other payables	13	**1,542,059**	1,386,358
Deferred income	13	**187,875**	356,052
Total current liabilities		**1,967,706**	2,170,233
Total liabilities		**3,825,666**	3,532,202
Total equity and liabilities		**22,638,816**	21,990,771

David Evans
Non-executive Chairman
6 July 2015

Kieron Harbinson
Finance Director
6 July 2015

Omega Diagnostics Group PLC
Registered number: 5017761

Consolidated Statement of Changes in Equity

for the year ended 31 March 2015

	Share capital £	Share premium £	Retained earnings £	Translation reserve* £	Total £
Balance at 31 March 2013	4,145,580	8,831,527	1,042,209	(56,838)	13,962,478
Issue of share capital for cash consideration	941,176	3,058,824	—	—	4,000,000
Expenses in connection with share issue	—	(249,591)	—	—	(249,591)
Profit for the year ended 31 March 2014	—	—	692,851	—	692,851
Other comprehensive income – net exchange adjustments	—	—	—	(126,514)	(126,514)
Other comprehensive income – actuarial gain on defined benefit pensions	—	—	51,941	—	51,941
Other comprehensive income – tax credit	—	—	1,417	—	1,417
Total comprehensive income for the year	—	—	746,209	(126,514)	619,695
Share-based payments	—	—	125,987	—	125,987
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**

* A translation reserve has been shown separately for the first time in the current year following significant exchange rate movements creating a material net exchange adjustment. Prior to this year, the impact of net exchange adjustments was shown cumulatively within the retained earnings reserves on the grounds of immateriality.

Consolidated Cash Flow Statement

for the year ended 31 March 2015

	Note	2015 £	2014 £
Cash flows generated from operations			
Profit for the year		**739,046**	692,851
Adjustments for:			
Taxation		**(54,788)**	(149,810)
Finance costs		**30,620**	28,975
Finance income		**(41,908)**	(44,691)
Operating profit before working capital movement		**672,970**	527,325
(Increase)/decrease in trade and other receivables		**(123,934)**	140,845
(Increase)/decrease in inventories		**(369,154)**	140,946
Increase/(decrease) in trade and other payables		**155,701**	(297,791)
Gain on sale of property, plant and equipment		**(1,777)**	(11,224)
Depreciation	9	**324,967**	265,553
Amortisation of intangible assets	8	**378,680**	414,308
Movement in grants		**(84,783)**	356,052
Share-based payments		**295,223**	125,987
Taxation received		**—**	7,106
Cash flow from operating activities		**1,247,893**	1,669,107
Investing activities			
Finance income		**41,908**	44,691
Purchase of property, plant and equipment	9	**(701,565)**	(478,968)
Purchase of intangible assets		**(1,394,146)**	(1,880,845)
Sale of property, plant and equipment		**8,367**	32,500
Net cash used in investing activities		**(2,045,436)**	(2,282,622)
Financing activities			
Finance costs		**(21,793)**	(13,057)
Proceeds from issue of share capital		**—**	4,000,000
Expenses of share issue		**—**	(249,591)
New finance leases		**247,500**	282,365
Loan repayments		**(360,000)**	(360,000)
Finance lease repayments		**(89,976)**	(43,538)
Net cash (used in)/from financing activities		**(224,269)**	3,616,179
Net (decrease)/increase in cash and cash equivalents		**(1,021,812)**	3,002,664
Effects of exchange rate movements		**(122,064)**	(47,344)
Cash and cash equivalents at beginning of year		**3,116,013**	160,693
Cash and cash equivalents at end of year		**1,972,137**	3,116,013

Company Balance Sheet

as at 31 March 2015

	Note	2015 £	2014 £
ASSETS			
Non-current assets			
Investments	19	**11,533,366**	11,170,267
Intangibles	8	**1,531,786**	1,531,786
Deferred taxation		**3,349**	125,613
Total non-current assets		**13,068,501**	12,827,666
Current assets			
Trade and other receivables	11	**4,441,098**	4,107,038
Cash and cash equivalents		**931,928**	1,987,153
Total current assets		**5,373,026**	6,094,191
Total assets		**18,441,527**	18,921,857
EQUITY AND LIABILITIES			
Equity			
Issued capital		**17,717,191**	17,717,191
Retained earnings		**416,171**	555,181
Total equity		**18,133,362**	18,272,372
Liabilities			
Non-current liabilities			
Long-term borrowings	12	**–**	111,526
Total non-current liabilities		**–**	111,526
Current liabilities			
Short-term borrowings	12	**120,353**	360,000
Trade and other payables	13	**187,812**	177,959
Total current liabilities		**308,165**	537,959
Total liabilities		**308,165**	649,485
Total equity and liabilities		**18,441,527**	18,921,857

David Evans
Non-executive Chairman
6 July 2015

Kieron Harbinson
Finance Director
6 July 2015

Omega Diagnostics Group PLC
Registered number: 5017761

Company Statement of Changes in Equity

for the year ended 31 March 2015

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 31 March 2013	4,517,862	9,448,920	364,028	14,330,810
Issue of share capital for cash consideration	941,176	3,058,824	—	4,000,000
Expenses in connection with share issue	—	(249,591)	—	(249,591)
Profit for the year ended 31 March 2014	—	—	65,166	65,166
Total comprehensive income for the year	—	—	65,166	65,166
Share-based payments	—	—	125,987	125,987
Balance at 31 March 2014	5,459,038	12,258,153	555,181	18,272,372
Loss for the year ended 31 March 2015	—	—	(434,233)	(434,233)
Total comprehensive income for the year	—	—	(434,233)	(434,233)
Share-based payments	—	—	295,223	295,223
Balance at 31 March 2015	**5,459,038**	**12,258,153**	**416,171**	**18,133,362**

Company Cash Flow Statement

for the year ended 31 March 2015

	2015 £	2014 £
Cash flows generated from operations		
(Loss)/profit for the year	**(434,233)**	65,166
Adjustments for:		
Taxation	**122,263**	(125,613)
Finance costs	**8,827**	15,918
Finance income	**(102,911)**	(113,984)
Operating loss before working capital movement	**(406,054)**	(158,513)
(Increase)/decrease in trade and other receivables	**(334,060)**	20,873
Increase/(decrease) in trade and other payables	**9,853**	(482,906)
Share-based payments	**295,223**	125,987
Net cash flow from operating activities	**(435,038)**	(494,559)
Investing activities		
Finance income	**102,911**	113,983
Purchase of intangible assets	**—**	(525,021)
Investment in subsidiaries	**(363,098)**	(241,339)
Net cash used in investing activities	**(260,187)**	(652,377)
Financing activities		
Proceeds from issue of share capital	**—**	4,000,000
Expenses of share issue	**—**	(249,591)
Loan repayments	**(360,000)**	(360,000)
Net cash flow (used in)/from financing activities	**(360,000)**	3,390,409
Net (decrease)/increase in cash and cash equivalents	**(1,055,225)**	2,243,473
Cash and cash equivalents at beginning of year	**1,987,153**	(256,320)
Cash and cash equivalents at end of year	**931,928**	1,987,153

Notes to the Financial Statements

for the year ended 31 March 2015

1 Authorisation of financial statements

The financial statements of Omega Diagnostics Group PLC for the year ended 31 March 2015 were authorised for issue by the Board of Directors on 6 July 2015, and the balance sheets were signed on the Board's behalf by David Evans and Kieron Harbinson. Omega Diagnostics Group PLC is a public limited company incorporated in England. The Company's ordinary shares are traded on AIM.

2 Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which have been applied consistently to all periods presented in these financial statements. These financial statements are presented in sterling and have been prepared in accordance with IFRSs as adopted by the EU and applied in accordance with the provisions of the Companies Act 2006.

In relation to IFRS 8 – Operating Segments, the Group has identified the Executive Board as the chief operating decision maker with responsibility for decisions over the allocation of resources to operating segments and for the monitoring of their performance. The Group reports performance of the following three segments:

– Allergy and Autoimmune

– Food Intolerance

– Infectious Disease and Other

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.

