Oxford Immunotec Global PLC

FINANCIAL STATEMENTS

for the year ended

31 December 2014

OXFORD IMMUNOTEC GLOBAL PLC

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OXFORD IMMUNOTEC GLOBAL PLC
COMPANY INFORMATION

DIRECTORS	Dr N A Pitchford	
	Ms P Randall	(Elected 12 June 2014)
	Mr H Rosenman	
	Mr R A Sandberg	
	Mr S L Spotts	
	Mr J R Tobin	(Appointed 1 December 2014)
	Dr P J Wrighton-Smith	
SECRETARY	Ms E Keiley	
COMPANY NUMBER	08654254	
REGISTERED OFFICE	94C Innovation Drive Milton Park Abingdon Oxfordshire OX14 4RZ	
AUDITOR	Ernst & Young LLP Apex Plaza Reading Berkshire RG1 1YE	

Company Registration No: 08654254

Oxford Immunotec Global PLC was incorporated on 16 August 2013.

The Directors submit this report and the Consolidated Financial Statements of Oxford Immunotec Global PLC and its subsidiaries, Oxford Immunotec Limited, Oxford Immunotec Inc., Oxford Immunotec K.K., Oxford Immunotec Asia Limited, Oxford Immunotec (Shanghai) Medical Device Co. Ltd., and Boulder Diagnostics Europe GmbH (which may be referred to as "the Group", "we", "us" or "our") for the years ended 31 December 2014 and 2013. In addition, the balance sheet for Oxford Immunotec Global PLC ("Global" or the "parent company") at 31 December 2014 and 2013.

Global is a public company limited by shares and incorporated and domiciled in the United Kingdom.

BASIS OF PRESENTATION

Our Directors have elected to prepare Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America ("U.S. GAAP") as permitted by Statutory Instrument 2012 No 2405, The Accounting Standards (Prescribed Bodies) of the United States of America and Japan and Regulations 2012 (SI 2012 No 2405). The Directors' Report and Consolidated Financial Statements are also prepared in accordance with the Companies Act 2006. The parent company balance sheet is prepared in accordance with the Companies Act 2006 and U.K. Generally Accepted Accounting Practice ("U.K. GAAP").

The consolidated financial statements presented for 2013 include the results of Global and its predecessor company, Oxford Immunotec Limited. On 2 October 2013, we completed a Scheme of Arrangement, which was approved by the High Court of Justice in England and Wales. Prior to the Scheme of Arrangement, our business was conducted by Oxford Immunotec Limited and its consolidated subsidiaries. Following the Scheme of Arrangement, our business has been conducted by Global and its consolidated subsidiaries, including Oxford Immunotec Limited. The financial information presented in this Directors' Report includes the results of Oxford Immunotec Limited and its consolidated subsidiaries for the period prior to the completion of the Scheme of Arrangement, as well as the results of Oxford Immunotec Global PLC and its consolidated subsidiaries for the period after completion of the Scheme of Arrangement.

PRINCIPAL ACTIVITIES

Our principal activity is the development and supply of clinical diagnostic products.

We are a global, commercial-stage diagnostics company focused on developing and commercializing proprietary tests for the management of immune-regulated conditions. Our proprietary T-SPOT® technology platform allows us to measure the responses of specific immune cells to inform the diagnosis, prognosis and monitoring of patients with immune-regulated conditions. Our current development activities are principally focused on four areas: chronic infections, transplantation, autoimmune and inflammatory disease and immune-oncology. We believe these areas are particularly attractive for the development of diagnostic tests because they involve large patient populations and chronic conditions that present the opportunity for both initial diagnosis and additional testing to monitor the conditions. These immune-regulated conditions also tend to be characterized by wide variation in presentation and progression and often require expensive therapies, making diagnostic tests that can better categorize patients and inform treatment pathways particularly useful. We believe the sensitivity of our T-SPOT technology platform, which can measure T cell and innate immune cell responses at a single cell level well position us to bring new insights into the diagnosis, prognosis and monitoring of immune-regulated conditions.

RESULTS AND DIVIDENDS

Our trading loss for the year was $22,174,000 (2013: $8,664,000).

Our Directors do not recommend the payment of a final dividend on the ordinary shares (2013: $nil).

SEASONALITY

Our turnover fluctuates from quarter to quarter as a result of a number of factors, many of which are outside our control. Our service turnover has historically been strong in the third quarter as a result of a concentration of testing in the United States related to college students returning to school, while the fourth quarter has historically been weaker due to the holiday periods and decreased screening activity in hospitals as they focus on other priorities. Additionally, we see fluctuation in our product turnover from quarter to quarter due to ordering patterns, particularly relating to our large distributor customers. As a result of such factors, we expect to continue to see seasonality and quarter-to-quarter variations in our turnover.

FUTURE DEVELOPMENTS

Our Directors continually evaluate the policies and strategies needed to continue our turnover growth. We expect that 2015 will show further sales growth in its existing and new markets.

POLITICAL CONTRIBUTIONS

We have not made political contributions in the period (2013: $nil).

RESEARCH AND DEVELOPMENT

Our research and development activities focus on developing and commercializing proprietary tests for the management of immune-regulated conditions. Large populations of patients have immune-regulated conditions that are often chronic conditions requiring active management through monitoring. These conditions also tend to be characterized by a wide variation in presentation and disease progression and expensive therapies. Testing that allows better categorization of patients and yields insights into the most likely successful treatment path facilitates more personalized medicine, directing therapies to patients in whom they are more likely to work and saving healthcare dollars.

Understanding immune-regulated conditions requires interrogation of the immune system. The human immune system is composed of three principal branches: innate immunity, cellular (T cell) immunity and humoral (B cell) immunity. Cellular and humoral immunity comprise the adaptive immune system. The majority of diagnostic tests available today focus only on antibody testing, which is one component of only the humoral immune system. Development of tests targeting T cells and the innate immunity system offers opportunities to aid the diagnosis, prognosis and monitoring of immune-regulated conditions. Our research and development efforts will continue to focus on utilizing our proprietary T cell and innate immunity technologies to bring new diagnostic tools to market to aid clinicians in diagnosing and managing immune-regulated conditions.

Immune-regulated conditions encompass a broad spectrum. We are focused on four principal areas: chronic infections, transplantation, autoimmune and inflammatory disease and immune-oncology.

● Chronic infections where progression is dictated by the strength of the patient's immune system are often called latent or opportunistic infections. Examples are infections such as Tuberculosis (TB) and cytomegalovirus (CMV), which are carried for long periods of time but may reactivate into disease at any point when the immune system is no longer keeping the infection under control. Persons with weakened immunity – including human immunodeficiency virus (HIV) patients, transplant recipients, and users of biologic therapies – are at particular risk.

● In transplantation, the success of the transplant depends on the accommodation of the donor organ by the host immune system. Extensive immune suppression accomplishes this goal but requires careful modulation to balance the considerable side-effects of immune suppression with rejection risk. Given the high demand for donor organs, strategies to maximize graft survival and to predict rejection events are necessary to improve patient care.

● Autoimmune and inflammatory diseases affect approximately 10% of Americans and include rheumatoid arthritis, systemic lupus erythematosus and Crohn's disease. These conditions present in wide variation and take multiple progression pathways. Tools that can better categorize patients and allow practitioners to tailor therapies to meet the individual needs of patients may improve the quality of care while simultaneously reducing healthcare costs.

● Cancer is at a simplistic level an immunological disease. Either the patient's T cells do not recognize the tumor as foreign or the tumor successfully down-regulates the T cells. New immune-oncology cancer therapies focus on increasing the efficacy of the body's own immune system to fight the tumor. We believe that diagnostic tools that measure the status of the anti-tumor immune response have the potential to guide therapeutic drug development as well as inform treatment decisions.

Our research and development expenses were $7.0 million, (2013: $2.1 million), and we employ research and development staff of 40 (2013: 18). In the opinion of our Directors, continuity of investment in this area is important for the maintenance of the Group's market position and for future growth.

EVENTS SINCE THE END OF THE YEAR

On 31 March 2015, the Group announced the availability in the United States of a new test that measures the strength of a patient's cellular immune response to CMV. This T-SPOT.*CMV* test is available as a Laboratory Developed Test from the Company's CLIA-certified and CAP accredited service laboratory.

On 29 January 2015, the Group entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC and Piper Jaffray & Co., as representatives of the several underwriters named therein (collectively, the "Underwriters"), relating to the public offering (the "Offering") of 4,255,319 ordinary shares, nominal value £0.006705 (the "Shares"), at an offering price to the public of $11.75 per Share (the "Offering Price"). The Underwriters agreed to purchase the Shares from us pursuant to the Underwriting Agreement at a price of $11.045 per share. Under the terms of the Underwriting Agreement, we granted the Underwriters a 30-day option to purchase up to an additional 638,297 Shares (the "Option Shares") at the Offering Price, less underwriting discounts and commissions. On 30 January 2015, the Underwriters exercised their option to purchase the Option Shares in full. The gross proceeds to us from the sale of the Shares and the Option Shares were approximately $57.5 million and we received net proceeds of approximately $53.7 million after deducting underwriting discounts and commissions and estimated aggregate offering expenses payable by us. The Offering closed on 4 February 2015.

Effective 15 January 2015, the Remuneration Committee of the Board of Directors approved grants to employees for up to 355,509 share options from the Oxford Immunotec Global PLC 2013 Share Incentive Plan. These grants were issued to employees in the first quarter of 2015.

FINANCIAL INSTRUMENTS

Please refer to the **Risk in relation to the use of financial instruments** section included in our Strategic Report, beginning on page 18 of this document.

GREEN HOUSE GAS REPORT

Please refer to the section of the same name included in our Strategic Report on page 21 of this document.

STRUCTURE OF THE GROUP'S CAPITAL

See Note 19 and Note 23 of the Consolidated Notes to the Financial Statements.

DIRECTORS

Our Board of Directors is divided into the three classes. Each class has a three-year term. At each annual general meeting of shareholders, directors whose terms will then expire (or their successors, if such directors are not nominated for re-election) will stand for election by the shareholders to serve for a three year term.

The following Directors have held office since the dates indicated below.

Mr V Lathi	(Appointed 22 August 2013 and term expired 12 June 2014)
Dr N A Pitchford	(Appointed 22 August 2013)
Ms P Randall	(Elected 12 June 2014)
Mr H Rosenman	(Appointed 30 October 2013 and re-elected 12 June 2014)
Mr R A Sandberg	(Appointed 16 August 2013)
Mr S L Spotts	(Appointed 22 August 2013)

Dr L M Steinmetz	(Appointed 22 August 2013 and term expired 12 June 2014)
Mr J R Tobin	(Appointed 1 December 2014)
Dr P J Wrighton-Smith	(Appointed 16 August 2013)

In 2014, our Board of Directors met 9 times. All of our directors attended a minimum of 75% of the meetings of our Board of Directors and its committees during their membership on the board. Our directors are strongly encouraged to attend our annual general meetings of shareholders.

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS AND CHANGE IN CONTROL PROVISIONS

A qualifying third party indemnity provision is in place for the benefit of each of our Directors. Dr Wrighton-Smith's share option awards include a "double trigger" to accelerate vesting upon a change in control. A change in control event will be deemed to occur upon the purchase of substantially all of our outstanding shares by, or the sale of substantially all of our assets to, a third party.

GOING CONCERN

Our business activities, together with the factors likely to affect our future development, performance and position are set out in the Strategic Report on pages 5 to 22.

In determining whether our financial statements can be prepared on a going concern basis, our Directors considered the Group's business activities, together with the factors likely to affect our future development and performance. The review also included our financial position and cash flows. The key factors considered by the Directors were:

- the strength of our balance sheet, including cash raised by our initial public offering, or IPO, and in the Offering that closed on 4 February 2015;
- the implications of the economic environment and potential future uncertainties on the Group's turnover and profits;
- the impact of the competitive environment within which we operate; and
- the potential actions that could be taken in the event that turnover is worse than expected to limit the impact on our results of operations and cash flows.

As of the date of this report, our Directors have a reasonable expectation that we have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

AUDITOR

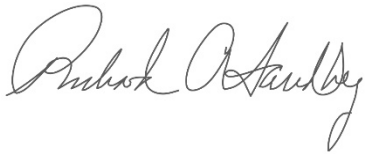
A resolution to reappoint Ernst & Young LLP will be proposed at the forthcoming Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all necessary steps in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

The Directors' Report was approved by the Board on 17 April 2015.

On behalf of the board



Richard A Sandberg
Chairman
21 April 2015

INTRODUCTION

Oxford Immunotec Global PLC was incorporated on 16 August 2013. Oxford Immunotec Global PLC on behalf of itself and its subsidiaries, Oxford Immunotec Limited, Oxford Immunotec Inc., Oxford Immunotec K.K., Oxford Immunotec Asia Limited, Oxford Immunotec (Shanghai) Medical Device Co. Ltd., and Boulder Diagnostics Europe GmbH (which may be referred to as "the Group", "we", "us" or "our") is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2014 (the "Regulations").

We are a global, commercial-stage diagnostics company focused on developing and commercializing proprietary tests for the management of immune-regulated conditions. Our proprietary T-SPOT®[1] technology platform allows us to measure the responses of specific immune cells to inform the diagnosis, prognosis and monitoring of patients with immune-regulated conditions. Our current development activities are principally focused on four areas: chronic infections, transplantation, autoimmune and inflammatory disease and immune-oncology. We believe these areas are particularly attractive for the development of diagnostic tests because they involve large patient populations and chronic conditions that present the opportunity for both initial diagnosis and additional testing to monitor the conditions. These immune-regulated conditions also tend to be characterized by wide variation in presentation and progression and often require expensive therapies, making diagnostic tests that can better categorize patients and inform treatment pathways particularly useful. We believe the sensitivity of our T-SPOT technology platform, which can measure T cell and innate immune cell responses at a single cell level, well position us to bring new insights into the diagnosis, prognosis and monitoring of immune-regulated conditions.

We believe the annual global market opportunity for our T-SPOT.*TB* test is well in excess of $1 billion, assuming we can largely displace the Tuberculin skin test, or TST, in the developed world. We believe the global market opportunity for our products directed to transplantation and autoimmune-inflammatory disease to be in excess of $2 billion, although our market sizing estimates remain preliminary. We have not yet sized the market opportunity for our technology in immune-oncology given the early stage of this program.

We are a global business with 240 employees, including sales and marketing teams, on three continents, and laboratories in the United Kingdom and the United States. In 2014, we sold to customers in over 50 countries. The United States is a principal market for us, representing 46% of our turnover for the year ended 31 December 2014. Our current customer base includes more than 1,000 active customers, consisting of hospitals, public health departments, commercial testing laboratories, importers and distributors.

[1] "T-SPOT®," "T-Cell *Xtend*®," "Oxford Diagnostic Laboratories®," "ODL®," "SpiroFind®", the Oxford Immunotec logo, our laboratory logo and other marks are our trademarks. Solely for convenience, trademarks and trade names referred to in this Annual Report on Form 10-K, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

REVIEW OF THE BUSINESS

Overview

The initial product we have developed using our T-SPOT technology platform is our T-SPOT.*TB* test, which is used to test for TB infection. Our T-SPOT.*TB* test has been approved for sale in over 50 countries, including the United States, where we have received premarket approval (PMA) from the United States Food and Drug Administration (FDA), in Europe, where we have obtained a CE mark, as well as in Japan and China. Our T-SPOT.*TB* test has been included in clinical guidelines for TB screening in at least 17 countries, including the United States, several European countries and Japan. In addition, we have established reimbursement for our test in the United States, as well as a current procedural terminology (CPT[2]) code that is unique to our test. Outside the United States, we have established reimbursement in several countries where reimbursement applies, including Japan, Switzerland and Germany. We have also established the cost-effectiveness of our test in several published studies.