Intangible assets

Goodwill

Business combinations are accounted for under IFRS 3 using the acquisition method. Goodwill represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is subject to an annual impairment review and whenever events or changes in circumstances indicate that the carrying value may be impaired a charge is made to the income statement. After initial recognition, goodwill is stated at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory Company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Other 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	–	5–20 years
Customer relationships	–	5–10 years
Supply agreements	–	5 years
Licences/software	–	5–20 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.

Research and development costs

Expenditure on research and initial feasibility work is written off through the income statement as incurred. Thereafter, expenditure on product development which meets certain criteria is capitalised and amortised over its useful life. The stage at when it is probable that the product will generate future economic benefits is when the following criteria have been met: technical feasibility; intention and ability to sell the product; availability of resources to complete the development of the product; and the ability to measure the expenditure attributable to the product. The useful life of the intangible asset is determined on a product-by-product basis, taking into consideration a number of factors. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets to their estimated residual values over their estimated useful lives, on a straight line basis as follows:

Land and property	–	33 years, straight line with no residual value
Leasehold improvements	–	10 years, straight line with no residual value
Plant and machinery	–	3–10 years, straight line with no residual value
Motor vehicles	–	5 years, straight line with no residual value

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives are reviewed annually and, where adjustments are required, these are made prospectively.

2 Accounting policies continued

Impairment of assets

The Group and Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group and Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their net present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is defined as standard cost or purchase price and includes all direct costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at the lower of original invoice amount and recoverable amount. A provision for doubtful amounts is made when there is objective evidence that collection of the full amount is no longer probable. Significant financial difficulty or significantly extended settlement periods are considered to be indicators of impairment. Normal average payment terms vary from payment in advance to 90 days. Balances are written off when the probability of recovery is assessed as remote.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Financial instruments

Under IAS 39, financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial assets are classified as either:

– financial assets at fair value through profit or loss; or

– loans and receivables.

Financial assets at fair value through profit or loss

The Group uses derivative financial instruments to reduce its exposure to fluctuations in interest rates, both in sterling and US dollars. The Group does not hold or issue derivatives for speculative or trading purposes. Derivative financial instruments with positive fair values are recognised as assets measured at their fair values at the balance sheet date. The fair value of interest rate contracts is determined by reference to market values for similar instruments that have similar maturities. Changes in fair value are recognised in the income statement included in finance costs, due to the fact that hedge accounting has not been applied.

Loans and receivables

Trade receivables that do not carry any interest and have fixed or determinable payment amounts that are not quoted in an active market are classified as loans and receivables. Loans and receivables with a maturity of less than twelve months are included in current assets and are measured at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified as either:

– financial liabilities at fair value through profit or loss; or

– other liabilities.

Financial liabilities at fair value through profit or loss

The Group uses derivative financial instruments to reduce its exposure to fluctuations in interest rates, both in sterling and US dollars. The Group does not hold or issue derivatives for speculative or trading purposes. Derivative financial instruments with negative fair values are recognised as liabilities measured at their fair values at the balance sheet date. The fair value of interest rate contracts is determined by reference to market values for similar instruments that have similar maturities. Changes in fair value are recognised in the income statement in finance costs, due to the fact that hedge accounting has not been applied.

Other financial liabilities, whether used as part of the consideration for acquisitions which include deferred consideration or not, are designated by the Group as financial liabilities at fair value through profit and loss. They are measured at the present value of the consideration expected to be payable by discounting the expected future cash flows at prevailing interest rates. 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. Where there is a change in the expectation of future cash flows or interest rates, the change is reflected through the income statement.

2 Accounting policies continued

Financial instruments continued

Other liabilities

Trade payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Bank borrowings are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. For long-term bank borrowings stated at amortised cost, transaction costs that are directly attributable to the borrowing instrument are recognised as an interest expense over the life of the instrument.

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and recognition of the new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised.

Financial assets and liabilities that are held for trading and other assets and liabilities designated as such on inception are included at fair value through profit and loss. Financial assets and liabilities are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedge instruments. Assets are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

Company's investments in subsidiaries

The Company recognises its investments in subsidiaries at cost. The carrying value of investments is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Presentation currency

The financial statements are presented in UK pounds sterling. Transactions in currencies other than sterling are recorded at the prevailing rate of exchange at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Foreign currencies

Non-monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the transaction. Gains and losses arising on retranslation are included in the net profit or loss for the year. The trading results of the overseas subsidiaries are translated at the average exchange rate ruling during the year, with the exchange difference between the average rates and the rates ruling at the balance sheet date being taken to reserves. Any difference arising on the translation of the opening net investment, in the overseas subsidiaries, and of applicable foreign currency loans are dealt with as adjustments to reserves.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and net of discounts and sales-related taxes. Sales of goods are recognised when the significant risks and rewards of ownership are transferred to the customer. This will be when goods have been dispatched and the collection of the related receivable is reasonably assured. Revenue relates to the sale of medical diagnostic kits.

Grants

Grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Grants in respect of capital expenditure are credited to a deferred income account and are released to the income statement over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are credited to the income statement as and when the relevant expenditure is incurred.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of their lease period and useful life. The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligation is charged to the income statement over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals applicable to operating leases, where substantially all the benefits and risks remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Share-based payments

Equity-settled transactions

For equity-settled transactions, the Group measures the award by reference to the fair value at the date at which they are granted and it is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than conditions linked to the price of the shares of the Company (market conditions).

Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining grant date fair value. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market or non-vesting condition, be treated as vesting as described above.

This includes any award where non-vesting conditions within the control of the Group or the employee are not met. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

2 Accounting policies continued

Share-based payments continued

Equity-settled transactions continued

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Pension contributions

Contributions to personal pension plans of employees on a defined contribution basis are charged to the income statement in the year in which they are payable.

The Group also operates two defined benefit plans in Germany, which are closed to new members. Obligations under defined benefit plans are measured at discounted present values by actuaries, while plan assets are recorded at fair value. The operating and financing costs of pensions are charged to the income statement in the period in which they arise and are recognised separately. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of comprehensive income.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax and deferred tax is charged or credited in other comprehensive income or directly to equity if it relates to items that are credited or charged in other comprehensive income or directly to equity. Otherwise, income tax and deferred tax are recognised in profit or loss.

Use of estimates and judgements

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimation and uncertainty and critical judgements in applying the accounting policies that have the most significant effect on the amounts recognised in the financial information are discussed overleaf. Further judgements, assumptions and estimates are set out in the Group financial statements.

Valuation of intangible assets

Management judgement is required to estimate the useful lives of intangible assets, having reference to future economic benefits expected to be derived from use of the asset. Economic benefits are based on the fair values of estimated future cash flows.

Impairment of goodwill

Goodwill is tested annually for impairment. The test considers future cash flow projections of cash-generating units that give rise to the goodwill. Where the discounted cash flows are less than the carrying value of goodwill, an impairment charge is recognised for the difference. Further analysis of the estimates and judgements is disclosed in Note 8.

Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. The carrying value of the deferred tax asset at 31 March 2015 is £1,530,777 (2014: £1,138,404). Further details are contained in Note 14.

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations, which are considered relevant to the Group, with an effective date after the date of these financial statements.

International Accounting Standards (IAS/IFRSs)		Effective date (annual periods beginning on or after)
IAS 1	Disclosure Initiative – Amendments to IAS 1	1 January 2016
IAS 16 and IAS 38	Clarification of Accountable Methods of Depreciation and Amortisation	1 January 2016
AIP IAS 19	Employee Benefits – Discount rate: regional market issue	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017

The above standards and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

3 Adoption of new International Financial Reporting Standards

The accounting policies adopted are consistent with those of the previous financial year. The following standards were adopted with no material impact – IFRS 10 and IAS 36 (Amendment).

4 Segment information

For management purposes the Group is organised into three operating divisions: Allergy and Autoimmune, Food Intolerance, and Infectious Disease and Other.

The Allergy and Autoimmune division specialises in the research, development, production and marketing of in-vitro allergy and autoimmune tests used by doctors to diagnose patients with allergies and autoimmune diseases.

The Food Intolerance division specialises in the research, development and production of kits to aid the detection of immune reactions to food. It also provides clinical analysis to the general public, clinics and health professionals as well as supplying the consumer Food Detective® test.