On 31 March 2015, we announced the availability in the United States of a new test that measures the strength of a patient's cellular immune response to CMV infection. This T-SPOT.*CMV* test is available as a laboratory developed test (LDT) from the Group's Clinical Laboratory Improvements Amendment (CLIA) certified and College of American Pathologists (CAP) accredited service laboratory. While we are enthusiastic about the potential clinical utility and economic value that the T-SPOT.*CMV* test may provide in transplant medicine, we are taking a measured approach to market introduction as we await the results of two pivotal clinical studies to provide the evidence needed to drive adoption and acceptance by the medical and payor communities of this test. We expect to CE mark the test in Europe in the first half of 2015.

We also have six active development programs pertaining to new potential tests. Each program seeks to exploit our T cell and innate immune measuring technology and cover each of our four focus areas.

Our most advanced product in development is our T-SPOT.*PRT* (Panel of Reactive T-cells) test. This test, also based on our T-SPOT technology platform, assesses T cell responses to foreign tissue as a means of better informing organ rejection risk in current or potential transplant recipients. We expect to complete development of our T-SPOT.*PRT* test as an LDT in the United States, and to CE mark the test in Europe, in the second half of 2015. We are currently conducting a pivotal clinical study to provide the evidence needed to drive adoption and acceptance by the medical and payor communities of this test. We expect to have the results of this study in 2017.

Our development pipeline also includes an assay to assess the overall competence of the T cell side of the immune system, products targeting autoimmune and inflammatory diseases, such as gout and Lyme disease, and an assay informing the efficacy of biologic therapies. We also continue to explore applications of our T-SPOT technology platform in the immune-oncology space. These products are in earlier stages of development.

We have incurred significant losses from inception and as of 31 December 2014 had an accumulated deficit of $121.8 million. We anticipate that our operating losses will continue for the next few years as we continue to invest to grow our customer base and invest in research and development to expand our product portfolio. Our turnover for the year ended 31 December 2014 was $49.5 million and for the year ended 31 December 2013 was $38.8 million. Our net loss for the year ended 31 December 2014 was $22.2 million and for the year ended 31 December 2013 was $8.7 million.

On 2 October 2013, we completed a Scheme of Arrangement, which was approved by the High Court of Justice in England and Wales. Prior to the Scheme of Arrangement, our business was conducted by Oxford Immunotec Limited and its consolidated subsidiaries. Following the Scheme of Arrangement, our business has been conducted by Oxford Immunotec Global PLC and its consolidated subsidiaries, including Oxford Immunotec Limited. The financial information presented in this Strategic Report includes the results of Oxford Immunotec Limited and its consolidated subsidiaries for the period prior

[2] CPT is a registered trademark of the American Medical Association.

to the completion of the Scheme of Arrangement, as well as the results of Oxford Immunotec Global PLC and its consolidated subsidiaries for the period after completion of the Scheme of Arrangement.

On 21 November 2013, our initial public offering (IPO) was declared effective by the United States Securities and Exchange Commission. Net proceeds from the IPO were approximately $63.9 million, after deducting underwriting discounts and commissions and estimated offering expenses.

On 31 July 2014, we acquired substantially all of the assets of Boulder Diagnostics, Inc., or Boulder, a privately owned company developing immunology-based assays for autoimmune and inflammatory conditions/diseases. The assets acquired primarily relate to assays for Lyme disease and gout, and an assay to inform the efficacy of biologic therapies. Each product opportunity has the potential to address key unmet clinical needs and is well suited to the Group's growing commercial infrastructure. As part of the transaction, Boulder transferred to us all shares of capital stock in its wholly-owned subsidiary, Boulder Diagnostics Europe GmbH, such that the Group became the sole owner of Boulder Diagnostics Europe GmbH. During the fourth quarter of 2014, the Group closed the facilities that had been used by Boulder and consolidated the research and development activities that had been performed at those locations to the Group's Abingdon, U.K. and Memphis, Tennessee facilities. As a result of these actions, Boulder Diagnostics Europe GmbH is no longer required and we have commenced the process to dissolve Boulder Diagnostics Europe GmbH.

There can be no assurance that we will be able to successfully develop and complete the development or commercialization of the products that we acquired in the Boulder acquisition. Further, even if we are able to profitably commercialize the underlying product candidates, there is no guarantee that we will be able to do so before any competitors develop and commercialize similar products.

DEVELOPMENT AND PERFORMANCE DURING THE YEAR

Turnover

We generate turnover from sales associated with our T-SPOT technology platform via our direct sales force and also through distributors. Our T-SPOT.*TB* test is our first commercialized product based on this platform.

Turnover mix

We currently offer our T-SPOT.*TB* test in either an *in vitro* diagnostic kit or a service format. In the former, we sell test kits and associated accessories to distributors for resale and directly to institutions and laboratories that perform TB testing. In the latter, we have established clinical testing laboratories in the United States and the United Kingdom, where we perform our T-SPOT.*TB* test on samples sent to us by customers. In these markets, we have found that many customers prefer to send samples to us rather than perform their own analysis on-site.

Our U.S. business derived 96% of turnover from our service offering for each of the years ended 31 December 2014 and 2013, which reflects our experience that U.S. customers prefer to send interferon-gamma release assay, or IGRA, tests out for processing and analysis rather than run them in-house. For the majority of our U.S. customers in the hospital and public health segments, TB testing programs are funded primarily from institutional budgets. We receive payment from these customers according to our pre-negotiated prices. For other segments of the U.S. market (notably, for example, the physicians' office segment), third-party reimbursement is often available to cover the cost of our T-SPOT.*TB* test.

Turnover mix (continued)

Outside the United States, we derived 91% and 90% of our turnover from the sale of our *in vitro* diagnostic kits and associated accessories for the years ended 31 December 2014 and 2013, respectively. For the majority of our customers outside the United States, we primarily negotiate pricing directly with our customers; our prices are influenced to some degree by the mechanism and level of funding our customers receive for performing tests for TB infection.

	Year ended 31 December	
	2014	2013
	$000s	$000s
Turnover		
Product	25,407	19,905
Service	24,098	18,879
Total turnover	49,505	38,784

Turnover by geography

We market our T-SPOT.*TB* test directly in the United States, certain European countries and Japan. We sell through distributors in other parts of the world. We intend to expand our sales and marketing staff globally and establish additional distributor relationships outside of our direct markets to better access international markets.

The following table reflects product turnover by geography (United States, Europe and rest of world, or Europe & ROW, and Asia) and as a percentage of total product turnover, based on the billing address of our customers.

	Year ended 31 December			
	2014		2013	
	$000s	%	$000s	%
Turnover				
United States	22,537	46%	17,345	45%
Europe & ROW	7,219	14%	7,157	18%
Asia	19,749	40%	14,282	37%
Total turnover	49,505	100%	38,784	100%

In 2014, we created new subsidiaries in Hong Kong and Shanghai, further expanding our presence in Asia.

Diagnostic products such as ours are subject to periodic re-registration in China. We completed the re-registration process for our T-SPOT.*TB* test with the China Food and Drug Administration (CFDA) effective 11 December 2014. The registration will remain in effect until 2019.

Our turnover is denominated in multiple currencies. Sales in the United States and China are denominated in U.S. Dollars. Sales in Europe & ROW are denominated primarily in Pounds Sterling and Euros. Sales in Japan are denominated in Yen. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States, the United Kingdom and Japan. We operate globally and therefore changes in foreign currency exchange rates may become material to us in the future due to factors beyond our control.

Cost of sales and operating expenses

Cost of sales and gross margin

Cost of sales consists of direct labour expenses, including employee benefits and share-based remuneration expenses, overhead expenses, material costs, cost of laboratory supplies, freight costs, royalties paid under license agreements, U.S. medical device excise tax and depreciation of laboratory equipment and leasehold improvements. During the years ended 31 December 2014 and 2013, our cost of sales represented 49% and 48%, respectively, of our total turnover.

	Year ended 31 December	
	2014	2013
	$000s	$000s
Cost of sales		
Product	11,225	8,475
Service	12,784	10,125
Total cost of sales	24,009	18,600

Our gross profit represents total turnover less the cost of sales, and gross margin is gross profit expressed as a percentage of total turnover. Our gross margins were 52% for each of the years ended 31 December 2014 and 2013. We expect our overall cost of sales to increase in absolute U.S. Dollars as we continue to increase our volume of kits manufactured and tests performed. However, we also believe that we can achieve certain efficiencies in our manufacturing and laboratory operations, through these increased volumes that could help maintain or improve our overall margins.

With respect to the following discussion of expenses, sales and marketing expenses is simply another name for distribution costs. Administrative expenses include both research and development and general and administrative expenses. One of the drivers of increased expenses in 2014 was share-based compensation, which increased to $2.5 million in 2014 from $140,000 in 2013. This increase resulted from the higher valuation calculated for options issued in early 2014, following our IPO in November 2013. Also, beginning in 2014, certain employees were issued restricted shares.

Research and development expenses

Our research and development efforts have historically focused on developing multiple new diagnostic tests that use our quantitative T-cell measurement technology, including assays that would help transplant physicians better manage patients at risk of rejection and infection. We have expanded our research and development efforts since our initial public offering in November 2013 and, with the Boulder acquisition, we are expanding our research and development efforts to include the development of immunology-based assays for autoimmune and inflammatory conditions/diseases.

Our research and development expenses include costs associated with performing research, development, clinical and regulatory activities and validating improvements to our technology and processes for the purposes of enhancing product performance. Research and development expenses include personnel-related expenses, including share-based compensation, fees for contractual and consulting services, clinical trial costs, travel costs, laboratory supplies, amortization, depreciation, rent, insurance, repairs and maintenance. In June 2014, we hired a Chief Medical Officer, or CMO. Since joining the Group, the CMO has supported the continued growth of our T-SPOT.*TB* business and expanded the team focused on the development of new products through management of clinical trial programs. In addition, we are expanding our research and development efforts in the U.K. and in Memphis, Tennessee. We expense all research and development costs as incurred.

Research and development expenses increased in 2014 primarily due to development project expenses related to our transplant program, to the hiring of personnel in the United States to support development programs and to new projects acquired in the Boulder acquisition.

Sales and marketing expenses

Our sales and marketing expenses include costs associated with our sales organization, including our direct sales force and sales management, and our marketing, customer service and business development personnel. These expenses consist principally of salaries, commissions, bonuses and employee benefits for these personnel, including share-based compensation, as well as travel costs related to sales, marketing, customer service activities, medical education activities and overhead expenses. We expense all sales and marketing costs as incurred.

We continue to expand our operations in Asia. During 2014, we established two new subsidiaries in Asia: Oxford Immunotec Asia Limited, located in Hong Kong, and Oxford Immunotec (Shanghai) Medical Device Co. Ltd., located in Shanghai. In addition, we are expanding our sales force in Japan.

We expect our sales and marketing costs to increase, as we expand our sales force, business development activities, geographic presence, and marketing and medical education programs to increase awareness and adoption of our current T-SPOT.*TB* test and future products.

General and administrative expenses

Our general and administrative expenses include costs for our executive, accounting and finance, legal, information technology, or IT, and human resources functions. These expenses consist principally of salaries, bonuses and employee benefits for the personnel included in these functions, including share-based compensation and travel costs, professional services fees, such as consulting, audit, tax and legal fees, costs related to our Board of Directors, general corporate costs, overhead expenses, and bad debt expense. We expense all general and administrative expenses as incurred.

Our general and administrative expenses have increased primarily due to the costs of operating as a public company, such as additional legal, accounting and finance, and corporate governance expenses, including expenses related to compliance with the Sarbanes-Oxley Act, directors' and officers' insurance premiums, and investor relations expenses.

Other operating income (expense)

Other operating income (expense) includes interest expense, net, foreign exchange losses, and other income and expense items.

Monetary assets and liabilities that are denominated in foreign currencies are remeasured at the period-end closing rate with resulting unrealized exchange fluctuations. Realized exchange fluctuations result from the settlement of transactions in currencies other than the functional currencies of our businesses. The functional currencies of our businesses are U.S. Dollars, Pounds Sterling, Euros and Yen, depending on the entity.

Results of operations

Comparison of years ended 31 December 2014 and 2013

The following table sets forth, for the periods indicated, the amounts of certain components of our Consolidated Income Statement and the percentage of total turnover represented by these items, showing period-to-period changes:

	Year ended 31 December					
	2014		2013		Change	
	Amount	% of turnover	Amount	% of turnover	Amount	%
	$000s		$000s		$000s	
Product	25,407	51%	19,905	51%	5,502	28%
Service	24,098	49%	18,879	49%	5,219	28%
Turnover	49,505	100%	38,784	100%	10,721	28%
Cost of sales						
Product	11,225	23%	8,475	22%	2,750	32%
Service	12,784	26%	10,125	26%	2,659	26%
Cost of sales	24,009	49%	18,600	48%	5,409	29%
GROSS PROFIT	25,496	52%	20,184	52%	5,312	26%
Distribution costs	25,487	51%	13,270	34%	12,217	92%
Administrative expenses	21,947	44%	13,811	36%	8,136	59%
Other operating income	(245)	N/A	(92)	N/A	(153)	166%
Operating expenses	47,189	95%	26,989	70%	20,200	75%
OPERATING LOSS	(21,693)	(44)%	(6,805)	(18)%	(14,888)	219%
Interest payable and similar charges	(327)	(1)%	(1,767)	(5)%	1,440	(81)%
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(22,020)	(44)%	(8,572)	(22)%	(13,448)	157%
Taxation	(154)	N/A	(92)	N/A	(62)	67%
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(22,174)	(45)%	(8,664)	(22)%	(13,510)	156%

Turnover

Turnover increased by 28% to $49.5 million for the year ended 31 December 2014 compared to $38.8 million for the same period in 2013. This increase in turnover was due to an increase in volumes across all regions where we sell our T-SPOT.*TB* test. Asia turnover grew by 38%, to $19.7 million, compared to the same period in 2013, due primarily to higher turnover in China and Japan. U.S. turnover grew by 30%, to $22.5 million, compared to the same period in 2013, driven by growth of $2.5 million from the addition of new customers and $2.7 million from existing customers. Europe & ROW turnover grew by 1%, to $7.2 million, compared to the same period in 2013.

	Year ended 31 December		Change	
	2014	2013	Amount	%
	$000s	$000s	$000s	
Turnover				
Product	25,407	19,905	5,502	28%
Service	24,098	18,879	5,219	28%
Total turnover	49,505	38,784	10,721	28%

	Year ended 31 December		Change	
	2014	2013	Amount	%
	$000s	$000s	$000s	
Turnover				
United States	22,537	17,345	5,192	30%
Europe & ROW	7,219	7,157	62	1%
Asia	19,749	14,282	5,467	38%
Total turnover	49,505	38,784	10,721	28%

Cost of sales and gross margin

Cost of sales increased by 29% to $24.0 million for the year ended 31 December 2014 from $18.6 million in the same period in 2013. This increase in cost of sales was due to the increased volume of kits sold and an increase in volume of tests sold through our laboratories in the United States and the United Kingdom. Gross margin for 2014 and 2013 was essentially flat at approximately 52%.

	Year ended 31 December		Change	
	2014	2013	Amount	%
	$000s	$000s	$000s	
Cost of sales				
Product	11,225	8,475	2,750	33%
Service	12,784	10,125	2,659	26%
Total cost of sales	24,009	18,600	5,409	29%

Distribution costs

Distribution costs, or sales and marketing expenses, increased 92% to $25.5 million for the year ended 31 December 2014 from $13.3 million for the same period in 2013. The increase reflects an increase in sales personnel and in personnel-related costs for higher commissions on increased sales and for hiring of sales, marketing, administrative and technical support personnel in our office in Japan. As a percentage of total turnover, sales and marketing expenses increased to 51% for the year ended 31 December 2014 from 34% for the same period in 2013.

Administrative expenses

Administrative expenses include both research and development and general and administrative expenses.