The Infectious Disease division specialises in the research, development and production and marketing of kits to aid the diagnosis of infectious diseases.

Corporate consists of centralised corporate costs which are not allocated across the three business divisions.

Inter-segment transfers or transactions are entered into under the normal commercial conditions that would be available to unrelated third parties.

Business segment information

2015	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ 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 (loss)/profit	(238,114)	2,072,631	(267,439)	(894,108)	672,970
Net finance (costs)/income	(61,172)	169	(21,794)	94,085	11,288
(Loss)/profit before taxation	**(299,286)**	**2,072,800**	**(289,233)**	**(800,023)**	**684,258**
Adjusted profit before taxation					
(Loss)/profit 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 (loss)/profit before taxation	**(38,115)**	**2,171,701**	**(270,625)**	**(489,859)**	**1,373,102**

2014	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ Other £	Corporate £	Group £
Statutory presentation					
Revenue	4,086,060	6,307,793	2,616,700	—	13,010,553
Inter-segment revenue	(119,442)	(1,130,298)	(166,943)	—	(1,416,683)
Total revenue	3,966,618	5,177,495	2,449,757	—	11,593,870
Operating costs	(4,033,421)	(3,618,695)	(2,558,105)	(856,324)	(11,066,545)
Operating (loss)/profit	(66,803)	1,558,800	(108,348)	(856,324)	527,325
Net finance (costs)/income	(69,812)	323	(12,859)	98,064	15,716
(Loss)/profit before taxation	(136,615)	1,559,123	(121,207)	(758,260)	543,041
Adjusted profit before taxation					
(Loss)/profit before taxation	(136,615)	1,559,123	(121,207)	(758,260)	543,041
IFRS-related discount charges	—	—	—	12,575	12,575
Amortisation of intangible assets	288,989	98,885	26,434	—	414,308
Share-based payment charges	—	—	—	125,987	125,987
Adjusted profit/(loss) before taxation	152,374	1,658,008	(94,773)	(619,698)	1,095,911

4 Segment information continued

Business segment information continued

The segment assets and liabilities are as follows:

2015	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ Other £	Corporate £	Group £
Segment assets	9,074,314	6,205,627	3,840,498	15,463	19,135,902
Unallocated assets	—	—	—	—	3,502,914
Total assets	**9,074,314**	**6,205,627**	**3,840,498**	**15,463**	**22,638,816**
Segment liabilities	433,446	558,426	862,075	152,288	2,006,235
Unallocated liabilities	—	—	—	—	1,819,431
Total liabilities	**433,446**	**558,426**	**862,075**	**152,288**	**3,825,666**

2014	Allergy and Autoimmune £	Food Intolerance £	Infectious Disease/ Other £	Corporate £	Group £
Segment assets	8,942,934	6,062,066	2,730,161	1,193	17,736,354
Unallocated assets	—	—	—	—	4,254,417
Total assets	8,942,934	6,062,066	2,730,161	1,193	21,990,771
Segment liabilities	195,440	396,536	994,550	155,884	1,742,410
Unallocated liabilities	—	—	—	—	1,789,792
Total liabilities	195,440	396,536	994,550	155,884	3,532,202

Unallocated assets comprise cash, income tax receivable, deferred taxation and derivative financial instruments. Unallocated liabilities comprise interest-bearing loans, borrowings, other financial liabilities, derivative financial instruments, deferred taxation and income tax payable.

Information about major customers

No single customer accounts for 10% or more of Group revenues.

Geographical information

The Group's geographical information is based on the location of its markets and customers. Sales to external customers disclosed in the geographical information are based on the geographical location of its customers. The analysis of segment assets and capital expenditure is based on the geographical location of the assets.

	2015 £	2014 £
Revenues		
UK	**979,964**	841,880
Germany	**3,074,157**	3,503,074
Rest of Europe	**3,381,582**	3,084,683
North America	**515,963**	393,761
South/Central America	**904,276**	714,672
India	**480,138**	450,805
Asia and Far East	**1,439,271**	1,094,649
Africa and Middle East	**1,329,968**	1,510,346
	12,105,319	11,593,870

2015	Intangibles £	Property, plant and equipment £	Retirement benefit surplus £	Inventories £	Trade and other receivables £	Total £
Assets						
UK	**9,965,739**	**1,539,531**	**—**	**1,373,913**	**2,058,699**	**14,937,882**
Germany	**2,135,073**	**792,576**	**—**	**614,069**	**328,075**	**3,869,793**
India	**3,911**	**97,126**	**—**	**74,113**	**153,077**	**328,227**
Unallocated assets	**—**	**—**	**—**	**—**	**—**	**3,502,914**
Total assets	**12,104,723**	**2,429,233**	**—**	**2,062,095**	**2,539,851**	**22,638,816**

4 Segment information continued

Geographical information continued

2014	Intangibles £	Property, plant and equipment £	Retirement benefit surplus £	Inventories £	Trade and other receivables £	Total £
Assets						
UK	8,608,729	1,313,607	—	862,706	2,008,074	12,793,116
Germany	2,646,298	951,920	84,370	762,079	283,135	4,727,802
India	4,188	18,384	—	68,156	124,708	215,436
Unallocated assets	—	—	—	—	—	4,254,417
Total assets	11,259,215	2,283,911	84,370	1,692,941	2,415,917	21,990,771

	2015 £	2014 £
Liabilities		
UK	**1,762,243**	1,546,872
Germany	**159,255**	139,128
India	**84,737**	56,410
Unallocated liabilities	**1,819,431**	1,789,792
Total liabilities	**3,825,666**	3,532,202
Capital expenditure		
UK	**537,071**	457,306
Germany	**78,125**	20,392
India	**86,369**	1,270
Total capital expenditure	**701,565**	478,968

5 Finance costs

Consolidated	2015 £	2014 £
Interest payable on loans and bank overdrafts	**4,708**	6,872
Unwinding of discounts	**7,792**	13,118
Finance leases	**18,120**	8,985
	30,620	28,975

6 Taxation

Consolidated	2015 £	2014 £
(a) Tax credited in the income statement		
Current tax – current year	**—**	—
Current tax – prior year adjustment	**—**	—
Deferred tax – current year	**62,161**	316,525
Deferred tax – prior year adjustment	**(7,373)**	(166,715)
	54,788	149,810
(b) Tax relating to items charged or credited to other comprehensive income		
Deferred tax on actuarial loss/(gain) on retirement benefit obligations	**58,228**	(12,071)
Deferred tax on net exchange adjustments	**56,068**	13,488
Total tax credit	**114,296**	1,417

6 Taxation continued

Consolidated	2015 £	2014 £
(c) Reconciliation of total tax credit		
Factors affecting the tax charge for the year:		
Profit before tax	**684,258**	543,041
Effective rate of taxation	**21%**	23%
Profit before tax multiplied by the effective rate of tax	**143,694**	124,899
Effects of:		
Expenses not deductible for tax purposes and permanent differences	**65,054**	4,191
Other timing differences	**—**	28,977
Research and development and deferred tax credits	**(362,447)**	(319,240)
Movement on deferred tax arising from share-based payments	**125,613**	(125,613)
Tax under provided in prior years	**7,373**	166,715
Adjustment due to different overseas tax rate	**(29,449)**	(9,512)
Impact of UK rate change on deferred tax	**(4,626)**	(20,227)
Tax credit for the year	**(54,788)**	(149,810)

The rate of corporation tax reduced from 24% to 23%, effective from 1 April 2013, and to 21%, effective from 1 April 2014. A reduction to 20%, effective from 1 April 2015, was included in the Finance Act 2014 which was enacted on 17 July 2014. This rate will continue to apply per the Finance Act 2015 which was given Royal Assent on 26 March 2015. The deferred tax balances as at 31 March 2015 have been recognised at a rate of 20% as this is the rate at which deferred tax is expected to reverse.

7 Revenue and expenses

Consolidated	2015 £	2014 £
Revenue and other income		
Revenue – sales of goods	**12,105,319**	11,593,870
Other income	**173,069**	—
Finance income	**41,908**	44,691
Total revenue and other income	**12,320,296**	11,638,561

Other income is explained in the Financial Review.