Research and development expenses increased by 228% to $7.0 million for the year ended 31 December 2014 from $2.1 million for the same period in 2013. This increase was primarily related to development project expenses related to our transplant program and to the hiring of personnel in the United States to support development programs. In addition, with the acquisition of Boulder in the third quarter of 2014, we have expanded our research efforts to include assays for Lyme disease and gout and an assay to inform decisions regarding biologic therapies. In addition, we restructured the operations of Boulder to integrate them into our existing operations. This restructuring, which included the termination of 4 employees, the relocation of 3 employees, the closing of excess facilities, and related costs, resulted in a restructuring charge of $182,000 that has been recorded in research and development expenses. As a percentage of total turnover, research and development expenses increased to 14% for the year ended 31 December 2014 from 6% for the same period in 2013.

General and administrative expenses increased by 28% to $14.9 million for the year ended 31 December 2014 from $11.7 million for the same period in 2013. The increase reflects the increased regulatory costs of being a public company and increases in personnel-related costs associated with increases in our legal, accounting and finance, IT, corporate development and human resources headcount, and consulting costs to support our growth. As a percentage of total turnover, general and administrative expenses were 30% for the years ended 31 December 2014 and 2013.

Interest payable and similar charges

Interest payable and similar charges, net was $0.3 million for the year ended 31 December 2014 as compared to $1.8 million for the same period in 2013. The 2014 expense consisted of mainly of foreign exchange losses. The 2013 expense consisted of foreign exchange losses, interest expense on our term debt and revolving credit facilities and other expenses. We repaid the borrowings under our credit facility with Comerica Bank in May 2013 and entered into a new term loan and revolving line of credit with Square 1 Bank. This loan was repaid and the credit facility cancelled in December 2013, following our IPO.

POSITION OF GROUP AT THE YEAR END

Liquidity and capital resources

Sources of funds

Since our inception, we have incurred significant net losses and negative cash flows from operations. For the year ended 31 December 2014 we had a net loss of $22.2 million and used $20.8 million of cash for operating activities. As of 31 December 2014, we had an accumulated deficit of $121.8 million. We incurred a net loss of $8.7 million and used $5.6 million of cash for operating activities for the year ended 31 December 2013.

As of 31 December 2014, we had cash at bank and in hand of $50.6 million, which includes restricted cash of $0.4 million. In November 2013, we completed our initial public offering. Net proceeds from the IPO were approximately $63.9 million.

Subsequent events

On 31 March 2015, the Group announced the availability in the United States of a new test that measures the strength of a patient's cellular immune response to cytomegalovirus (CMV). This T-SPOT.*CMV* test is available as a Laboratory Developed Test from the Company's CLIA-certified and CAP accredited service laboratory.

On 29 January 2015, we entered into an Underwriting Agreement with a group of Underwriters, relating to an Offering of 4,255,319 ordinary shares, nominal value £0.00670, at an Offering Price to the public of $11.75 per Share. The Underwriters agreed to purchase the Shares from us pursuant to the Underwriting Agreement at a price of $11.045 per share. Under the terms of the Underwriting Agreement, we granted the Underwriters a 30-day option to purchase up to an additional 638,297 Option Shares at the Offering Price, less underwriting discounts and commissions. On 30 January 2015, the Underwriters exercised their option to purchase the Option Shares in full. The gross proceeds to us from the sale of the Shares and the Option Shares were approximately $57.5 million and we received net proceeds of approximately $53.7 million after deducting underwriting discounts and commissions and estimated aggregate offering expenses payable by us. The Offering closed on 4 February 2015.

Effective 15 January 2015, the Remuneration Committee of the Board of Directors approved grants to employees for up to 355,509 share options from the Oxford Immunotec Global PLC 2013 Share Incentive Plan. These grants were issued to employees in the first quarter of 2015.

Credit facilities

In February 2012, we entered into a loan and security agreement with Comerica Bank that provided for borrowings of up to $3.0 million initially through February 2013 and extended through May 2013. In February 2012, we borrowed $1.5 million under the credit facility. Interest accrued daily on the outstanding balance at the prime rate plus 1.5%, with a minimum of the Daily Adjusting LIBOR rate plus 2.5% per annum. The loan was secured by substantially all of our assets. This loan was repaid in May 2013.

In May 2013, we entered into a new loan and security agreement with Square 1 Bank consisting of a term loan and a revolving line of credit, and repaid the loan from Comerica Bank. The Square 1 Bank loan was secured by substantially all of our assets. Tranche A of the term loan, which was borrowed at closing, was for $6.0 million. The revolving line of credit allowed us to borrow up to $5.0 million, had a maturity date of 24 May 2015 and bore interest at 1.75% above the prime rate or 5.0% per annum, whichever was greater. The term loan was repaid and the revolving line of credit cancelled in December 2013, following the completion of our IPO.

Convertible promissory note

In October 2013, the Group issued a convertible promissory note in the amount of $5.0 million to Fosun Industrial Co., Ltd., or the Fosun Note. The Fosun Note paid interest at 8% per annum.

In the event of an IPO, the Fosun Note principal and accrued interest would automatically convert to ordinary shares at a 10% discount to the IPO offering price. Fosun also had an option to elect, prior to 1 July 2014, to require the Group to create and then convert the Fosun Note to H preferred ordinary shares or pay in full all principal and interest outstanding on or before 1 July 2016. In the event of an IPO, the shares would be subjected to restrictions prohibiting sale or transfer of more than one-third of the shares each year for the first three years following the offering.

The feature which required automatic conversion upon an IPO was a redemption feature that met the definition of an embedded derivative requiring bifurcation from the Fosun Note. The Group determined there was no initial fair market value of the liability.

In connection with the Group's IPO in November 2013, the Fosun Note and interest of approximately $50,000 converted into 467,551 of the Group's ordinary shares at a price per share which reflected a 10% discount to the IPO offering price of $12.00 per share. Upon conversion of the Fosun Note to ordinary shares, the derivative liability terminated. In connection with the IPO the Group marked the embedded derivative to market and recorded a $561,000 loss on the change in the fair value of the instrument.

Summary of cash flows

Cash flows for the years ended 31 December 2014 and 2013

Operating activities

Net cash used in operating activities was $20.8 million during the year ended 31 December 2014, which included a net loss of $22.2 million, non-cash items of $4.3 million, and a net increase in operating assets less liabilities of $2.9 million. The non-cash items consisted of share-based compensation expense of $2.5 million, depreciation and amortization expense of $1.7 million, and a $22,000 loss on the change in fair value of warrants. We had a net cash outflow of $2.9 million from changes in operating assets and liabilities during the period. The changes in operating assets and liabilities included an increase in accounts receivable of $2.3 million, an increase in inventory of $1.2 million, and an increase in prepaid expenses and other assets of $0.6 million, partially offset by an increase in accounts payable and accrued liabilities of $0.7 million, and an increase in deferred income of $0.6 million. The increase in accounts receivable primarily reflects increased revenue during the year ended 31 December 2014, as well as the timing of receipts. Inventory has been increasing in anticipation of growing revenue and the increase in prepaid expenses and other assets reflects the timing of certain payments. The increase in accounts payable and accrued liabilities was largely due to the timing of payments. The increase in deferred income relates to the growth in sales to our Japanese wholesaler.

Net cash used in operating activities was $5.6 million during the year ended 31 December 2013, which included a net loss of $8.7 million, non-cash items of $2.1 million, and a net decrease in operating assets less liabilities of $1.0 million. The non-cash items consisted of depreciation and amortization expense of $1.1 million, a $0.6 million loss on change in fair value of a derivative instrument, a $0.3 million loss on change in fair value of warrants, and share-based remuneration expense of $0.1 million. We had a net cash inflow of $1.0 million from changes in operating assets and liabilities during the period. The significant items in the changes in operating assets and liabilities included an increase in accounts payable and accrued liabilities of $3.4 million, a decrease in accounts receivable of $0.6 million, and an increase in deferred income of $0.6 million, partially offset by an increase in inventory of $2.8 million and an increase in prepaid expenses and other assets of $0.9 million. The increase in accounts payable and accrued liabilities was primarily related to higher operating expenses due to growth in our business. The decrease in accounts receivable reflected the timing of significant payments from our Asian customers. The increase in deferred income related to the growth in sales to our Japanese wholesaler. Inventory increased in anticipation of growing turnover and the increased prepaid expenses and other assets reflected increased value added tax (VAT) receivables in the United Kingdom and increased deferred cost of sales due to increased shipments to Japan.

Investing activities

Net cash used in investing activities was $5.0 million and $1.8 million for the years ended 31 December 2014 and 2013, respectively. The higher net cash used in the year ended 31 December 2014 related primarily to $1.7 million used in the acquisition of Boulder, net of cash acquired. In addition, there was a $1.2 million increase in purchases of property and equipment in the period compared to the same period in 2013, a $168,000 decrease in the reduction in cash pledged as security in connection with our facilities leases in the year ended 31 December 2014 compared to the same period in 2013, and there was a $149,000 increase in purchases of intangible assets.

Financing activities

Net cash used in financing activities was $151,000 during the year ended 31 December 2014.

Net cash provided by financing activities was $70.7 million during the year ended 31 December 2013, consisting primarily of $63.9 million raised in our IPO, after deducting underwriting discounts and commissions, and offering expenses.

Operating and capital expenditure requirements

We have not achieved profitability on a quarterly or annual basis since our inception and we expect to incur net losses in the future. We expect that our operating expenses will increase as we continue to invest to grow our customer base, expand our marketing and distribution channels, hire additional employees and increase product development expenditures. Additionally, as a public company, we incur significant audit, legal and other expenses. We believe that our existing capital resources will be sufficient to fund our operations for the next few years.

Our future capital requirements will depend on many factors, including:

- our ability to continue to penetrate our existing market and new markets in the United States;
- the costs and timing of further expansion of our sales and marketing efforts;
- our ability to penetrate existing markets outside the United States and enter and develop new geographies;
- the progress that we make in developing new products based on our platform technology;
- the percentage of sales that are reimbursed by payors and our ability to collect our accounts receivable;
- our ability to generate cash from operations; and
- the acquisition of businesses or technologies that we may undertake.

KEY PERFORMANCE INDICATORS

The Group's key financial and other performance indicators during the year were as follows:

	2014	2013	Change %
	$000s	$000s	
Turnover	49,505	38,784	28%
Operating loss	(21,693)	(6,805)	219%
Adjusted EBITDA	(17,664)	(6,008)	194%
Number of employees	240	157	53%

We believe that Adjusted EBITDA provides useful information to investors in understanding and evaluating our operating results in the same manner as our management and Board of Directors. Our presentation of Adjusted EBITDA may vary from others in the industry. Our use of Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results of operations. For example, Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters that we consider not to be indicative of our ongoing operations. Following is a reconciliation from net loss to Adjusted EBITDA:

	Year ended 31 December	
(in thousands)	**2014**	**2013**
Net loss	$ (22,174)	$ (8,664)
Taxation expense	154	92
Bank interest	52	279
Fosun note	—	49
Depreciation and amortization*	1,742	1,101
EBITDA	(20,226)	(7,143)
Reconciling items:		
Share-based remuneration expense	2,521	140
Unrealized exchange (gains) losses	(53)	155
Loss on change in fair value of warrants	22	279
Loss on change in fair value of derivative instrument	—	561
Change in fair value of contingent purchase price consideration	72	—
Adjusted EBITDA	$ (17,664)	$ (6,008)

* 2013 adjustment for depreciation and amortization restated from $1,392, as a result of a late adjustment not reflected in the prior year's statutory accounts.

Turnover increased by 28% in the year reflecting an increase in volumes across all the regions where we sell our test. Asia revenue grew by 38%, to $19.7 million, compared to the same period in 2013, due primarily to higher revenue in China and Japan. U.S. revenue grew by 30%, to $22.5 million, compared to the same period in 2013, driven by growth of $2.5 million from the addition of new customers and $2.7 million from existing customers. Europe & ROW revenue grew by 1%, to $7.2 million, compared to the same period in 2013.

Loss from operations for 2014 increased by 197% compared to 2013 and loss from Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) for 2014 increased by 194% compared to 2013. See the discussion under "Results of operations" on pages 11 through 13 of this Strategic Report regarding the main drivers to the increases in loss from operations and Adjusted EBITDA for 2014 compared to 2013.

The number of employees at 31 December 2014 has increased by 53% over the number of employees at 31 December 2013 due to the growth in our operations.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial

We have a history of losses and anticipate that we will incur continued losses for at least the next few years. We cannot be certain that we will achieve or sustain profitability.

Commercialization

We are currently a single-product company that is heavily dependent on the successful further commercialization of our T-SPOT.*TB* test and, if we encounter delays or difficulties in the further commercialization of this product, our business could be harmed. Further, our success depends on continued demand for diagnostic products for tuberculosis. Tuberculosis screening policies could change such that tests are conducted less frequently or in fewer instances. If there are widespread testing policy changes that substantially reduce testing in the markets we serve, our business could be materially and adversely affected.

Sales and Distribution

We face significant challenges and risks in managing our geographically dispersed sales and distribution network and retaining the individuals who make up that network. If a substantial number of our direct sales representatives were to leave us within a short period of time, or if a substantial number of our independent distributors were to cease to do business with us within a short period of time, our sales could be adversely affected.

Customers

Certain of our customers account for a significant portion of our turnover. In the event that any significant customer substantially reduces its purchases of our products, our results of operations could be materially and adversely affected.

Reimbursement and billing

Billing complexities associated with obtaining payment or reimbursement for our tests may negatively affect our turnover, cash flow and profitability. Health insurers and other payors may decide not to cover, or may discontinue reimbursing, our T-SPOT.*TB* test or any other diagnostic tests we may develop in the future, or may provide inadequate reimbursement, which could jeopardize our ability to expand our business.

Suppliers

We depend upon a limited number of suppliers, and certain components of our product may only be available from a sole source or limited number of suppliers. Even if the key components that we source are available from other parties, the time and effort involved in obtaining any necessary regulatory approvals for substitutes could impede our ability to

replace such components timely or at all. The loss of a sole or key supplier would impair our ability to deliver products to our customers in a timely manner, adversely affect our sales and operating results and negatively impact our reputation.

Facilities

We currently perform our tests for our service offering exclusively in one laboratory facility in the United States and one laboratory in the United Kingdom. If these or any future facilities or our equipment were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed. We maintain insurance coverage against damage to our property and equipment and business interruption and research and development restoration expenses to manage this risk.

Regulatory

Our T-SPOT.*TB* test is, and any new product candidates will be, subject to extensive government regulations related to development, testing, manufacturing and commercialization in the United States and other countries before we can sell in these markets. The process of obtaining and complying with governmental regulatory approvals and regulations is costly, time consuming, uncertain and subject to unanticipated delays.

In addition, some international jurisdictions, such as China, require periodic recertification. Even if we obtain initial certifications from regulatory bodies, we may lose certification after a periodic review. Failure to maintain requisite certifications from regulatory bodies would adversely affect our ability to generate future turnover and operating income.

If we are unable to comply with the requirements of the Clinical Laboratory Improvement Amendments, or CLIA, and state laws governing clinical laboratories or if we are required to expend significant additional resources to comply with these requirements, the success of our business could be threatened.

Intellectual property

In developing, manufacturing and using our T-SPOT.*TB* test, we employ a variety of proprietary and patented technologies, including technologies we license from third parties. We have licensed, and expect to continue to license, various other technologies and methods. We cannot provide any assurance that the intellectual property rights that we own or license provide protection from competitive threats or that we would prevail in any challenge mounted to our intellectual property rights. In addition, we cannot provide any assurances that we will be successful in obtaining and retaining licenses or proprietary or patented technologies in the future. Further, our products may infringe the intellectual property rights of others and we may be unable to secure necessary licenses to enable us to continue to manufacture or sell our products.

Risk in relation to the use of financial instruments

We are exposed to market risks in the ordinary course of our business. These market risks are principally limited to interest rate fluctuations, capital market fluctuations, and foreign currency exchange rate fluctuations, as discussed below.

Interest rate fluctuations

Changes in the general level of U.S. and European interest rates expose the Group to interest rate risk. These changes could affect our interest income and interest expense. However, our cash and cash equivalents are invested in interest-bearing savings and money market accounts and we do not enter into investments for trading or speculative purposes. Therefore, we do not believe capital market fluctuations would have a material effect on the fair market value of our portfolio. In addition, we do not currently have any debt and so there is no interest rate risk related to interest expense.

Capital market fluctuations

Our cash and cash equivalents are invested in interest-bearing savings and money market accounts. We do not enter into investments for trading or speculative purposes. We do not believe capital market fluctuations would have a material effect on the fair market value of our portfolio.

Foreign currency exchange rate fluctuations

We are exposed to foreign exchange rate risk. Because we currently operate in three major regions of the world, the United States, Europe & ROW, and Asia, our turnover is denominated in multiple currencies. As we continue to grow our business outside the United States, our results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. To date, we have not entered into any foreign currency hedging contracts although we may do so in the future.

Credit risk

In the year ended 31 December 2014, the Group had two product customers that represented more than 10% of the Group's annual turnover. The Group's Chinese distributor, Shanghai Fosun Long March Medical Science Co. Ltd. represented 17% of annual turnover and the Group's Japanese importer, Riken Genesis Co., Ltd. represented 14% of annual turnover. Credit risk across the remainder of our customer base is reduced by the large number of customers with relatively small balances.

Our customer base consists of hospitals, public health departments, commercial testing laboratories, importers and distributors. To date, we have had minimal experience with bad debts.

Going Concern

Our financial position, including our cash flows and liquidity position, are fully described in the consolidated financial statements. Having reviewed cash flow forecasts for the 12 month period following the date of signing the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements.

DESCRIPTION OF STRATEGY

Our objective is to increase adoption of our T-SPOT.*TB* test for screening and detecting persons infected with TB infection. To achieve this objective, our strategy is to:

- Accelerate our penetration into proven markets in the United States. We intend to continue to invest in our direct sales and customer service teams to increase our capacity to cover the hospital and public health segments, which have primarily supported our success to date. In addition, we expect to continue building upon our marketing and medical education programs to increase awareness and understanding of the advantages of our T-SPOT.*TB* test over the TST, including by leveraging scientific publications, such as the SWITCH study results.
- Expand into other markets in the United States. We intend to increase our presence in other market segments where feasible, including physicians' offices, universities, chronic care facilities and the military. We are building a direct sales team and investing in marketing activities targeting physicians' offices.
- Expand our sales presence outside the United States. We intend to continue making investments to expand our sales presence and marketing teams, particularly in Europe and Japan. In 2014, we opened an office in Shanghai, China and intend to establish a presence in select additional geographies to accelerate test adoption in countries where we already have regulatory approval.
- Expand our addressable market outside the United States. We intend to continue to invest in opening up new markets by gaining additional regulatory approvals. In addition, we intend to continue to invest to develop markets in which we already have regulatory approval through generating the data to yield supportive guidelines and reimbursement.
- Launch new diagnostic tests. We plan to leverage our proprietary T-SPOT technology platform, domain expertise in immunology, lab and commercial infrastructure, regulatory experience and customer relationships to launch new immunology-based diagnostic tests.

BUSINESS MODEL

Under our flexible business model, we currently offer our T-SPOT.*TB* test in either an *in vitro* diagnostic kit or a service format. In the former, we sell test kits and associated accessories to laboratories for them to perform the testing themselves. In the latter, we have established clinical testing laboratories in the United States and the United Kingdom, where we perform our T-SPOT.*TB* test on samples sent to us by customers. In these markets, we have found that many customers prefer to send samples to us rather than perform their own analysis on-site. We market our service offering under the name Oxford Diagnostic Laboratories, or ODL.

Our ODL service is typically comprised of the following steps:

- The customer draws a blood sample and places it in a pre-paid, re-usable, specialized shipping container that we provide, along with a completed test requisition form.
- The sample is picked up by our designated courier (although customers can also drop off samples themselves to courier locations) and shipped overnight.
- When the package arrives at our ODL facilities, we unpack and enter the sample data into our laboratory information system, or LIS. The LIS assists us in sample processing and tracking and provides various automation options for result delivery and invoicing.
- We process the sample and, once the test is complete, we report the results back to the customer and submit an invoice to the customer or, in certain cases, to a patient's insurance provider. We have various mechanisms for customers to order and receive their results according to their preference, including fax, encrypted e-mail, web-portal or an interface with their electronic medical records system.

We have developed our next generation T-SPOT.*TB* test, which incorporates automation at every step of the test, and it was validated for use in our Memphis ODL facility during 2015. Automation will make the test less costly to run at our own ODL facilities in Memphis, TN and Oxford, UK. Our kit customers may likewise benefit from this fully automated solution for their T-SPOT.*TB* test needs.

Although primarily designed for use in detecting LTBI, our test can also be used to assist in the diagnosis of active TB disease, particularly in suspected cases where conventional diagnostic methods such as chest x-ray or sputum smear are inconclusive. Because infection is a pre-requisite for disease, ruling out LTBI can aid physicians in diagnosing a different disease or condition. Our test has been included in guidelines in several countries for this purpose, such as those from the Netherlands, France, Ireland and Italy.

Our approximately 35,000 square foot U.S. ODL facility is located in Memphis, Tennessee, approximately ten miles from the FedEx global headquarters and sorting facility. We use FedEx as our courier for samples in the United States and have negotiated discounted shipment rates that our customers are able to take advantage of via our pre-paid specialized shipping containers. We believe that our location gives our laboratory the competitive advantage, being able to access almost all parts of the continental United States with a patient-to-lab time of typically less than 20 hours. In addition, we believe it gives us market access and convenience advantages because customers can use our service wherever there is a FedEx pick-up or drop-off location. Further, as we typically receive the majority of our packages from FedEx's sort facility at 4 a.m., Memphis time, each morning we are able to achieve turnaround times that we believe are substantially quicker than other competing laboratories. Our U.S. ODL facility is College of American Pathologists accredited and has obtained the necessary Clinical Laboratory Improvement Amendments, or CLIA, registrations to accept samples from all 50 states.

Our U.K. ODL facility is located in an approximately 3,500 square foot laboratory facility in Abingdon, England. We use DX, which is the same courier used by U.K. National Health Service institutions, as our primary courier in the United Kingdom. Our U.K. lab is accredited to the ISO17025 quality standard.

ENVIRONMENTAL MATTERS

Our operations require the use of hazardous materials, which, among other matters, subjects us to a variety of federal, state, local and foreign environmental, health and safety laws, regulations and permitting requirements, including those relating to the handling, storage, transportation and disposal of biological and hazardous materials and wastes. The primary hazardous materials we handle or use include human blood samples and solvents. Some of the regulations under the current regulatory structure provide for strict liability, holding a party liable for contamination at currently and formerly owned, leased and operated sites and at third-party sites without regard to fault or negligence. We could be held liable for damages and fines as a result of our, or others', operations or activities should contamination of the environment or individual exposure to hazardous substances occur. We could also be subject to significant fines for failure to comply with applicable environmental, health and safety requirements. We cannot predict how changes in laws or development of new regulations will affect our business operations or the cost of compliance.

GREEN HOUSE GAS REPORT

Our greenhouse gas emission estimates for 2014 and 2013 have been prepared in accordance with the U.K. Government's Department for Environment, Food and Rural Affairs (Defra) guidance document Environmental Reporting Guidelines: Including Mandatory GHG emissions reporting guidance from June 2013:

Greenhouse gas emissions for the Group

Source	**Tonnes carbon dioxide equivalent (tCO2-e)**	
	Year ended 31 December	
	2014	2013
Estimated greenhouse gas emissions from our own activities, including the combustion of fuel and the operation of our facilities	2,672.15	— *
Estimated greenhouse gas emissions from purchased electricity, heat, steam or cooling for own use	694.83	635.65
Total estimated greenhouse gas emissions	**3,366.98**	**635.65**
Intensity ratio: Total greenhouse gas emissions per $1m turnover	68.01	16.39

* 2013 data for this item was unavailable.

Our reporting boundary has been determined using the "Operational Control' approach. Reportable activity data has been captured based on our internal systems. Standard emission factors from Defra's GHG Conversion Factor Repository were applied to estimate emissions. 2013 was the first year we reported our greenhouse gas emission estimate. No emissions estimate has been made for any previous years.

Electricity usage at our leased facilities in the United States and the United Kingdom drive the majority of our greenhouse gas emissions. Our estimate reflects use of coolant gasses for refrigeration purposes at our laboratories in Memphis and Abingdon, with our records indicating no leakage causing greenhouse gas emissions during 2014 or 2013.

Some activity data relating to emissions from our reportable activities were not recorded and consequently were unavailable. This includes fuel used for back-up generators at our laboratories, and electricity usage at our Japanese office facility. It was impractical for us to obtain these data for our 2014 or 2013 greenhouse gas emission estimates. We believe the missing data result only in immaterial under-estimation of the reported greenhouse gas emission estimates.

EMPLOYEES

As of 31 December 2014, we had 240 employees including our Chief Executive Officer who is also a Statutory Director. None of our employees is represented by a labour union. However, we have one employee in Belgium covered under a collective bargaining agreement. We have not experienced any work stoppages and we believe our employee relations are good.

Meetings are held with employees to discuss the operations and progress of the business and employees are encouraged to become involved in the success of the Group through share option schemes (see Note 21 – Share Based Payments). Board members interact with employees of all Group affiliates and regularly visit the Group's facilities, thereby providing opportunities to engage in meaningful discussions with employees at all levels within the organisation. Our employee bonus schemes, based on the performance of the business, remain in place.

Diversity

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age. A breakdown of the employment statistics as at 31 December is as follows:

Position	Male	Female	Total
Group Director [(1)]	6	1	7
Senior Manager	14	1	15
Other Employees	103	121	224
Total Employees [(2)]	117	122	239

(1) Includes our Chief Executive Officer
(2) Excludes our Chief Executive Officer

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

Social Community and Human Rights

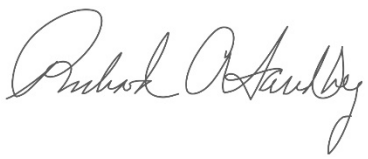
The Group endeavours to impact positively on the communities in which it operates. The Group does not, at present, have a specific policy on human rights. However, we have several policies that promote the principles of human rights. We will respect the human rights of all our employees, including:

- Provision of a safe, clean working environment,
- Ensuring employees are free from discrimination and coercion
- Not using child or forced labour
- Respecting the rights of privacy and protecting access and use of employee personal information.

We also have an equal opportunities policy and a dignity at work policy, both of which promote the right of every employee to be treated with dignity and respect and not to be harassed or bullied on any grounds.

The Strategic Report was approved by the Board on 17 April 2015.

On behalf of the board



Richard A Sandberg
Director
21 April 2015

Directors' Remuneration Report
The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Remuneration Committee Chairman's Annual Statement

Dear Shareholder:

On behalf of the Board of Directors of Oxford Immunotec Global PLC, I am pleased to present the Directors' Remuneration Report. Shareholders will be invited to approve the Annual Report on Remuneration (which will be a non-binding advisory vote) at the annual general meeting of Shareholders to be held on 9 June 2015.

Period Covered by the Directors' Remuneration Report

The Directors' Remuneration Report that follows is for the full year period of 1 January 2014 through 31 December 2014.

The Remuneration Committee

The Remuneration Committee is responsible for reviewing and establishing our management remuneration policy and philosophy, including determining and approving the remuneration of the chief executive officer and other executives who comprise our senior management team. While the full Board of Directors sets director remuneration, the Committee makes recommendations on such matters to the Board of Directors.

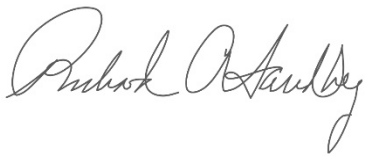
Philosophy

We seek to attract and retain outstanding employees, who have the potential to achieve consistently strong results for shareholders, and to attract and retain non-executive directors who can substantially contribute to our success as an innovative diagnostics company operating in a global environment. Given that most of our senior executives and most of our non-executive directors live and work in the United States, and the fact that we are listed on a U.S. stock exchange, we assess the competitiveness of our policies primarily against U.S. benchmarks and practices.

Business strategy during 2014

Our primary goals in 2014 were to grow revenues, improve gross margin and make significant progress in achieving our product development objectives. 2014 was a year of investment of the proceeds of our successful initial public offering to continue to grow the Group and enhance shareholder value.

The remuneration awarded to our chief executive officer for 2014 reflects his excellent performance that enabled us to substantially achieve our corporate goals. The new remuneration arrangements adopted in 2015 recognize past accomplishments as well as the greater demands placed on our chief executive officer going forward.



Richard A Sandberg
Chairman of the Remuneration Committee
21 April 2015

PART I - ANNUAL REPORT ON REMUNERATION

Certain information provided in this part of the Directors' Remuneration Report is subject to audit.

The following sections are not subject to audit:

- performance graph;
- percentage change in remuneration of director undertaking the role of CEO;
- relative importance of spend on pay;
- statement of implementation of remuneration policy in the current financial year;
- consideration by directors of matters relating to directors remuneration; and
- statement of voting results at the annual general meeting.

The Remuneration Committee presents the Annual Report on Remuneration, which will be put to shareholders for a non-binding vote at the annual general meeting to be held on 9 June 2015.

Single Total Figure on Remuneration – Executive Directors

All amounts disclosed in USD

Executive Director - Peter Wrighton-Smith(1)	Base Salary	Taxable Benefits	Annual Cash Incentive(2)	Equity-Based Awards(3)	Matching of Voluntary Pension Contributions and other items	Total
2014	406,827	859(4)	157,004(5)	1,234,867(6)	27,998(7)	1,827,555
2013(8)	124,930	292(9)	124,025(10)	248,788(11)	6,247(12)	504,282

(1) Remuneration paid to and amounts paid for benefits provided for Dr Wrighton-Smith is denominated in Pounds Sterling. Amounts paid as remuneration and benefits in 2013 and 2014 have been converted based on the U.S. Dollar/Pound Sterling exchange rate in effect as of 31 December 2013 and 31 December 2014, respectively.

(2) Amounts recorded here reflect cash received or receivable in the reported year for the achievement of performance measures and targets in the reported year.

(3) Amounts recorded here reflect the cash equivalent of equity awards that have vested in the reported year. Under the Group's Share Incentive Plans, option awards generally vest monthly over a 48 month period and are not subject to performance requirements. The cash equivalent of option awards is calculated by multiplying the number of options that vest each month by the market value of the Group's shares on the date of vesting minus the exercise price of the options. The cash equivalent of restricted share awards is calculated by multiplying the number of restricted shares which became unrestricted during the year by the market value of the Group's shares on the date the restriction on the shares lifted.

(4) Taxable benefits provided for Dr Wrighton-Smith to which the Group contributes include the costs of private health insurance coverage in the amount of $742 and $117 paid to Dr Wrighton-Smith for making a blood donation for use in the Group's research and development work.

(5) The annual cash incentive was determined based upon performance in 2014, and paid in 2015.

Single Total Figure on Remuneration – Executive Directors (Continued)

(6) The amount reported equals the cash equivalent of options that vested during the reported period. Because the option awards vested monthly, the cash equivalent was determined by multiplying the number of options that vested each month by the market value of the Group's shares on the date of vesting, minus the exercise price of the options, and then summing the products during the reported period. The fair market value of ordinary shares was deemed to be the closing price as reported by NASDAQ on the vesting date or, if vesting occurred on a date when the market was not open, the preceding business day. None of the restrictions on Dr Wrighton-Smith's restricted share awards lapsed during the reported period. The amount reported was not realized by Dr Wrighton-Smith in the reported period as the vested options were not exercised during the period.

(7) The amount reported equals 5% of Dr Wrighton-Smith's base salary. Five percent is the maximum employer matching contribution to each employee's participation in the basic defined contribution pension scheme. However, Dr Wrighton-Smith has elected to participate in a voluntary salary exchange scheme which reduces the amount of his base salary from that shown above and results in all employer tax and national insurance savings on account of the reduction also being contributed to Dr Wrighton-Smith's pension account. The effects of the voluntary salary exchange participation are reflected in the table. The amount also includes less than $500 in benefits available to other employees.