Consolidated	2015 £	2014 £
Operating profit is stated after charging/(crediting):		
Material costs	**3,282,791**	3,077,807
Depreciation	**444,048**	265,553
Capitalised depreciation	**(119,081)**	—
Amortisation of intangibles	**378,680**	414,308
Net foreign exchange (gains)/losses	**(5,803)**	73,596
Grant income	**126,283**	—
Research costs	**307,149**	245,873
Operating lease rentals	**260,501**	252,904
Share-based payments	**295,223**	125,987
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the annual accounts:	**20,000**	20,000
Local statutory audit of subsidiaries	**50,000**	50,000
Local statutory audit of the parent Company	**5,000**	5,000
Fees payable to the Company's auditors for other services:		
Taxation compliance	**12,500**	12,500
Taxation advisory	**2,000**	2,000

All research costs noted above were charged directly to administration costs in the income statement.

Staff costs

The average monthly number of employees (including Directors) was:

Consolidated	2015 number	2014 number
Operations	**87**	81
Management and administration	**59**	54
Employee numbers	**146**	135

7 Revenue and expenses continued

Staff costs continued

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	**4,059,395**	4,010,042
Social security costs	**506,435**	484,770
Pension costs	**173,807**	189,353
Share-based payments	**295,223**	125,987
	5,034,860	4,810,152

Equity-settled share-based payments

Consolidated and Company

The share-based payment plans are described below.

EMI Option Scheme and Unapproved Option Scheme

The plans are equity-settled plans and the fair value is measured at the grant date. Under the above plans, share options are granted to Directors and employees of the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest one year after the date of grant and do not require to be the subject of any performance criteria. The scheme rules allow for performance criteria to be applied in appropriate cases.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Second Unapproved Option Scheme (SUOS)

The plan is an equity-settled plan and the fair value is measured at the grant date. Under the above plan, share options may be granted to third parties for provision of services to the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest three years after the date of grant and are not subject to any performance criteria.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Third Unapproved Option Scheme (TUOS)

The plan is an equity-settled plan and the fair value is measured at the grant date. Under the above plan, share options may be granted to Directors of the Company. The exercise price of the option is equal to the market price of the shares on the date of grant. The options vest three years after the date of grant and are subject to performance criteria.

The fair value of the options is estimated at the grant date using the Black-Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted.

The contractual life of each option granted is ten years and there is no cash settlement alternative.

Under the EMI Option Scheme no options lapsed during the year and a further 20,000 were granted. Under the third Unapproved Option Scheme (TUOS) during the year no options were granted.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2015 number	2015 WAEP	2014 number	2014 WAEP
Outstanding 1 April	**8,978,695**	**20.96p**	3,598,289	17.9p
Granted during the year under the EMI Option Scheme	**20,000**	**18.5p**	3,320,000	29.26p
Granted during the year under the TUOS	**—**	**—**	2,130,406	15.25p
Exercised during the year	**—**	**—**	—	—
Lapsed during the year under the EMI Option Scheme	**—**	**—**	(70,000)	—
Outstanding at 31 March 2015	**8,998,695**	**—**	8,978,695	—
Exercisable at 31 March 2015	**2,633,289**	**—**	2,498,289	—

The following table lists the inputs to the model used for the years ended 31 March 2015 and 31 March 2014:

	EMI Option Scheme and Unapproved Option Schemes	
	2015	2014
Dividend yield	**0%**	0%
Expected volatility	**41%**	41%
Risk-free interest rate	**5%**	5%
Weighted average remaining contractual life	**6.7**	7.7
Weighted average share price	**18.5p**	23.8p
Exercise price	**18.5p**	23.8p
Model used	**Black-Scholes**	Black-Scholes

7 Revenue and expenses continued

Equity-settled share-based payments continued

The expected life of the options is based on management's assumption of the options' life due to the lack of any historical data on the exercise period of these options. The assumption takes into account the experience of employees and Directors and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that historical volatility over a period similar to the life of the option is indicative of future trends, which may not necessarily be the actual outcome.

Directors' remuneration

Consolidated	2015 £	2014 £
Fees	**65,000**	71,667
Emoluments	**371,789**	371,561
	436,789	443,228
Contributions to personal pension	**18,500**	18,500
	455,289	461,728
Members of a defined contribution pension scheme at the year end	**3**	3

Information in respect of individual Directors' emoluments is provided in the Directors' Remuneration Report on pages 27 and 28.

8 Intangibles

	Goodwill £	Licences/ software £	Supply arrangements £	Technology assets £	Customer relationships £	Development costs £	Total £
Cost							
At 31 March 2013	4,684,778	1,708,923	526,583	2,148,343	1,229,958	1,329,750	11,628,335
Additions	—	11,478	—	—	—	—	11,478
Additions internally generated	—	—	—	—	—	1,369,367	1,369,367
Currency translation	(27,256)	(3,999)	(10,752)	(3,539)	(23,072)	(5,924)	(74,542)
At 31 March 2014	4,657,522	1,716,402	515,831	2,144,804	1,206,886	2,693,193	12,934,638
Additions	—	12,715	—	—	—	—	12,715
Additions internally generated	—	—	—	—	—	1,500,512	1,500,512
Currency translation	(150,470)	(18,034)	(59,356)	(19,539)	(127,369)	(38,250)	(413,018)
At 31 March 2015	**4,507,052**	**1,711,083**	**456,475**	**2,125,265**	**1,079,517**	**4,155,455**	**14,034,847**
Accumulated amortisation							
At 31 March 2013	—	92,719	236,963	625,792	324,985	—	1,280,459
Amortisation charge in the year	—	44,243	105,283	131,823	132,959	—	414,308
Currency translation	—	(2,726)	(6,955)	(2,185)	(7,478)	—	(19,344)
At 31 March 2014	—	134,236	335,291	755,430	450,466	—	1,675,423
Amortisation charge in the year	—	35,999	98,001	129,535	115,145	—	378,680
Currency translation	—	(15,793)	(45,288)	(14,226)	(48,672)	—	(123,979)
At 31 March 2015	**—**	**154,442**	**388,004**	**870,739**	**516,939**	**—**	**1,930,124**
Net book value							
31 March 2015	**4,507,052**	**1,556,641**	**68,471**	**1,254,526**	**562,578**	**4,155,455**	**12,104,723**
31 March 2014	4,657,522	1,582,166	180,540	1,389,374	756,420	2,693,193	11,259,215
31 March 2013	4,684,778	1,616,204	289,620	1,522,551	904,973	1,329,750	10,347,876

Of the Development costs balance above of £4,155,455 (2014: £2,693,193), costs of £1,110,537 (2014: £629,021) relate to the Visitect® CD4 project, and costs of £3,044,918 (2014: £2,064,172) relate to the Allersys® project.

Of the Licences/software balance above, £1,531,786 (2014: £1,531,786) is held on the balance sheet of the Company and relates to the IDS and CD4 licences.

£119,081 of the additions in the year relate to capitalised depreciation on assets utilised for development activities.

Impairment testing of goodwill and intangibles

The Group tests goodwill annually for impairment or more frequently if there are indicators of impairment. The carrying amount of goodwill is indicated in the table above. The net book value of goodwill above for Genesis-CNS amounts to £3,016,892 (2014: £3,016,892), Co-Tek £332,986 (2014: £332,986) and Omega GmbH £1,157,174 (2014: £1,307,644).

The recoverable amount of Genesis-CNS, Co-Tek and Omega GmbH has been determined based on a value in use calculation using cash flow projections based on the actual results for the year ended 31 March 2015 and the financial budget approved by the Board covering the period to 31 March 2016, with projected cash flows thereafter through to March 2019 based on a growth rate of 3% per annum.

The key assumptions used in the budget for Genesis-CNS are the sales projections which are predicated on the continued success of Genarrayt® and Food Detective®. The key assumption used in the budget for Co-Tek is the growth in sales of the Company's Micropath™ range of products.

8 Intangibles continued

Impairment testing of goodwill and intangibles continued

The budget for Omega GmbH assumes continued sales in the German and export markets at the levels achieved in previous years. The Omega GmbH forecast previously included revenues in years two to five from the IDS/Allersys® platform – these revenues are no longer included as detailed below.