(8) The Group was incorporated on 16 August 2013. Therefore, remuneration for 2013 is shown on the basis of the time period 16 August 2013 through 31 December 2013.

(9) Taxable benefits provided for Dr Wrighton-Smith to which the Group contributes include the costs of private health insurance coverage in the amount of $271 and $21 paid to Dr Wrighton-Smith for making a blood donation for use in the Group's research and development work.

(10) The annual cash incentive was determined based upon performance in 2013, and paid in 2014. Given that the Group was in existence for only a portion of 2013, the amount recorded reflects the portion of the annual cash incentive award earned during the time period 16 August 2013 through 31 December 2013. The amount of annual cash incentive awarded in respect of the entire 2013 performance was $330,430, as reported in the 2013 Directors' Remuneration Report.

(11) The amount reported equals the cash equivalent of options that vested during the reported period. Because the option awards vested monthly, the cash equivalent was determined by multiplying the number of options that vested each month by the market value of the Group's shares on the date of vesting, minus the exercise price of the options, and then summing the products during the reported period. For the portion of the reported period that the Group was private, the fair market value of ordinary shares on certain vesting dates was deemed to be the valuation of the shares on that date, as determined by an independent valuation firm retained by the Group. For the period when the Group was publicly traded, the fair market value of ordinary shares was deemed to be the closing price as reported by NASDAQ on the vesting date or, if vesting occurred on a date when the market was not open, the preceding business day. The amount reported was not realized by Dr Wrighton-Smith in the reported period as the vested options were not exercised during the period. The 2013 amount has been restated to be consistent with the current presentation. In preparing the 2014 Directors' Remuneration Report, the Group formally adopted a methodology for the calculation of the cash equivalent value of equity awards that vested during the reported period that is consistent with current guidance regarding the reporting and calculation for this value. The Group has restated the 2013 value using this methodology to provide a more suitable basis of year over year comparison. The cash equivalent amount of equity-based awards in respect of 2013 was originally disclosed as $391,330 in the 2013 Directors' Remuneration Report.

(12) The amount reported equals 5% of Dr Wrighton-Smith's base salary for the portion of the year during which the Group was in existence. Five percent is the maximum employer matching contribution to each employee's participation in the basic defined contribution pension scheme. However, Dr Wrighton-Smith has elected to participate in a voluntary salary exchange scheme which reduces the amount of his base salary from that shown above and results in all employer tax and national insurance savings on account of the reduction also being contributed to Dr Wrighton-Smith's pension account. The effects of the voluntary salary exchange participation are not reflected in the table.

Base Salary

The annual rate of base salary reflected in the table above for 2014 for Dr Wrighton-Smith became effective on 1 January 2014 and was awarded for his role as the chief executive officer of a public company. Base salary levels are customarily reviewed and, to the extent deemed appropriate, adjusted as of 1 January of each year.

Taxable Benefits

Generally, Dr Wrighton-Smith participates in the same benefits we offer to all our employees in the United Kingdom, where Dr Wrighton-Smith resides.

Annual Cash Incentive

For the 2014 year, the target annual cash incentive for Dr Wrighton-Smith was based 70% on achievement of corporate objectives and 30% on achievement of individual objectives. The corporate objectives included revenue goals and other financial metrics. For 2014, our corporate goals were achieved at 70%. The individual objectives included targets relative to strengthening our organization, improving our strategic position, completing specific projects and improving the Group's capital position. In early 2015, the Remuneration Committee conducted an assessment of Dr Wrighton-Smith's performance for the 2014 year, including the extent to which the various goals established for him had been achieved. Based upon his performance, the Remuneration Committee determined that Dr Wrighton-Smith had accomplished 94% of his individual goals.

The Board of Directors has considered whether it would be in the best interests of the Group and its shareholders to disclose the precise targets agreed for each of the performance measures in 2014 or the weightings given to those targets. As specific corporate objectives for a single year are designed based on the Group's long-term strategies, the Board of Directors concluded that disclosing such targets and weightings for 2014 would necessarily involve divulging competitively sensitive information, even after our financial year results have been published. We believe disclosure would be detrimental to our commercial performance going forward and, therefore, we are providing only the categories of objectives, not the precise targets. Likewise, the Board of Directors concluded that disclosure of the specific individual objectives for the year and the weighting of those objectives would involve the release of competitively sensitive information.

The Committee has established corporate objectives for the 2015 year as well as individual objectives for Dr Wrighton-Smith for the year. As with the 2014 year, 70% of Dr Wrighton-Smith's target annual cash incentive is to be measured based on attainment of corporate objectives. The corporate objectives include targets for revenues and other financial metrics, together with product development and quality goals. The individual objectives for the year include defined goals for strengthening our organization, improving our strategic position, completing specific projects and expanding the Group's profile and shareholder base in the capital markets.

Single Total Figure on Remuneration – Non-Executive Directors

All amounts paid and disclosed in USD

Non-Executive Director	Basic Retainer	Retainer for Chairman	Retainer for Committee Service	Retainer for Committee Chairperson	Retainer for Secretary to the Board	Total Cash Remuneration	Equity-Based Awards(1)	Total
Richard A. Sandberg, Chairman								
2014	35,000	65,000	—	—	—	100,000	103,238(2)	203,238
2013(3)	30,434(4)	7,066	—	—	—	37,500	38,560(2)	76,060
Stephen L. Spotts								
2014	35,000	—	12,500	—	—	47,500	122,420(2)	169,920
2013(3)	10,461(5)	—	1,359	—	—	11,820	23,621(2)	35,441
Nigel A. Pitchford(6)								
2014	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—
Herm Rosenman								
2014	35,000	—	5,687	15,000	—	55,687	18,145(7)	73,832
2013(8)	3,804	—	544	1,630	—	5,978	— (9)	5,978
Patricia Randall(10)								
2014(11)	19,327	—	—	—	15,797	35,124	125,043(12)	160,167
2013	—	—	—	—	—	—	—	—
James Tobin								
2014(13)	2,948	—	948	—	—	3,896	— (14)	3,896
2013	—	—	—	—	—	—	—	—
Michael Steinmetz(15)								
2014	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—
Vijay Lathi (16)(17)								
2014	—	—	—	—	—	—	—	—
2013	—	—	—	—	—	—	—	—

(1) All equity awards made in 2014 were made pursuant to the Director Remuneration Policy approved by the Group's shareholders at the 2014 annual general meeting. Under this policy, directors receive an initial award of 14,914 options which vests in equal parts at the following three annual general meetings of shareholders and an annual award of 7,457 options which vests in full at the following annual general meeting. Equity awards made to non-executive, independent directors during the period of time when the Group was private were made under our 2008 Amended and Restated Share Incentive Plan, with all awards approved by the Remuneration Committee.

Single Total Figure on Remuneration – Non-Executive Directors (Continued)

(2) The value of the equity-based awards reported in the table is the product of the number of shares subject to option that vested during the reported period multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the options, rounded to the nearest dollar. The fair market value of ordinary shares was deemed to be the closing price of our shares as reported by NASDAQ on the vesting date or, if a vesting date occurred on a date when the market was not open, the preceding business day. During the period when the Group was private, the fair market value of ordinary shares on certain vesting dates was deemed to be the valuation of the shares on that date, as determined by an independent valuation firm retained by the Group. No portion of the options awarded to Messrs. Sandberg and Spotts in 2014 vested during the reported period. The amounts reported reflect the value of the option awards made to Messrs. Sandberg and Spotts during the period the Group was private. Those awards vest monthly over a 48-month period. The amount of remuneration reported in this column was not realized by either Mr. Sandberg or Spotts in the reported period because these options were not exercised in that period. In preparing the 2014 Directors' Remuneration Report, the Group formally adopted a methodology for the calculation of the cash equivalent value of equity awards that vested during the reported period that is consistent with current guidance regarding the reporting and calculation for this value. The Group has restated the 2013 values using this methodology to provide a more suitable basis of year over year comparison. The cash equivalent amount of equity-based awards in respect of 2013 was originally disclosed in the 2013 Directors' Remuneration Report as $42,184 for Mr. Sandberg and as $25,927 for Mr. Spotts.

(3) The Group was incorporated on 16 August 2013. Therefore, remuneration for 2013 is shown on the basis of the time period 16 August 2013 through 31 December 2013.

(4) During the period when the Group was private, Mr. Sandberg was compensated pursuant to an existing service agreement, which provided for the payment of an annual retainer of $100,000. During the period when the Group was publicly traded, Mr. Sandberg was compensated in accordance with the Director Remuneration Policy. The amount reported reflects $26,630 for service when the Group was private and $3,804 for the basic retainer in the reported period when the Group was publicly traded.

(5) During the period when the Group was private, Mr. Spotts was compensated pursuant to an existing service agreement, which provided for the payment of an annual retained of $25,000. During the period when the Group was publicly traded, Mr. Spotts was compensated in accordance with the Director Remuneration Policy. The amount reported reflects $6,657 for service in the reported period when the Group was private and $3,804 for the basic retainer in the reported period when the Group was publicly traded.

(6) Dr Pitchford was affiliated with a major investor and therefore received no remuneration from the Group for his service as a Director.

(7) The value of the equity-based awards reported is the product of number of shares subject to option that vested during the reported period multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the option, rounded to the nearest dollar. One-third of Mr. Rosenman's initial option award and his first annual option award vested on the day of the 2014 annual general meeting of shareholders. The amount of remuneration reported in this column was not realized by Mr. Rosenman in the reported period because these options were not exercised in that period.

(8) Mr. Rosenman was appointed as a non-executive director on 30 October 2013. He did not receive any remuneration for service for the period when the Group was private. The amounts reported represent remuneration for service from 22 November 2013 through 31 December 2013.

(9) No portion of the initial option award or annual option award made upon Mr. Rosenman's appointment to the Board of Directors vested during the reported period.

(10) Ms. Randall was elected to the Board of Directors on 12 June 2014. She did not receive remuneration for service as a director prior to election and received an initial option award and an annual option award on the date of her election to the Board of Directors.

(11) Ms. Randall was elected to our Board of Directors on 12 June 2014. As a result, data shown pertains only to 2014.

Single Total Figure on Remuneration – Non-Executive Directors (Continued)

(12) The value of the equity-based awards reported in the table is the product of number of shares subject to option that vested during the reported period multiplied by the fair market value of the shares as of the date of vesting minus the exercise price of the options, rounded to the nearest dollar. The fair market value of ordinary shares was deemed to be the closing price of our shares as reported by NASDAQ on the vesting date or, if a vesting date occurred on a date when the market was not open, the preceding business day. No portion of the initial option award or annual option award made upon Ms. Randall's election to the Board of Directors vested during the reported period. The amounts reported reflect the value of the option awards made to Ms. Randall before she was appointed as a director of the Group. Those awards vest monthly over a 48-month period. Ms. Randall exercised 8,650 options during the reported period and realized approximately $50,000 from the sale of a portion of the shares obtained through exercise. The remainder of the amount of remuneration reported in this column was not realized by Ms. Randall in the reported period because the remaining options were not exercised in that period.

(13) Mr. Tobin was appointed to the Board of Directors on 1 December 2014 and received an initial option award and an annual option award on the date of his appointment.

(14) No portion of the initial option award or annual option award made upon Mr. Tobin's appointment to the Board of Directors vested during the reported period.

(15) Mr. Steinmetz was a member of the Board of Directors from 16 August 2013 through 12 June 2014. He chose not to sit for re-election as a member of the Board of Directors and, therefore, his service on our Board of Directors ended on 12 June 2014. During his tenure, Mr. Steinmetz was affiliated with a major investor and therefore received no remuneration from the Group for his service as a Director.

(16) Mr. Lathi was a member of the Board of Directors from 16 August 2013 through 12 June 2014. He chose not to sit for re-election as a member of the Board of Directors and, therefore, his service on our Board ended on 12 June 2014. During his tenure, Mr. Lathi was affiliated with a major investor and therefore received no remuneration from the Group for his service as a Director.

(17) Dr Rainer Strohmenger and Dr Jonathan Gee served as Directors during the period in 2013 when the Group was private. They resigned from the Board of Directors effective 22 November 2013. During their tenure, Drs Strohmenger and Gee were affiliated with major investors and therefore received no remuneration from the Group for their service as Directors.

Statement of Directors' Shareholdings and Share Interests

The table below shows, for each person who served as a Director of the Group during 2014, the total number of shares owned, the total number of share options and the number of share options vested but unexercised, all as of 31 December 2014 (or such earlier date as the Director resigned), as well as share options exercised during the portion of the year when the Group was in existence. The table only reflects shares held individually by the Director, not those held by any investment fund with which the Director is affiliated.

Name of Director	Shares Held	Share Options Held	Vested Share Options (1)	Options Exercised
Executive Director				
Peter Wrighton-Smith	431,181(2)	398,830	244,259(3)	—
Non-Executive Directors				
Richard A. Sandberg	51,174	24,107	11,751(3)	—
Stephen L. Spotts	—	37,016	27,460	—
Herm Rosenman	—	29,828	12,428	—
Michael Steinmetz	—	N/A	N/A	N/A
Vijay Lathi	—	N/A	N/A	N/A
Nigel A. Pitchford	—	—	N/A	N/A
Patricia Randall	3,650	64,686	33,771	8,650
James R. Tobin	—	22,371	—	—

(1) Vested Share Options are a subset of Share Options Held

(2) This amount includes 75,440 restricted share awards.

(3) The option awards reported vest monthly from the vesting start date over 48 months.

Summary of Equity-Based Awards made during the financial year 2014

The table below presents information on share option awards made to Directors during the year.

Director	Date of Award	Number of Shares Covered	Face Value of Award (3)
Patricia Randall	12 June 2014	14,914 (1)	251,450
Patricia Randall	12 June 2014	7,457 (2)	125,725
James R. Tobin	1 December 2014	14,914(1)	194,180
James R. Tobin	1 December 2014	7,457(2)	97,090

(1) This award was an initial award made in connection with commencement of service as a Director. The award will vest in three equal installments on each of the next three annual general meetings of shareholders, subject to continued service.

(2) This award was the first annual award made in connection with commencement of service of a Director. The award will vest at the 2015 annual general meeting of shareholders, subject to continued service.

(3) The face value represents the number of shares covered by the award times the exercise price of the award, which was the fair market value of the shares on the date of grant. No value can be realized unless there is an increase in the value of the shares following the date of the award. Further no value can be realized until the options are vested and exercised.

Payments made to past directors

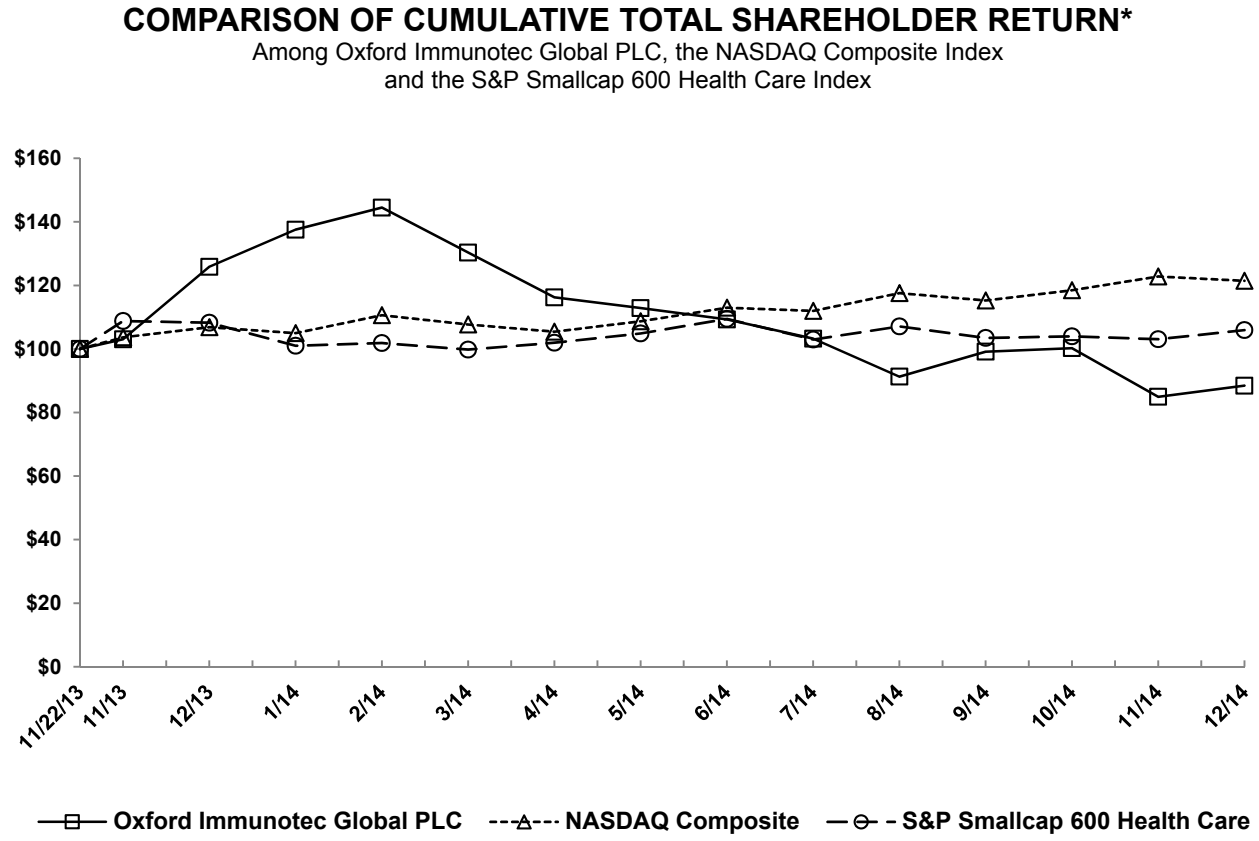
In 2014, we made no payments to former directors of the Group.

Payments for loss of office

In 2014, we made no payments with respect to a director's loss of office.

Percentage Change in Remuneration of Director Undertaking the Role of CEO

Because the Group was not in existence prior to 16 August 2013, we are not providing a year over year comparison of the percentage increase of the remuneration of the CEO to the remuneration of the employees of the Group as a group. Further because the Group has only been in existence since 16 August 2013, the Group cannot set forth a performance graph depicting total shareholder return over a five-year period. Set forth below is a graph that compares the cumulative total shareholder return on our ordinary shares with that of the Nasdaq Composite Index and the S & P Smallcap 600 Healthcare Index. The comparison assumes that $100.00 was invested at the close of the market on 22 November 2013 in our ordinary shares or on 31 October 2013 in the Nasdaq Composite Index and the S & P Smallcap 600 Healthcare Index, and assumes reinvestment of dividends, if any. The performance graph is based on historical results and is not intended to suggest future performance.



*$100 invested on 11/22/13 in ordinary shares or 10/31/13 in index, including reinvestment of dividends.
Fiscal year ending December 31.

Relative Importance of Spend on Pay

We are not including any data on this item for the 2014 Annual Remuneration Report because the Group was not in existence for the entire year in 2013 and, therefore, the comparative data cannot be presented. The Group intends to include comparative data setting out the relative importance of spend on pay in its Annual Remuneration Report for 2015.

Statement of Implementation of Remuneration Policy in the Current Financial Year

There have been no changes to the Directors' Remuneration Policy as adopted at the 2014 annual general meeting of shareholders. In 2015, the Group intends to continue to adhere to the policy as adopted.

The Remuneration Committee

The Remuneration Committee is comprised of James R. Tobin, Stephen L. Spotts, Nigel A. Pitchford and the Chairman, Richard A. Sandberg. All members served during 2014 when each was a director of the Group and each has continued to serve until the date of this Annual Report on Remuneration. The charter of the Remuneration Committee is set forth in the Corporate Governance section on our website at http://investor.oxfordimmunotec.com.

Advice provided to the Remuneration Committee

Following consideration of competitor firms, the Remuneration Committee retained Radford, an Aon Hewitt company, to provide independent advice and consultation with respect to remuneration arrangements for the Executive Director, senior management and other employees. Radford is a global remuneration consultant with a well-established reputation for design and implementation of remuneration programs, including the design and implementation of equity-based award programs. The amounts paid to Radford in 2014 total $33,945.

In addition to Radford, the Remuneration Committee solicited and received input from the Chief Executive Officer concerning the remuneration of senior executives other than the Chief Executive Director. The Chief Executive Officer provided recommendations with respect to annual cash incentives to be paid to these persons for service in 2014, and with respect to base salaries and equity-based awards to be made to these persons in 2015. Finally, the Chief Executive Officer also provided input to the Remuneration Committee regarding the implementation of equity-based remuneration as an element of all other employees' remuneration.

Statement of voting results

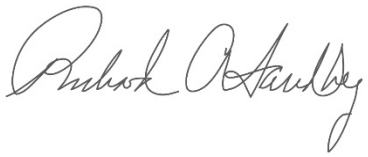
At the 2014 annual general meeting of shareholders, voting results in relation to the director remuneration report and, specifically, the director remuneration policy was as follows:

Resolution	Votes For	% of Total	Votes Against	% of Total	Votes Abstain	% of Total
Approve Directors' Remuneration Report	13,340,506	99.94	1,065	.01	6,872	.05
Approve Directors' Remuneration Policy	13,340,025	99.94	1,605	.01	6,813	.05

PART II (DIRECTORS' REMUNERATION POLICY) has been excluded from this Directors' Remuneration Report, as the last approved policy will continue to apply. This remuneration policy was approved at the Annual General Meeting held on 12 June 2014 and can be found in Annex A to our 2014 Proxy Statement in the Corporate Governance section of our website: http://investor.oxfordimmunotec.com.

Approval

This report was approved by the Board of Directors as of 17 April 2015 and signed on its behalf by:



Richard A Sandberg
Chairman
21 April 2015

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law, the Directors have elected to prepare Group financial statements under accounting principles generally accepted in the United States of America (U.S. GAAP) and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the Group or parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- Present fairly the financial position, financial performance and cash flows;
- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Make judgements and accounting estimates that are reasonable and prudent;
- Provide additional disclosures when compliance with the specific requirements in U.S. GAAP 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 whether the Group financial statements have been prepared in accordance with U.S. GAAP subject to any material departures disclosed and explained in the financial statements;
- State whether the parent company accounts have been prepared in accordance with U.K. GAAP subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are also responsible for preparing the Directors', Strategic, and Remuneration Reports in accordance with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC GLOBAL PLC

We have audited the group financial statements of Oxford Immunotec Global PLC for the year ended 31 December 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Total Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America (U.S.GAAP).

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 auditor's 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 Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the group 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 group 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 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 Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect 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 group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with accounting principles generally accepted in the United States of America (U.S.GAAP); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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

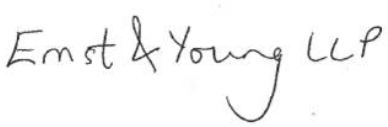
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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

Other matter

We have reported separately on the parent company financial statements of Oxford Immunotec Global PLC for the year ended 31 December 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.



Kevin Harkin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
21 April 2015

Notes:

1. The maintenance and integrity of the Oxford Immunotec Global PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

OXFORD IMMUNOTEC GLOBAL PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014

	Notes	2014	2013
		$000	$000
Product		25,407	19,905
Service		24,098	18,879
TURNOVER	2	49,505	38,784
Product		11,225	8,475
Service		12,784	10,125
Cost of sales		(24,009)	(18,600)
GROSS PROFIT		25,496	20,184
Distribution costs		25,487	13,270
Administrative expenses		21,947	13,811
Other operating income		(245)	(92)
Operating expenses		(47,189)	(26,989)
OPERATING LOSS	4	(21,693)	(6,805)
Interest payable and similar charges	3	(327)	(1,767)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(22,020)	(8,572)
Taxation	7	(154)	(92)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(22,174)	(8,664)

	Notes	2014	2013
LOSS PER SHARE			
Basic		(1.28)	(2.26)
Diluted		(1.28)	(2.26)
Weighted-average shares used to compute net loss attributable to ordinary shareholders, basic and diluted		17,310,148	3,830,837

OXFORD IMMUNOTEC GLOBAL PLC
CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
For the year ended 31 December 2014

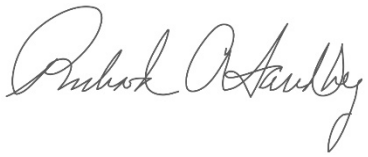
	2014	2013
	$000	$000
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	(22,174)	(8,664)
Other comprehensive loss, net of taxes:		
Foreign currency translation adjustment, net of taxes	(822)	(126)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(22,996)	(8,790)

OXFORD IMMUNOTEC GLOBAL PLC
CONSOLIDATED BALANCE SHEET
at 31 December 2014

	Notes	2014	2013
		$000	$000
ASSETS			
FIXED ASSETS			
Intangible assets	8	2,722	331
Tangible assets	9	4,537	2,964
		7,259	3,295
CURRENT ASSETS			
Stocks	10	6,425	5,450
Accounts receivable, net	14	6,823	4,754
Prepaid expenses and other assets		2,755	2,242
Debtors		9,578	6,996
Current asset investment	11	30	60
Cash at bank and in hand	12	50,557	76,943
		66,590	89,449
TOTAL ASSETS		73,849	92,744
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable		2,368	2,310
Accrued liabilities		7,070	6,936
Deferred income		1,993	1,540
Current portion of loans payable		137	170
Taxes payable		—	177
Creditors: Amounts falling due within one year	15	(11,568)	(11,133)
NET CURRENT ASSETS		55,022	78,316
TOTAL ASSETS LESS CURRENT LIABILITIES		62,281	81,611
NON-CURRENT LIABILITIES			
Long-term portion of loans payable		454	563
Other liabilities	13	1,218	296
Creditors: Amounts falling due after more than one year	17	(1,672)	(859)
TOTAL LIABILITIES		13,240	11,992
NET ASSETS		60,609	80,752

	Notes	2014	2013
		$000	$000
EQUITY			
Share capital	19	192	188
Share premium		186,816	183,967
Accumulated deficit		(121,829)	(99,655)
Accumulated other comprehensive loss		(4,570)	(3,748)
Retained earnings	20	(126,399)	(103,403)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		60,609	80,752
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		73,849	92,744

The financial statements on pages 37 to 80 were approved by the Board of Directors and authorised for issue on 17 April 2015 and are signed on its behalf by:



Richard A Sandberg
Director
21 April 2015

OXFORD IMMUNOTEC GLOBAL PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Share capital	Share premium	Retained earnings	Total
	$000	$000	$000	$000
BALANCE AT 31 DECEMBER 2012	8,182	103,380	(94,613)	16,949
Exercise of share options	1	21	—	22
Share-based payment	—	140	—	140
Other comprehensive loss	—	—	(126)	(126)
Loss for the period	—	—	(8,664)	(8,664)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	1	161	(8,790)	(8,628)
Transactions with owners in their capacity as owners:				
Issue of shares	(8,064)	11,006	—	2,942
Issue of shares in connection with initial public offering	67	63,812	—	63,879
Ordinary shares issued upon conversion of note payable and accrued interest	2	5,608	—	5,610
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	(7,995)	80,426	—	72,431
BALANCE AT 31 DECEMBER 2013	188	183,967	(103,403)	80,752
Exercise of share options	1	13	—	14
Share-based payment	—	2,521	—	2,521
Other comprehensive loss	—	—	(822)	(822)
Loss for the period	—	—	(22,174)	(22,174)
TOTAL COMPREHENSIVE EXPENSES FOR THE PERIOD	1	2,534	(22,996)	(20,461)
Transactions with owners in their capacity as owners:				
Issuance of shares from option plan	3	(3)	—	—
Issuance of shares from exercise of warrants	—	318	—	318
TOTAL TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS	3	315	—	318
BALANCE AT 31 DECEMBER 2014	192	186,816	(126,399)	60,609

OXFORD IMMUNOTEC GLOBAL PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	2014	2013
	$000	$000
OPERATING ACTIVITIES		
Net loss	(22,174)	(8,664)
Adjustments for:		
Depreciation and amortisation	1,742	1,101
Share-based compensation expense	2,521	140
Loss on change in fair value of warrants	22	279
Loss on change in fair value of derivative instrument	—	561
(Gain) on disposal of tangible fixed assets	—	(1)
Operating cash flows before movement in working capital	(17,889)	(6,584)
Accounts receivable, net	(2,311)	637
Stocks	(1,214)	(2,808)
Prepaid expenses and other assets	(594)	(881)
Accounts payable	(109)	483
Accrued liabilities	768	2,947
Deferred income	572	587
Net cash used in operating activities	(20,777)	(5,619)
INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(3,014)	(1,809)
Proceeds from sale of tangible fixed assets	—	22
Purchase of intangible fixed assets	(354)	(205)
Cash paid for acquisition, net of cash acquired	(1,716)	—
Change in restricted cash	57	225
Net cash used in investing activities	(5,027)	(1,767)
FINANCING ACTIVITIES		
Proceeds from convertible note	—	4,842
Proceeds from issue of ordinary shares	—	63,879
Proceeds from issue of preferred ordinary shares	—	2,942
Proceeds from exercise of share options	14	22
Proceeds from term loan	—	6,582
Payments on loan	(165)	(6,068)
Payments on revolving line of credit	—	(1,500)
Net cash (used in) generated from financing activities	(151)	70,699
	(25,955)	63,313
Effect of exchange rate changes on cash at bank and in hand	(374)	603
NET INCREASE IN CASH AT BANK AND IN HAND	(26,329)	63,916
CASH AT BANK AND IN HAND AT BEGINNING OF YEAR (excluding restricted cash)	76,494	12,578
CASH AT BANK AND IN HAND AT END OF YEAR (excluding restricted cash)	50,165	76,494
Supplemental disclosures		
Cash paid for interest	50	240
Cash paid for taxes	115	70
Non-cash investing and financing activities		
Fair value of warrant issued with convertible note	—	296
Conversion of note and accrued interest into ordinary shares	—	5,049
Warrants liability reclassified to share premium upon exercise of warrants	318	—

BASIS OF PRESENTATION, ACCOUNTING PRINCIPLES AND PRINCIPLES OF CONSOLIDATION

On 2 October 2013, the Group completed a Scheme of Arrangement under the laws of England and Wales, or the Scheme of Arrangement, which was approved by the High Court of Justice in England and Wales. All holders of ordinary shares, preferred ordinary shares, options and warrants exchanged their interests in Oxford Immunotec Limited for identical interests in Oxford Immunotec Global PLC. As a result of this exchange, Oxford Immunotec Global PLC is now the parent company of Oxford Immunotec Limited.

On 31 July 2014, the Group acquired substantially all of the assets of Boulder Diagnostics, Inc. (Boulder), a privately owned company developing immunology-based assays for autoimmune and inflammatory conditions/diseases. The assets acquired primarily relate to assays for Lyme disease and gout and an assay to inform decisions regarding biologic therapies.

The Directors have elected to prepare Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405 *The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012* (SI 2012 No 2405). The Directors' Report and Consolidated Financial Statements are also prepared in accordance with the Companies Act 2006.

The accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, and include the financial statements of Oxford Immunotec Global PLC, a company incorporated in England and Wales and its wholly-owned subsidiaries, collectively referred to as the Group. The financial statements include the results of Oxford Immunotec Limited and its consolidated subsidiaries for the period prior to the completion of the Scheme of Arrangement, as well as the results of Oxford Immunotec Global PLC and its consolidated subsidiaries for the period after completion of the Scheme of Arrangement. All intercompany accounts and transactions have been eliminated upon consolidation.