Given the in-year increase in the level of the development spend detailed in Note 8 a value in use calculation has been prepared to support both the Visitect® CD4 and Allersys® project costs. The recoverable amount for Visitect CD4 has been determined based on projections through to March 2020 assuming an increased number of unit sales each year as the product achieves market acceptance. The recoverable amount for the Allersys® project has been determined based on projections through to March 2020, again assuming an increasing number of tests sold each year as the product increases market acceptance and penetration.

In all cases, the Company also makes assumptions in regard to having sufficient production personnel to cope with increased volumes. The discount rate applied to cash flows is 12.5% for the Group which takes account of other risks specific to each segment such as currency risk, geography and price risk. The discount rate is the weighted average cost of pre-tax cost of debt financing and the pre-tax cost of equity financing. As a result, there has been no impairment to the carrying value of goodwill or intangibles.

Sensitivity analysis

Base forecasts show headroom of £9.3 million above carrying value for Genesis-CNS, headroom of £0.8 million for Co-Tek, headroom of £0.9 million for Omega GmbH, headroom of £6.4 million for Visitect® CD4 and headroom of £2.0 million for Allersys®.

Sensitivity analysis has been undertaken to assess the impact of any reasonably possible change in key assumptions. If the growth rate were to drop from 3% to 1% this would have the effect of reducing the headroom in Genesis-CNS by £0.3 million over five years, in Co-Tek by £41,000 over five years and in Omega GmbH by £33,000 over five years. If the growth in test sales forecast for Visitect® CD4 were to reduce by 10% each year this would have the effect of reducing the headroom by £1.0 million over five years. If the growth in test sales forecast for Allersys® was to reduce by 10% each year this would have the effect of reducing the headroom by £0.8 million over five years.

For Genesis-CNS, the discount rate would have to increase to 81% or the growth rate would have to be a decline of more than 181% for the headroom to reduce to £Nil.

For Co-Tek, the discount rate would have to increase to 86% or the growth rate would have to be a decline of 61% for the headroom to reduce to £Nil.

For Omega GmbH, the discount rate would have to increase to 57% or the growth rate would have to be a decline of 105% for the headroom to reduce to £Nil.

For Visitect CD4, the discount rate would have to increase to 83% or the forecast total test numbers would have to reduce by 64% for the headroom to reduce to £Nil.

For Allersys®, the discount rate would have to increase to 21% or the forecast total test numbers would have to reduce by 26% for the headroom to reduce to £Nil.

9 Property, plant and equipment

Consolidated	Land and property £	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Total £
Cost					
At 31 March 2013	693,965	241,925	2,797,710	49,650	3,783,250
Additions	—	17,077	461,891	—	478,968
Disposals	—	—	(108,635)	—	(108,635)
Currency translation	(14,170)	(1,430)	(18,756)	(1,014)	(35,370)
At 31 March 2014	679,795	257,572	3,132,210	48,636	4,118,213
Additions	—	144,651	556,914	—	701,565
Disposals	—	—	(4,480)	(38,307)	(42,787)
Currency translation	(78,223)	(234)	(78,425)	(2,693)	(159,575)
At 31 March 2015	**601,572**	**401,989**	**3,606,219**	**7,636**	**4,617,416**
Accumulated depreciation					
At 31 March 2013	42,651	146,616	1,451,445	26,252	1,666,964
Charge in the year	18,984	20,562	215,733	10,274	265,553
Disposals	—	—	(87,359)	—	(87,359)
Currency translation	(1,253)	(840)	(8,020)	(743)	(10,856)
At 31 March 2014	60,382	166,338	1,571,799	35,783	1,834,302
Charge in the year	17,670	17,431	402,517	6,431	444,048
Disposals	—	—	(1,558)	(34,641)	(36,199)
Currency translation	(8,157)	(223)	(43,662)	(1,926)	(53,968)
At 31 March 2015	**69,895**	**183,546**	**1,929,096**	**5,647**	**2,188,183**
Net book value					
31 March 2015	**531,677**	**218,443**	**1,677,123**	**1,989**	**2,429,233**
31 March 2014	619,413	91,234	1,560,411	12,853	2,283,911
31 March 2013	651,314	95,309	1,346,265	23,398	2,116,286

£119,081 of the annual depreciation charge relates to assets utilised for development activities; therefore, this depreciation has been capitalised and included within intangible assets.

The net book value of plant and machinery held under finance leases at 31 March 2015 is £519,977 (2014: £323,675).

10 Inventories

	2015 £	2014 £
Raw materials	**1,425,835**	1,121,638
Work in progress	**161,267**	112,482
Finished goods and goods for resale	**474,993**	458,821
	2,062,095	1,692,941

11 Trade and other receivables

Consolidated	2015 £	2014 £
Trade receivables	**2,251,544**	2,206,136
Less provision for impairment of receivables	**(14,117)**	(14,117)
Trade receivables – net	**2,237,427**	2,192,019
Prepayments and other receivables	**302,424**	223,898
	2,539,851	2,415,917

The Directors consider that the carrying amount of trade receivables and other receivables approximates their fair value.

Company	2015 £	2014 £
Prepayments and other receivables	**15,463**	1,193
Due from subsidiary companies	**4,425,635**	4,105,845
	4,441,098	4,107,038

Analysis of trade receivables

Consolidated	2015 £	2014 £
Neither impaired nor past due	**1,977,803**	2,034,515
Past due but not impaired	**259,624**	157,504

Company	2015 £	2014 £
Neither impaired nor past due	**4,425,635**	4,105,845

Ageing of past due but not impaired trade receivables

	2015 £	2014 £
Up to three months	**231,404**	150,972
Between three and six months	**20,234**	25
More than six months	**7,986**	6,507

The Directors consider that the carrying amount of trade receivables and other receivables approximates their fair value.

The credit quality of trade receivables that are neither past due nor impaired is assessed internally with reference to historical information relating to counterparty default rates. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and no collateral is held as security.

12 Interest-bearing loans and borrowings and financial instruments

Consolidated	2015 £	2014 £
Current		
Other loans	**120,353**	360,000
Obligations under finance leases	**117,419**	67,823
	237,772	427,823
Non-current		
Obligations under finance leases	**315,446**	207,518
Other loans	**—**	111,526
	315,446	319,044

The Directors consider that the carrying amount of other loans and finance obligations approximates their fair values.

12 Interest-bearing loans and borrowings and financial instruments continued

The Group uses finance leases and hire purchase contracts to acquire plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the lessee. Future minimum payments under finance leases and hire purchase contracts are as follows:

	2015 £	2014 £
Future minimum payments due:		
Not later than one year	**135,940**	80,258
After one year but not more than five years	**338,769**	224,146
	474,709	304,404
Less finance charges allocated to future periods	**41,844**	29,063
Present value of minimum lease payments	**432,865**	275,341
The present value of minimum lease payments is analysed as follows:		
Not later than one year	**117,419**	67,823
After one year but not more than five years	**315,446**	207,518
	432,865	275,341

Consolidated	2015 £	2014 £
Other loans comprise the following:		
Vendor loan – 2015 (base rate)	**120,353**	471,526
	120,353	471,526

Company	2015 £	2014 £
Current		
Other loans	**120,353**	360,000
Non-current		
Other loans	**—**	111,526

Company	2015 £	2014 £
Other loans comprise the following:		
Vendor loan – 2015 (base rate)	**120,353**	471,526

13 Trade and other payables

Consolidated	2015 £	2014 £
Trade payables	**1,106,328**	821,793
Social security costs	**118,751**	128,510
Accruals and other payables	**316,980**	436,055
	1,542,059	1,386,358

UNITAID and Scottish Enterprise grant funding as detailed in the Financial Review totalling £271,269 (2014: £356,052) is included as deferred income on the consolidated balance sheet.

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

Company	2015 £	2014 £
Trade payables	**40,090**	1,920
Accruals and other payables	**112,199**	153,963
Due to subsidiary companies	**35,523**	22,076
	187,812	177,959

Trade payables and other payables comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value.