The Consolidated Financial Statements have been prepared for purposes of satisfying Companies Act 2006 requirements for entities domiciled in the U.K. The basis of preparation for these Consolidated Financial Statements is U.S. GAAP to the extent that the use of those principles does not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SO 2012 No 2405. The Group has mirrored the Consolidated Financial Statements and Notes thereto to the Form 10-K filed with SEC on 5 March 2015 to the extent that the Consolidated Financial Statements and Notes thereto contained in the Form 10-K do not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SI 2012 No 2405. Certain items contained in the Form 10-K for which there are SEC requirements and have no comparable requirement under the Companies Act 2006 have been removed.

The Consolidated Financial Statements include the accounts of Oxford Immunotec Global PLC and all controlled subsidiaries. All material intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements as of 31 December 2014 and for the year ended 31 December 2014, include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Group's consolidated balance sheet, income statement and cash flows for all periods presented. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Group's Annual Report on Form 10-K for the fiscal year ended 31 December 2014 filed with the U.S. Securities and Exchange Commission on 5 March 2015.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and that affect the reported amounts of turnover and expenditures during the reporting periods. Actual results could differ from those estimates and assumptions used.

FOREIGN CURRENCY TRANSLATION

The financial statements have been prepared in the functional currency for Oxford Immunotec Global PLC which is the U.S. Dollar. The functional currency for the Group's operating subsidiaries are the Pound Sterling for Oxford Immunotec Limited, the U.S. Dollar for Oxford Immunotec Inc., the Yen for Oxford Immunotec K.K., and the Euro for Boulder Diagnostics Europe GmbH. Turnover and expenses of foreign operations are translated into U.S. Dollars at the average rates of exchange during the year. Assets and liabilities of foreign operations are translated into U.S. Dollars at year-end rates. The Group reflects resulting translation gains or losses in accumulated other comprehensive income, which is a component of shareholders' equity. The Group does not record tax provisions or benefits for the net changes in foreign currency translation adjustments, as the Group intends to permanently reinvest undistributed earnings in its foreign subsidiaries.

Realized foreign currency transaction gains or losses, arising from exchange rate fluctuations on balances denominated in currencies other than the functional currencies, are included in "Interest payable and similar charges" in the consolidated statements of operations. Unrealized foreign currency transaction gains or losses are included in "Administrative expenses" in the consolidated statements of operations.

The Pound Sterling exchange rate at 31 December 2014 was 1.5575.

TURNOVER RECOGNITION

Turnover includes both product turnover and service turnover.

The Group derives product turnover from the sale of its T-SPOT.*TB* diagnostic test kits and related accessories to a broad range of customers including hospitals, public health departments, commercial testing laboratories, importers and distributors.

Product turnover is generally paid directly by the customer and is recognized on an accrual basis when the following turnover recognition criteria are met: (1) persuasive evidence that an arrangement exists; (2) the product has been shipped or delivered in accordance with the shipping terms of the arrangement; (3) the price is fixed or determinable and known at time of shipment; and (4) collectability is reasonably assured.

For products sold in Japan, the price only becomes determinable upon the wholesaler receiving a firm order from its customer and, as a result, this is when the Group recognizes turnover for such sales.

No product return rights are extended to customers of the Group.

The Group derives service turnover from its diagnostic laboratories in the United States and in the United Kingdom where the Group performs its T-SPOT.*TB* test on samples sent by customers to its laboratory facilities.

Service turnover in the United Kingdom and turnover from direct bill customers in the United States are recognized on an accrual basis when the following turnover recognition criteria are met: (1) persuasive evidence that an arrangement exists; (2) when the diagnostic result has been delivered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. This service turnover is referred to as "direct-bill" sales because the Group receives payment directly from the ordering entity.

In the United States, the Group also generates turnover from payments that are received from a variety of third-party payers, including government programs (Medicare and Medicaid) and commercial insurance companies, each with different billing requirements. Turnover from tests paid by third-party payers is recognised on an accrual basis based on the Group's historical collection experience.

Taxes assessed by governmental authorities on turnover, including sales and value added taxes, are recorded on a net basis (excluded from turnover) in the consolidated statements of operations.

COST OF SALES

Cost of product sales consists primarily of costs incurred in the production process, including costs of raw materials and components, assembly labour and overhead, quality costs, royalties paid under licensing agreements, the U.S. medical device excise tax and packaging and delivery costs.

Cost of service sales consists primarily of costs incurred in the operation of the Group's diagnostic laboratories including labour and overhead, kit costs, quality costs, consumables used in the testing process and packaging and delivery costs.

SHIPPING AND HANDLING

The Group does not normally bill its service customers for shipping and handling charges. Charges relating to inbound and outbound freight costs are incurred by the Group and recorded within cost of service sales.

The Group generally bills product customers for shipping and handling and records the customer payments as product turnover. The associated costs are recorded as cost of product sales.

CASH AT BANK AND IN HAND

The Group maintains its available cash balances in cash, U.S. government money market funds, and bank savings accounts in the United States, United Kingdom, Germany, Japan, and Hong Kong. The Group maintains deposits in government insured financial institutions in excess of government insured limits. Management believes that the Group is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

RESTRICTED CASH

As of 31 December 2014 and 2013, U.S. bank balances totaling $0.3 million and $0.4 million, respectively, were pledged as security for the Group's office and laboratory space operating leases.

As of 31 December 2014 and 2013, the Group had restricted cash in the amount of less than $0.1 million pledged as collateral for procurement cards issued by a U.S. commercial bank.

DEBTORS

Accounts receivable, net are primarily amounts due from hospitals, public health departments, commercial testing laboratories, distributors and universities in addition to third-party payers such as commercial insurance companies and government programs (Medicare and Medicaid).

Accounts receivable are reported net of an allowance for uncollectible accounts. The process of estimating the collection of accounts receivable involves significant assumptions and judgments. Specifically, the accounts receivable allowance is based on management's analysis of current and past due accounts, collection experience and other relevant information. The Group's provision for uncollectible accounts is recorded as a bad debt expense and included in general and administrative expenses. Although the Group believes amounts provided are adequate, the ultimate amounts of uncollectible accounts receivable could be in excess of the amounts provided.

STOCKS

Stock consists of finished goods and raw materials. The Group does not maintain work in progress balances as the nature of the manufacturing process does not allow for test kits to be left in a partially manufactured state.

Stock is removed at cost. Stock is stated at the lower of cost or market. Cost is determined by the actual cost of components by batch plus estimated labour and overhead costs per unit. Market value is based on an estimated selling price less any costs expected to be incurred to completion and sale. The Group reviews the components of its stock on a periodic basis for excess, obsolete or impaired stock, and records a reserve for the identified items. At 31 December 2014 and 2013, the Group determined no stock reserve was required.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost. Tangible fixed assets includes specialized shipping containers provided to customers, in the United States, for transporting samples to its laboratory for testing. Tangible fixed assets financed under capital leases are initially recorded at the present value of minimum lease payments at the inception of the lease.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Tangible fixed assets under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset. Depreciable lives range from three to ten years for laboratory equipment, office equipment and furniture and fixtures and three years for software and specialized shipping containers.

IMPAIRMENT OF FIXED ASSETS

The Group evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may be impaired, and assesses their recoverability based upon anticipated future cash flows. If changes in circumstances lead the Group to believe that any of its long-lived assets may be impaired, the Group will (a) evaluate the extent to which the remaining book value of the asset is recoverable by comparing the future undiscounted cash flows estimated to be associated with the asset to the asset's carrying amount and (b) write-down the carrying amount to market value to the extent necessary. There has been no impairment of long-lived assets to date.

BUSINESS COMBINATIONS

For acquisitions meeting the definition of a business combination, the Group allocates the purchase price, including any contingent consideration, to the assets acquired and the liabilities assumed at their estimated fair values as of the date of the acquisition with any excess of the purchase price paid over the estimated fair value of net assets acquired recorded as goodwill. The fair value of the assets acquired and liabilities assumed is typically determined by using either estimates of replacement costs or discounted cash flow valuation methods.

When determining the fair value of tangible assets acquired, the Group estimates the cost using the most appropriate valuation method with assistance from independent third party specialists. When determining the fair value of intangible assets acquired, the Group uses judgment to estimate the applicable discount rate, growth rates and the timing and amount of future cash flows. The fair value of assets acquired and liabilities assumed is typically determined by management using the assistance of independent third party specialists. The assumptions used in calculating the fair value of tangible and intangible assets represent the Group's best estimates. If factors change and the Group were to use different assumptions, valuations of tangible and intangible assets and the resulting goodwill balance related to the business combination could be materially different.

The terms of the purchase agreement with Boulder included contingent purchase price consideration consisting of future potential milestone payments totaling up to $6.1 million at any time on or prior to 31 July 31 2024. The milestone payments consist of completion of studies related to acquired technologies, development of diagnostic test kits, patient enrollment in an Institutional Review Board approved study, issuance of patents, and approvals or clearances by the U.S. Food and Drug Administration. The fair value of future potential milestone payments was determined based upon a probability weighted analysis of expected future milestone payments to be made to the seller. This analysis includes significant management judgments related to the probabilities of success assigned to the milestones and to the discount rate utilized in the calculations.

GOODWILL AND INDEFINITE-LIVED INTANGIBLE ASSETS

Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually, or when events or changes in the business environment indicate that all, or a portion, of the carrying value of the reporting unit may no longer be recoverable, using the two-step impairment review. Under this method, the Group compares the fair value of the goodwill to its carrying value. If the fair value is less than the carrying amount, a more detailed analysis is performed to determine if goodwill is impaired. An impairment loss, if any, is measured as the excess of the carrying value of goodwill over the fair value of goodwill. The Group also has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads it to determine that it is more likely than not (that is, a likelihood of more than 50%) that goodwill is impaired. If the Group chooses to first assess qualitative factors and it is determined that it is not more likely than not goodwill is impaired, it is not required to take further action to test for impairment. The Group also has the option to bypass the qualitative assessment and perform only the quantitative impairment test, which it may choose to do in some periods but not in others.

Indefinite-lived intangible assets

The Group's indefinite-lived intangible assets consist of acquired in-process research and development ("IPR&D"), related to the Group's business combination with Boulder, which were recorded at fair value on the acquisition date. IPR&D intangible assets are considered indefinite-lived intangible assets until completion or abandonment of the associated research and development efforts. IPR&D is not amortized but is reviewed for impairment at least annually, or when events or changes in the business environment indicate the carrying value may be impaired. If the fair value of the intangible asset is less than the carrying amount, the Group performs a quantitative test to determine the fair value. The impairment loss, if any, is measured as the excess of the carrying value of the intangible asset over its fair value. The Group also has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads it to determine that it is more likely than not (that is, a likelihood of more than 50%) that its indefinite-lived intangible asset is impaired. If the Group chooses to first assess qualitative factors and it is determined that it is not more likely than not its indefinite-lived intangible asset is impaired, it is not required to take further action to test for impairment. The Group also has the option to bypass the qualitative assessment and perform only the quantitative impairment test, which it may choose to do in some periods but not in others.

The determinations as to whether, and, if so, the extent to which, acquired IPR&D become impaired are highly judgmental and based on significant assumptions regarding the projected future financial condition and operating results, changes in the manner of the use and development of the acquired assets, the Group's overall business strategy, and regulatory, market and economic environment and trends.

DEFINITE-LIVED INTANGIBLE ASSETS

Intangible assets include technology licenses which are capitalized and amortized over estimated useful lives (generally in the range of five to ten years) using the straight-line method. On an ongoing basis, the Group assesses the recoverability of its intangible assets by determining its ability to generate undiscounted future cash flows sufficient to recover the unamortized balances over the remaining useful lives. Intangible assets determined to be unrecoverable are expensed in the period in which the determination is made.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group does not use derivative instruments to hedge exposures to cash flow, market, interest rate or foreign currency risks.

The Group reviews the terms of the shares and warrants it issues and its convertible promissory notes to determine whether there are embedded derivative instruments, including embedded conversion options, which are required to be bifurcated and accounted for separately as derivative financial instruments. In circumstances where the host instrument contains more than one embedded derivative instrument, including the conversion option, that is required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Bifurcated embedded derivatives are initially recorded at fair value and are then revalued at each reporting date with changes in the fair value reported as other income or expense. When equity instruments contain embedded derivative instruments that are to be bifurcated and accounted for as liabilities, the total proceeds received are first allocated to the fair value of all the bifurcated derivative instruments. The remaining proceeds, if any, are then allocated to the host instruments themselves, usually resulting in those instruments being recorded at a discount from their face value.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group measures certain financial assets and liabilities at fair value based on the price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. As of 31 December 2014 and 2013, the Group's financial instruments consist of cash and cash equivalents, accounts receivable, prepaid expenses, and other accounts payable, accrued liabilities, and loans payable. As of 31 December 2013, the Group's financial instruments also included ordinary share warrants. See Note 13, "Fair value measurement," to these consolidated financial statements for further information on the fair value of the Group's financial instruments.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include all costs associated with the development of the Group's T-SPOT technology platform and potential future products including new diagnostic tests that utilize the T-SPOT technology platform and are charged to expense as incurred. In addition, with the acquisition of Boulder in the third quarter of 2014, the Group has expanded its research efforts to include assays for Lyme disease and gout and an assay to inform decisions regarding biologic therapies. Research and development expenses include direct costs and an allocation of indirect costs, including amortisation, depreciation, rent, supplies, insurance, and repairs and maintenance.

RESTRUCTURING CHARGES

For restructuring plans meeting all of the applicable criteria of ASC 420, *Exit or Disposal Cost Obligations*, one time termination benefits will be recognized if no future service is required of former employees. Costs associated with the termination of contracts before the end of their term, where costs will continue to be incurred without economic benefit to the entity, will be recognized as liabilities and initially measured at fair value on the date the contract is terminated or when the Group is no longer using the rights conveyed under the contract. Liabilities for other costs associated with restructuring plans will be recognized in the period they were incurred (generally upon receipt of the goods or services). Restructuring charges will be included in the appropriate operating expense category in the Group's consolidated statements of operations.

TAXATION

The Group accounts for income taxes under the asset and liability method, which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of the Group's assets and liabilities and its financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses and research and development credit carry forwards. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Group adheres to the accounting guidance for uncertainties in income taxes, which prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken, or expected to be taken, in a tax return. The Group accrues for the estimated amount of taxes for uncertain tax positions if it is more likely than not that the Group would be required to pay such additional taxes. An uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Group does not have any accrued interest or penalties associated with any unrecognized tax positions for the years ended 31 December 2014 and 2013.

SHARE-BASED PAYMENTS

The Group accounts for share-based remuneration arrangements with employees, officers and Directors by recognizing compensation expense based on the grant date fair value of share-based transactions in the consolidated financial statements.

Share-based remuneration costs are based on the fair value of the underlying option calculated using the Black-Scholes option-pricing model on the date of grant for share options and recognized as expense on a straight-line basis over the requisite service period. Determining the appropriate fair value model and related assumptions requires judgment, including estimating share price volatility, expected term and forfeiture rates. The expected volatility rates are estimated based on the actual volatility of comparable public companies over a historical period equal in length to the expected term. The expected terms represent the average time that options are expected to be outstanding based on the midpoint between the vesting date and the end of the contractual term of the award. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Group has not paid dividends and does not anticipate paying cash dividends in the foreseeable future and, accordingly, uses an expected dividend yield of zero. The risk-free interest rate is based on the rate of U.S. Treasury securities with maturities consistent with the estimated expected term of the awards.
The cumulative expense recognized for share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. No expense is recognized for awards that do not ultimately vest.

Where the terms of an equity award are modified, the minimum expense recognized is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based compensation, or is otherwise beneficial to the employee as measured at the date of modification.

Where a share-based compensation award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Upon exercise, share options are redeemed for newly issued ordinary shares.

SEGMENT REPORTING

The Group operates in one operating segment. The Group's chief operating decision maker (the CODM), its chief executive officer, manages the Group's operations on an integrated basis for the purposes of allocating resources. When evaluating the Group's financial performance, the CODM reviews separate turnover information for the Group's product and service offerings and for each country, while all other financial information is on a combined basis. While the Group's principal operations and decision-making functions are located in both the United States and United Kingdom, the CODM makes decisions on a global basis. Accordingly, the Group has determined that it operates in a single reporting segment.