14 Deferred taxation

The deferred tax asset is made up as follows:

Consolidated	2015 £	2014 £
Decelerated capital allowances	**1,004**	2,665
Temporary differences	**29,439**	134,026
Tax losses carried forward	**1,500,334**	1,001,713
	1,530,777	1,138,404

A deferred tax asset has been recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The deferred tax liability is made up as follows:

Consolidated	2015 £	2014 £
Fair value adjustments on acquisition	**264,803**	360,992
Accelerated capital allowances	**186,829**	121,521
Other timing differences	**814,581**	560,412
	1,266,213	1,042,925

15 Share capital

Company	2015 number	2014 number
Authorised share capital		
Ordinary shares of 4.0 pence each	**184,769,736**	184,769,736
Deferred shares of 0.9 pence each	**123,245,615**	123,245,615
Issued and fully paid ordinary share capital		
At the beginning of the year	**108,745,669**	85,216,257
Issued during the year	**—**	23,529,412
At the end of the year	**108,745,669**	108,745,669

During the year ended 31 March 2015, the Company granted options over 20,000 ordinary shares at an average exercise price of 18.5 pence per share. The options will expire if not exercised within ten years of the date of grant.

16 Commitments and contingencies

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

Consolidated	2015 £	2014 £
Land and buildings		
Within one year	**369,409**	221,636
Within two to five years	**1,046,883**	693,137
After five years	**125,997**	250,689
Other		
Within one year	**59,194**	33,702
Within two to five years	**136,478**	98,700
After five years	**—**	1,480

Land and buildings leases in force for Omega Diagnostics Limited premises extend to 30 June 2021. The land and buildings leases in force for the premises of Genesis Diagnostics Limited and Cambridge Nutritional Sciences extend to March 2017. The land and buildings leases in force for the Omega Dx (Asia) facility in Pune extend to May 2019.

Other leases are in force for office equipment items and extend to time periods ranging from April 2015 to June 2019. The leases may be extended at the expiry of their term.

Performance bonds

The Group has performance bonds and guarantees in place amounting to £208,116 at 31 March 2015 (2014: £35,372).

17 Related party transactions

Remuneration of key personnel

The remuneration of the key management personnel of Omega Diagnostics Group PLC is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures:

	2015 £	2014 £
Short-term employee benefits	**947,833**	943,292
Share-based payments	**276,429**	104,925
Post-employment benefits	**41,032**	40,375
	1,265,294	1,088,592

Included within short-term employee benefits are amounts paid to MBA Consultancy of £25,000 (2014: £25,000), a company controlled by David Evans, and £40,000 (2014: £36,667) paid to Third Day Advisors, a company controlled by William Rhodes.

Other related party transactions

During the year there have been transactions between the parent Company, Omega Diagnostics Limited (ODL), Genesis Diagnostics Limited (Genesis), Cambridge Nutritional Sciences (CNS), Co-Tek (South West) Limited (Co-Tek), Omega GmbH (GmbH) and Omega Dx (Asia) largely relating to payment of management fees. The amounts outstanding at the year end are as follows:

At 31 March 2015	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £	Dx (Asia) £
Omega Diagnostics Group PLC	**—**	**(2,203,460)**	**(332,792)**	**35,523**	**—**	**(1,889,383)**	**—**
Omega Diagnostics Limited	**2,203,460**	**—**	**889,585**	**1,504,269**	**2,415**	**6,876**	**(75,098)**
Genesis Diagnostics Limited	**332,792**	**(889,585)**	**—**	**(346,640)**	**(71,810)**	**—**	**(49,409)**
Cambridge Nutritional Sciences Limited	**(35,523)**	**(1,504,269)**	**346,640**	**—**	**(120,000)**	**—**	**(9,975)**
Co-Tek (South West) Limited	**—**	**(2,415)**	**71,810**	**120,000**	**—**	**—**	**—**
Omega GmbH	**1,889,383**	**(6,876)**	**—**	**—**	**—**	**—**	**(5,563)**
Omega Dx (Asia)	**—**	**75,098**	**49,409**	**9,975**	**—**	**5,563**	**—**

At 31 March 2014	ODG £	ODL £	Genesis £	CNS £	Co-Tek £	GmbH £	Dx (Asia) £
Omega Diagnostics Group PLC	—	(1,578,718)	(33,634)	22,076	—	(2,493,492)	—
Omega Diagnostics Limited	1,578,718	—	742,615	393,710	7,121	—	(48,183)
Genesis Diagnostics Limited	33,634	(742,615)	—	(161,729)	(41,608)	—	(48,193)
Cambridge Nutritional Sciences Limited	(22,076)	(393,710)	161,729	—	(20,000)	—	(6,837)
Co-Tek (South West) Limited	—	(7,121)	41,608	20,000	—	—	—
Omega GmbH	2,493,492	—	—	—	—	—	—
Omega Dx (Asia)	—	48,183	48,193	6,837	—	—	—

During the year there were transactions between the Company and its subsidiaries as follows:

	2015 £	2014 £
Balance at 1 April	**4,083,768**	3,591,545
Charges to subsidiary companies	**747,895**	757,002
Transfers of cash from subsidiary companies	**(441,549)**	(264,779)
Balance at 31 March 2015	**4,390,114**	4,083,768

18 Retirement benefit obligations

The Group operates pension schemes for the benefit of its UK and overseas employees.

Details of the defined contribution schemes for the Group's employees are given below in Note (a). Details of the defined benefit schemes for the Group's German employees and details relating to these schemes are given below in Note (b). During the year the Group accounted for these pension schemes under IAS 19 – Employee Benefits.

(a) Defined contribution schemes

The Group makes contributions to personal plans of employees on a defined contribution basis. The Group does not have ownership of the schemes, with individual plans being arrangements between the employee and pension provider. For new hires in Germany, after 1 January 2011, the support fund (LV 1871 Unterstützungskasse e.V.) is the defined contribution scheme used. The total Group contributions for the year amounted to £66,733 (2014: £59,165).

18 Retirement benefit obligations continued

(b) Defined benefit schemes

The Deutscher Pensionsfonds AG and the LV 1871 Unterstützungskasse e.V. schemes give the rights to defined future benefits. Of these benefits the past service component is based on years of service and salary as of 1 January 2011 and are provided by the Deutscher Pensionsfonds AG. The remaining benefits based on years of service after 1 January 2011 as well as salary increases are provided by the LV 1871 Unterstützungskasse e.V. scheme. These are mainly dependent on the number of earning years and salary level at pension age. The commitments are covered through an insurance company and are compliant with the requirements of German insurance laws. Pension costs relating to each scheme operating in Germany are charged in accordance with IAS 19 – Employee Benefits. Formal valuations of each scheme have been carried out by Towers Watson (Reutlingen) GmbH, who are independent, professionally qualified actuaries, on 28 April 2015 using the following assumptions:

	2015	2014
Discount rate	**1.50%**	3.43%
Future salary increases	**2.50%**	2.50%
Future pension increases	**1.75%**	1.75%
Price inflation	**1.75%**	1.75%

(i) The amounts recognised in the balance sheet are as follows:

	2015 £	2014 £
Defined benefit obligation	**2,194,832**	1,695,381
Fair value of plan assets	**2,001,925**	1,779,751
Net (liability)/asset	**(192,907)**	84,370

(ii) The amounts charged/(credited) to operating profit:

	2015 £	2014 £
Current service costs	**105,492**	123,726
Interest cost on the defined benefit obligation	**50,895**	62,283
Interest income on plan assets	**(53,454)**	(63,477)
Total included in employee benefits expense	**102,933**	122,532

The current service costs for the year, £102,933 (2014: £122,532), have been included in administration costs.

(iii) The amounts recognised in the consolidated statement of comprehensive income:

	2015 £	2014 £
Actuarial (loss)/gain arising during the period	**(547,241)**	101,447
Return on plan assets	**277,113**	(49,506)
Total actuarial (loss)/gain on pensions	**(270,128)**	51,941

(iv) Changes in the defined obligation during the year:

	2015 £	2014 £
Opening defined benefit obligation	**1,695,381**	1,664,439
Current service cost	**105,492**	123,726
Interest cost	**50,895**	62,283
Actuarial loss/(gain) due to:		
Changes in demographic assumptions	**(111,691)**	(193,434)
Changes in financial assumptions	**658,932**	91,987
Exchange differences on foreign plans	**(195,088)**	(33,985)
Benefits paid	**(9,089)**	(19,635)
Closing defined benefit obligation	**2,194,832**	1,695,381

The weighted average duration of the defined benefit obligation is 20.6 years.

(v) Changes in plan assets during the year:

	2015 £	2014 £
Opening fair value of plan assets	**1,779,751**	1,696,325
Interest income	**53,454**	63,477
Return on plan assets	**277,113**	(49,506)
Contributions by employer	**105,492**	123,726
Exchange differences on foreign plans	**(204,796)**	(34,636)
Benefits paid	**(9,089)**	(19,635)
Closing fair value of plan assets	**2,001,925**	1,779,751

18 Retirement benefit obligations continued

(b) Defined benefit schemes continued

Fair value of plan assets:

	2015			2014		
	Quoted £	**Unquoted £**	**Total £**	Quoted £	Unquoted £	Total £
Equities	**400,385**	**—**	**400,385**	355,950	—	355,950
Bonds/debt instruments	**820,070**	**441,143**	**1,261,213**	723,633	397,610	1,121,243
Cash/other	**340,327**	**—**	**340,327**	302,558	—	302,558
Total value of plan assets	**1,560,782**	**441,143**	**2,001,925**	1,382,141	397,610	1,779,751

(vi) The major categories of plan assets as a percentage of total plan assets:

	2015	2014
Equities	**20%**	20%
Bonds/debt instruments	**63%**	63%
Cash/other	**17%**	17%

The asset figures above are now weighted with the underlying assets.

The Group expects to contribute £110,000 to its defined benefit pension plans in the year ending 31 March 2016.

(vii) Mortality assumptions

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in Germany. In the calculations, the mortality rate used is in accordance with Heubeck Richttafeln's basis of calculation for group pension insurance, 2005G. Other assumptions have been set in accordance with Heubeck Richttafeln's basis of calculation for group pension insurance, as set out in schedule 2005G.

(viii) Sensitivity analysis

Changes in assumptions compared with March 2015 actuarial assumptions:

	Effect on defined benefit obligation 2015 £	Effect on defined benefit obligation 2014 £
Discount rate		
Increase by 1%	**(388,725)**	(264,585)
Decrease by 1%	**516,936**	342,208
Inflation rate		
Increase by 0.5%	**217,590**	149,277
Decrease by 0.5%	**(249,916)**	(132,930)
Salary increase		
Increase by 0.5%	**49,176**	36,208
Decrease by 0.5%	**(108,435)**	(79,634)

19 Investments

Company

The Company's investments in subsidiaries, which are all 100% owned, are comprised of the following:

	Country of incorporation	**2015 £**	2014 £
Investment in Omega Diagnostics Limited	UK	**1,752,884**	1,752,884
Investment in Genesis Diagnostics Limited	UK	**1,845,066**	1,845,066
Investment in Cambridge Nutritional Sciences Limited	UK	**4,034,110**	4,034,110
Investment in Co-Tek (South West) Limited	UK	**480,978**	480,978
Investment in Bealaw (692) Limited	UK	**1**	1
Investment in Bealaw (693) Limited	UK	**1**	1
Investment in Omega GmbH	Germany	**2,542,321**	2,542,321
Investment in Omega Dx (Asia)	India	**878,005**	514,906
		11,533,366	11,170,267

The further investment in the year relates to continued funding of Omega Dx (Asia).

Bealaw (692) Limited and Bealaw (693) Limited are both dormant companies that have never traded.

20 Earnings per share

Basic earnings per share is 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 is 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.

	2015 £	2014 £
Profit attributable to equity holders of the Group	**739,046**	692,851

	2015 number	2014 number
Basic average number of shares	**108,745,669**	104,052,644
Share options	**821,093**	1,043,840
Diluted weighted average number of shares	**109,566,762**	105,096,484

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 better assess trends in financial performance.

	2015 £	2014 £
Adjusted profit before taxation	**1,373,102**	1,095,911
Tax credit	**54,788**	149,810
Adjusted profit attributable to equity holders of the Group	**1,427,890**	1,245,721

21 Financial instruments

The Group's principal financial instruments comprise loans, finance leases, financial derivatives and cash. The main purpose of these financial instruments is to manage the Group's funding and liquidity requirements. The Group has other financial instruments, such as trade receivables and trade payables, which arise directly from its operations. The categories of financial instruments are summarised in the following tables:

Assets as per the consolidated balance sheet	Loans and receivables £	Total £
2015		
Trade receivables	2,237,427	2,237,427
Cash and cash equivalents	1,972,137	1,972,137
	4,209,564	**4,209,564**

Assets as per the consolidated balance sheet	Loans and receivables £	Total £
2014		
Trade receivables	2,192,019	2,192,019
Cash and cash equivalents	3,116,013	3,116,013
	5,308,032	5,308,032

Assets as per the Company balance sheet	Loans and receivables £	Total £
2015		
Due from subsidiary companies	4,425,635	4,425,635
Cash and cash equivalents	931,928	931,928
	5,357,563	**5,357,563**

Assets as per the Company balance sheet	Loans and receivables £	Total £
2014		
Due from subsidiary companies	4,105,845	4,105,845
Cash and cash equivalents	1,987,153	1,987,153
	6,092,998	6,092,998

21 Financial instruments continued

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2015			
Trade payables	—	1,106,328	1,106,328
Obligations under finance leases	—	432,865	432,865
Other loans (designated on initial recognition)	120,353	—	120,353
	120,353	**1,539,193**	**1,659,546**

Liabilities as per the consolidated balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2014			
Trade payables	—	821,793	821,793
Obligations under finance leases	—	275,341	275,341
Other loans (designated on initial recognition)	471,526	—	471,526
	471,526	1,097,134	1,568,660

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2015			
Trade payables and amounts due to subsidiary companies	—	75,613	75,613
Other loans (designated upon initial recognition)	120,353	—	120,353
	120,353	**75,613**	**195,966**

Liabilities as per the Company balance sheet	Liabilities at fair value through profit and loss £	Amortised cost £	Total £
2014			
Trade payables and amounts due to subsidiary companies	—	23,996	23,996
Other loans (designated upon initial recognition)	471,526	—	471,526
	471,526	23,996	495,522

Within other loans designated at fair value through profit and loss is the vendor loan note of £1.1 million, which was issued in September 2007. It carries a coupon of base rate only and is repayable in three equal instalments of £360,000 in September 2012, 2013 and 2014 and a final capital payment of £20,000 in September 2015. The interest is rolled up and repayable with the final capital payment. The fair value is calculated as the future cash flows expected to result based on current estimates of interest rates. There has been no change in the year to the fair value of the loan due to changes in credit risk. The movement in the year of £351,173 (2014: £344,082) is due to the third instalment being paid in September 2014 (£360,000) offset by the effect of unwinding discount factors (£8,827), which is included within finance charges in the income statement.

Financial risk management

The principal financial risks to which the Group is exposed are those relating to foreign currency, credit, liquidity and interest rate. These risks are managed in accordance with Board-approved policies.

Foreign currency risk

The Group operates in more than one currency jurisdiction and is therefore exposed to currency risk on the retranslation of the income statement and the balance sheet of its overseas subsidiaries from euros and rupees into its functional currency of pounds sterling. The Company funds its subsidiaries by a mixture of equity and intercompany loan financing and these balances are subject to exchange rate movements that can give rise to movements in equity. The Group also buys and sells goods and services in currencies other than the functional currency, principally in euros and US dollars. The Group has US dollar and euro-denominated bank accounts and, where possible, the Group will offset currency exposure where purchases and sales of goods and services can be made in these currencies. The Group's non-sterling revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. It is currently Group policy not to engage in any speculative transaction of any kind but this will be monitored by the Board to determine whether it is appropriate to use additional currency management procedures to manage risk. At 31 March 2015 (and 31 March 2014) the Group has not entered into any hedge transactions.

21 Financial instruments continued

Financial risk management continued

Foreign currency risk continued

The following table demonstrates the sensitivity to a possible change in currency rates on the Group's profit before tax and equity through the impact of sterling weakening against the US dollar, the euro and the Canadian dollar.

	Decrease in currency rate	Effect on profit before tax £	Effect on equity £
2015			
Trade and other receivables	**5%**	**72,642**	**—**
Trade and other payables	**5%**	**(47,128)**	**—**
Cash and cash equivalents	**5%**	**27,801**	**—**
Net investment in overseas subsidiary	**5%**	**—**	**(214,282)**
2014			
Trade and other receivables	5%	56,671	—
Trade and other payables	5%	(18,332)	—
Cash and cash equivalents	5%	31,295	—
Net investment in overseas subsidiary	5%	—	18,590

An increase in currency rate of 5% would have a similar but opposite effect. The sensitivity around bank loans above represents the entire impact on the Company's profit before tax and equity.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group conducts its operations in many countries, so there is no concentration of risk in any one area. In most cases, the Group grants credit without security to its customers. Creditworthiness checks are undertaken before entering into contracts with new customers, and credit limits are set as appropriate. The Group conducts most of its operations through distributors and is therefore able to maintain a fairly close relationship with its immediate customers. As such, the Group monitors payment profiles of customers on a regular basis and is able to spot deteriorations in payment times. An allowance for impairment is made that represents the potential loss in respect of individual receivables where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An analysis of trade receivables from various regions is analysed in the following table:

	2015 Trade receivables £	2014 Trade receivables £
UK/Europe	**1,075,727**	1,293,732
North America	**4,896**	9,502
South/Central America	**323,873**	162,970
Asia and Far East	**451,321**	365,664
Africa and Middle East	**381,610**	360,151
	2,237,427	2,192,019

Capital management

The Group funds its operations with a mixture of short and long-term borrowings or equity as appropriate with a view to maximising returns for shareholders and maintaining investor, creditor and market confidence. The Board reviews and approves an annual budget to help ensure it has adequate facilities to meet all its operational needs and to support future growth in the business.

Liquidity risk

The Group's objective is to maintain sufficient headroom to meet its foreseeable financing and working capital requirements. The Group has in place drawn loan facilities and, in the case of bank loans, regularly monitors performance to ensure compliance with all covenants. The Group also maintains a surplus balance of cash and cash equivalents to ensure flexible liquidity to meet financial liabilities as they fall due.

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2015 based on the undiscounted cash flows of liabilities which include both future interest and principal amounts outstanding based on the earliest date on which the Group can be required to pay. The amounts of future interest are not included in the carrying value of financial liabilities on the balance sheet.

Consolidated	Less than 3 months £	3 to 12 months £	1 to 5 years £	Total £
2015				
Trade payables	1,106,328	—	—	1,106,328
Obligations under finance leases	19,883	97,536	315,446	432,865
Vendor loan	—	120,353	—	120,353
	1,126,211	**217,889**	**315,446**	**1,659,546**
2014				
Trade payables	821,793	—	—	821,793
Obligations under finance leases	9,734	58,090	207,517	275,341
Vendor loan	—	360,000	111,526	471,526
	831,527	418,090	319,043	1,568,660

21 Financial instruments continued

Financial risk management continued

Liquidity risk continued

The table below summarises the maturity profile of the Company's financial liabilities at 31 March 2015 based on the undiscounted cash flows of liabilities based on the earliest date on which the Company can be required to pay.

Company	Less than 3 months £	3 to 12 months £	1 to 5 years £	Total £
2015				
Trade payables and amounts due to subsidiary companies	75,613	—	—	75,613
Vendor loan	—	120,353	—	120,353
	75,613	**120,353**	**—**	**195,966**
2014				
Trade payables and amounts due to subsidiary companies	23,996	—	—	23,996
Vendor loan	—	360,000	111,526	471,526
	23,996	360,000	111,526	495,522

Interest rate risk

All of the Group's borrowings are at variable rates of interest.

The following table demonstrates the sensitivity to a possible change in interest rates on the Group's profit before tax through the impact on floating rate borrowings and cash balances.

Consolidated	Increase in basis points	Effect on profit before tax and equity £
2015		
Cash and cash equivalents	**25**	**6,360**
Vendor loan	**25**	**(500)**
2014		
Cash and cash equivalents	25	4,096
Vendor loan	25	(1,400)

The following table demonstrates the sensitivity to a possible change in interest rates on the Company's profit before tax through the impact on floating rate borrowings and cash balances.

Company	Increase in basis points	Effect on profit before tax and equity £
2015		
Cash and cash equivalents	**25**	**3,649**
Vendor loan	**25**	**(500)**
2014		
Cash and cash equivalents	25	2,164
Vendor loan	25	(1,400)

Fair values

The carrying amount for all categories of financial assets and liabilities disclosed on the balance sheet and in the related notes to the accounts is equal to the fair value of such assets and liabilities as at both 31 March 2015 and 31 March 2014. The monetary value attributable to these financial assets and liabilities is the same value that has been disclosed in the related notes to the accounts.

The valuation methods used to fair value the financial assets and liabilities have been disclosed in Note 2 to the financial statements under the heading of Financial instruments.

The carrying amount recorded in the balance sheet of each financial asset as at 31 March 2015 and 31 March 2014 represents the Group's maximum exposure to credit risk.

22 Capital commitments

At 31 March 2015 the Group had capital commitments contracted, but not provided for, of £0.2 million (2014: £Nil).

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Omega House, Hillfoots Business Village, Alva, Clackmannanshire FK12 5DQ on 7 September 2015 at 12 noon for the following purposes:

1. To receive and adopt the reports of the Directors and the auditors and the audited accounts for the year ended 31 March 2015.
2. To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the Directors.
3. To re-elect Mr David Evans as a Director of the Company.
4. To re-elect Mr Colin King as a Director of the Company.
5. That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £1,449,942.24, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 October 2016 save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 551 of the Companies Act 2006, but without prejudice to any allotment already made or to be made pursuant to such authority.

Resolution 6 is proposed as a special resolution.

6. That, conditional upon the passing of resolution 5 above, and in accordance with section 570 of the Companies Act, the Directors be generally empowered to allot equity securities (as defined in section 560 of the Companies Act 2006) pursuant to the authority conferred by resolution 5 as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

   6.1 the allotment of equity securities in connection with an issue in favour of the holders of ordinary shares where the equity securities respectively attributable to the interests of all holders of ordinary shares are proportionate (as nearly as may be) to the respective number of ordinary shares held by them but subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange; and

   6.2 the allotment of ordinary shares otherwise than pursuant to subparagraph 6.1 above up to an aggregate nominal amount of £217,491.32,

   and provided that this power shall, unless renewed, varied or revoked by the Company, expire on the conclusion of the next Annual General Meeting of the Company or, if earlier, 31 October 2016, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

Kieron Harbinson
Company Secretary
6 July 2015

Registered in England and Wales number 5017761

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Notes to the Notice of Annual General Meeting

Re-election of Colin King as a Director

1. As previously announced, the Board intends to appoint Mr Colin King as an additional Director of the Company with effect from 3 August 2015. Article 77.4 of the Company's Articles of Association provides that a Director so appointed shall hold office until the conclusion of the next AGM and shall be eligible for re-election at that meeting. Accordingly, resolution 4 in the Notice proposes the re-election of Mr King as a Director.

Entitlement to attend and vote

2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 12 noon on 5 September 2015 shall be entitled to attend and vote at the Meeting.

Appointment of proxies

3. If you are a member of the Company at the time set out in Note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited, on 01252 821390.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
7. The notes to the proxy form explain how to (a) direct your proxy to vote on each resolution or withhold their vote; (b) appoint proxies; (c) change proxy instructions; and (d) terminate proxy appointments.

Corporate representing

8. Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure.

Issued shares and total voting rights

9. As at the date of this Annual Report the Company's issued voting share capital comprised 108,745,669 ordinary shares of 4 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company is as at the date of this Annual Report.

Communications with the Company

10. Except as provided above, members who have general queries about the Meeting should telephone Kieron Harbinson on +44 (0)1259 763030 (no other methods of communication will be accepted). You may not use any electronic address provided either in this Notice of Annual General Meeting, or any related documents (including the proxy form), to communicate with the Company for any purposes other than those expressly stated.

Voting through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual.

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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