BASIC AND DILUTED NET LOSS PER ORDINARY SHARE

Earnings or net loss attributable to ordinary shareholders for the period, after deduction of preferred ordinary share preferences, are allocated between the ordinary shareholders and preferred ordinary shareholders based on their respective rights to receive dividends. Basic and diluted net loss per ordinary share is determined by dividing net loss applicable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. As the Group reports net losses, outstanding share options, warrants and preferred ordinary shares, have not been included in the calculation of diluted net loss attributable to ordinary shareholders per share because to do so would be anti-dilutive. Accordingly, the numerator and the denominator used in computing both basic and diluted net loss per share for each period are the same. Since the Group's participating preferred ordinary shares were not contractually required to share in the Group's losses, in applying the two-class method to compute basic net loss per share, no allocation was made to

preferred ordinary shares if a net loss existed. Prior period share and per share amounts have been adjusted to reflect the reverse share split.

ORDINARY SHARE WARRANT POLICY

Warrants to purchase the Group's ordinary shares are classified as equity unless otherwise required. Warrants issued with a down round provision, whereby the exercise price would be adjusted downward in the event that additional ordinary shares of the Group or securities exercisable, convertible or exchangeable for the Group's ordinary shares are issued at a price less than the exercise price, and are recorded as a liability and marked to market each reporting period until they are exercised, expire or otherwise extinguished. Changes in the liability during each reporting period are recorded in other (expense) income.

RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board ("FASB"), issued Accounting Standards Update, or ASU, 2014-09, *Revenue from Contracts with Customers*, or ASU 2014-09 which converges the FASB and the International Accounting Standards Board standard on revenue recognition. Under ASU 2014-09, a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This guidance will be effective for the Group for annual and interim periods beginning after 15 December 2016. Early adoption is not permitted. The guidance allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Group is currently evaluating ASU 2014-09 and has not yet determined how it may impact the Group's financial position or results of operations and related disclosures.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements - Going Concern*, or ASU 2014-15. ASU 2014-15 will be effective for fiscal years and interim periods beginning after 15 December 2016 and early application is permitted. ASU 2014-15 requires that management evaluate at each annual and interim reporting period whether there is a substantial doubt about an entity's ability to continue as a going concern within one year of the date that the financial statements are issued. The Group does not expect that the application of ASU 2014-15 will have an impact on the presentation of its results of operations, financial position or disclosures.

In November 2014, the FASB issued ASU 2014-16, *Derivatives and Hedging*, or ASU 2014-16. The objective of ASU 2014-16 is to eliminate the existing diversity in practice in accounting for hybrid financial instruments issued in the form of a share. A hybrid financial instrument consists of a "host contract" into which one or more derivative terms have been embedded. ASU 2014-16 requires an entity to consider the terms and features of the entire financial instrument, including the embedded derivative features, in order to determine whether the nature of the host contract is more akin to debt or to equity. ASU 2014-16 is effective for fiscal years and interim periods beginning after 15 December 15, with early adoption permitted. A reporting entity should apply ASU 2014-16 using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the annual period of adoption. Retrospective application is permitted to all relevant prior periods. The Group does not expect that the application of ASU 2014-16 will have an impact on the presentation of its results of operations, financial position or disclosures.

In November 2014, the FASB issued ASU 2014-17, *Business Combinations*, or ASU 2014-17. ASU 2014-17 provides guidance that allows all acquired entities to choose to apply pushdown accounting in their separate financial statements when an acquirer obtains control of them. The new guidance is effective immediately. The Group does not expect that the application of ASU 2014-17 will have an impact on the presentation of its results of operations, financial position or disclosures.

In January 2015, the FASB issued ASU 2015-01, *Income Statement—Extraordinary and Unusual Items*, or ASU 2015-01. ASU 2015-01 eliminates from GAAP the concept of extraordinary items. However, the presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. The amendments in ASU 2015-01 are effective for fiscal years, and interim periods within those fiscal years, beginning after 15 December 15. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the

fiscal year of adoption. The Group does not expect that the application of ASU 2015-01 will have an impact on the presentation of its results of operations, financial position or disclosures.
Under the U.S. Jumpstart our Business Startups Act, or the JOBS Act, emerging growth companies that become public can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we are subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

CONCENTRATION OF RISKS

The Group derives product turnover from the sale of its T-SPOT.*TB* diagnostic test kits and related accessories to a broad range of customers including: hospitals, public health departments, commercial testing laboratories, importers and distributors. Importers and distributors sell to third parties including end-user customers in specific territories.

In the year ended 31 December 2013, the Group had two product customers that represented more than 10% of the Group's annual turnover. The Group's Chinese distributor, Shanghai Fosun Long March Medical Science Co. Ltd., or Fosun, represented 17% of annual turnover and the Group's Japanese importer, Riken Genesis Co., Ltd. represented 14% of annual turnover. The loss of either of these product customers could have a material impact on the Group's operating results.

In October 2013, the Group issued a convertible promissory note in the amount of $5.0 million to Fosun Industrial Co., Ltd., (the Fosun Note). The Fosun Note paid interest at 8% per annum. In connection with the Group's IPO in November 2013, the Fosun Note and interest of approximately $50,000 converted into 467,551 of the Group's ordinary shares at a price per share which reflected a 10% discount to the IPO offering price of $12.00 per share. Upon conversion of the Fosun Note to ordinary shares, the derivative liability terminated. In connection with the IPO the Group marked the embedded derivative to market and recorded a $561,000 loss on the change in the fair value of the instrument.

INITIAL PUBLIC OFFERING (IPO) COSTS

Incremental costs incurred that were directly attributable to the November 2013 offering of securities were deferred and deducted from the related proceeds of the offering, and the net amount recorded as contributed shareholders' equity in the period when such shares were issued. As at 31 December 2013, the Group had deducted $10.1 million from the related net proceeds of the offering for underwriting and other fees. Other costs incurred in the offering of $1.9 million (which are principally related to audit and accounting expenses) in the year ended 31 December 2013, were expensed as incurred and are included in general and administrative expenses.

1 CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

We have prepared our consolidated financial statements in accordance with U.S. GAAP. Our preparation of these consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, expenses and related disclosures at the date of the consolidated financial statements, as well as turnover and expenses during the reporting periods. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could therefore differ materially from these estimates under different assumptions or conditions.

We believe the following accounting policies to be critical to the judgments and estimates used in the preparation of our financial statements.

TURNOVER RECOGNITION AND ACCOUNTS RECEIVABLE

We derive turnover from the sale of our T-SPOT.*TB* diagnostic test to a broad range of customers including hospitals, public health departments, commercial testing laboratories, importers and distributors. We offer our T-SPOT.*TB* test in either an in vitro diagnostic kit or a service format.

Turnover from tests is generally paid directly by the customer and is recognized on the accrual basis when the following turnover recognition criteria are met: (1) persuasive evidence that an arrangement exists; (2) the kit has been shipped or delivered or, in the case of tests performed in our laboratory, when final results have been reported to the customer; (3) the price is fixed or determinable; and (4) collectability is reasonably assured.

In the United States, we also generate turnover from payments that are received from a variety of third-party payors, including government programs (Medicare and Medicaid) and commercial insurance companies, each with different billing requirements. Turnover from tests paid by third-party payors is recognized on an accrual basis based on our historical collection experience.

For kits sold in Japan, we recognize turnover after delivery to the wholesaler and when the wholesaler receives a firm order from its customer at which point our price becomes determinable.

Accounts receivable are primarily amounts due from hospitals, public health departments, commercial testing laboratories, distributors and universities in addition to third party payors such as commercial insurance companies (including managed care organizations), government programs (Medicare and Medicaid in the United States) and individual patients.

Accounts receivable are reported net of an allowance for uncollectible accounts. The process of estimating the collection of accounts receivable involves significant assumptions and judgments. Specifically, the accounts receivable allowance is based on management's analysis of current and past due accounts, collection experience in relation to amounts billed, channel mix, any specific customer collection issues that have been identified and other relevant information. Our provision for uncollectible accounts is recorded as bad debt expense and included in general and administrative expenses. Although we believe amounts provided are adequate, the ultimate amounts of uncollectible accounts receivable could be in excess of the amounts provided.

INCOME TAXES

We account for income taxes under the asset and liability method, which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of our assets and liabilities and their financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing NOLs and research and development credit carry forwards. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realised.

1 CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES (CONTINUED)

We follow the accounting guidance for uncertainties in income taxes, which prescribes a recognition threshold and measurement process for recording uncertain tax positions taken, or expected to be taken, in a tax return in the financial statements. Additionally, the guidance also prescribes the derecognition, classification, accounting in interim periods and disclosure requirements for uncertain tax positions. We accrue for the estimated amount of taxes for uncertain tax positions if it is more likely than not that we would be required to pay such additional taxes. An uncertain tax position will not be recognized if it has less than a 50% likelihood of being sustained. We did not have any accrued interest or penalties associated with any unrecognized tax positions, and there were no such interest or penalties recognized during the years ended 31 December 2014 and 2013.

SHARE-BASED COMPENSATION

Share-based compensation relates to grants of options to purchase ordinary shares and restricted shares. Currently, we maintain one share incentive plan pursuant to which we may grant options to purchase our ordinary shares, restricted shares, restricted share units, and other share-based awards to our employees, directors and officers. This incentive plan is called the Oxford Immunotec Global PLC 2013 Share Incentive Plan, or the 2013 Plan. In addition, we maintain the 2008 Amended and Restated Stock Incentive Plan, or the 2008 Plan. No new share grants or awards will be made under the 2008 Plan.

We measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the award, volatility and dividend yield, and making certain assumptions about the award. We describe the assumptions and models that we use to estimate the fair value for share-based payment transactions in Note 21 to these financial statements.

We use the Black-Scholes option pricing model to value the share option awards. The Black-Scholes option pricing model requires the input of subjective assumptions, including assumptions about the expected life of share-based payment awards and share price volatility. In addition, when we were a private Group, one of the most subjective inputs into the Black-Scholes option pricing model was the estimated fair value of our ordinary shares. Due to the lack of an adequate history of a public market for the trading of our ordinary shares and a lack of adequate Group specific historical and implied volatility data, we have based our estimate of expected volatility on the historical volatility of a group of similar companies that are publicly traded. For these analyses, we have selected companies with comparable characteristics to ours including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to meet the expected life of the share-based awards. We compute the historical volatility data using the daily closing prices for the selected companies' shares during the equivalent period of the calculated expected term of our share-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own share price becomes available.

We determine the expected term for share option grants to employees based on the “simplified” method prescribed under Staff Accounting Bulletin Topic 14: Share-based Payments. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option. The risk-free interest rate is a weighted-average assumption equivalent to the expected term based on the United States Treasury yield curve in effect as of the date of grant. The assumptions used in calculating the fair value of the share-based payment awards represent our best estimate and involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use different assumptions, share-based compensation expense could be materially different in the future.

1 CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES (CONTINUED)

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or for any other contractually narrow or limited purpose.

2 TURNOVER

Geographical analysis:

	2014	2013
	$000	$000
United States	22,537	17,345
Europe and Rest of the World	7,219	7,157
Asia	19,749	14,282
	49,505	38,784

3 INTEREST PAYABLE

	2014	2013
	$000	$000
Bank interest	52	279
Debt warrants change in fair value	22	279
Fosun Note	—	49
Exchange loss on foreign currency transactions	253	599
Loss on derivative financial instrument	—	561
	327	1,767

4 OPERATING LOSS

	2014	2013
	$000	$000
This is stated after charging:		
Depreciation of tangible fixed assets	1,683	973
Research and development	7,033	2,146
Amortisation of intangible assets	43	128
Exchange losses on foreign currency transactions	352	423
Operating lease rentals - other	592	646

Amounts payable to Ernst & Young LLP and its associates in respect of both audit and non-audit services are as follows:

	2014	2013
	$000	$000
Audit services		
- Statutory audit of parent and consolidated accounts	704	504
Audit-related assurance services	—	—
Taxation compliance services	23	73
Other services supplied pursuant to legislation	1	1,669
	728	2,246

4 OPERATING LOSS (CONTINUED)

In accordance with U.K. Law requirements, the audit fee disclosures relate to audit expenses for the current year 2014 audit. This disclosure is different from the amount charged in the income statement due to the use of U.S. GAAP accounting for the preparation of the income statement. The Group has restated prior year values to represent the expenses for the 2013 audit in line with U.K. Law requirements.

Other services represent audit fees in respect of the Group's initial public offering registration statement on Form S-1.

The figures presented are for Oxford Immunotec Group PLC and subsidiaries as if they were a single entity. Oxford Immunotec Group PLC has taken the exemption permitted by SI 11/2198 to omit information about its individual accounts.

5 EMPLOYEES

	2014	2013
	No	No
The average monthly number of persons employed by the group during the year was:		
Administration and distribution	171	129
Research	30	14
	201	143

EMPLOYMENT COSTS	2014	2013
	$000	$000
Wages and salaries	21,046	16,282
Social security costs	1,556	1,015
Other pension costs	508	444
	23,110	17,741

6 DIRECTORS' EMOLUMENTS

	2014	2013
	$000	$000
Emoluments	807	305
Group pension contributions to money purchase schemes	28	6
	835	311
The number of Directors for whom retirement benefits are accruing under defined contribution scheme was:	1	1

Mr Herm Rosenman received an initial option award covering 14,914 ordinary shares and an annual option award covering 7,457 ordinary shares on 22 November 2013. In June 2013, Mr Stephen L Spotts was granted an option award covering 4,198 ordinary shares.

Ms Patricia Randall received an initial option award covering 14,914 ordinary shares and an annual option award covering 7,457 ordinary shares on 12 June 2014 and Mr James R Tobin received an initial option award covering 14,914 ordinary shares and an annual option award covering 7,457 ordinary shares on 1 December 2014.

7 TAXATION

	2014	2013
	$000	$000

CORPORATION TAX		
Foreign tax		
Japan	119	47
State	35	45
	154	92
CURRENT TAX CHARGE	154	92
DEFERRED TAX		
Deferred tax charge/(credit) current year	—	—
Tax on ordinary activities	154	92

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The Group's effective income tax rate differs from the statutory domestic (United Kingdom) income tax rate as follows for the years ended 31 December:

	2014	2013
	%	%
Income tax rate	21.5	23.3
U.K. research and development credit	1.7	—
Other	(1.2)	(0.6)
Effect of foreign tax rate differential	17.9	16.9
Valuation allowance	(40.6)	(40.6)
Effective income tax rate	(0.7)	(1.0)

The Group is headquartered in the United Kingdom and the effective U.K. corporate tax rate for the year ended 31 December 2014 was 21.5%. For the year ended 31 December 2013 the corporate tax rate was 23.3%. The U.S. federal corporate tax rate was 34% for the years ended 31 December 2014 and 2013.

7 TAXATION (CONTINUED)

Significant components of the Group's deferred tax assets are as follows for the years ended 31 December:

	2014	2013
	$000	$000
Deferred tax assets		
Long term deferred tax assets:		
U.S. federal net operating losses	24,136	16,897
State net operating loss (net of federal)	3,001	1,659
U.S. federal research and development credit	110	—
U.K. net operating loss	7,800	7,408
Share options	567	112
Accrued liabilities	97	233
Other	78	127
Short term deferred tax assets:		
Accrued liabilities	—	373
Other assets	—	9
Total deferred tax assets	35,789	26,818
Valuation allowance	(35,361)	(26,413)
Total deferred tax assets	428	405
Deferred tax liabilities		
Long term deferred tax liabilities:		
Other assets	(428)	(405)
Total deferred tax liabilities	(428)	(405)

For the years ended 31 December 2014 and 2013, the Group had United Kingdom Net Operating Losses (U.K. NOLs) of $39.0 million and $37.0 million, respectively. U.S. federal net operating loss carryforwards for the years ended 31 December 2014 and 2013 were $71.9 million and $49.7 million, respectively. U.S. State net operating loss carryforwards for the years ended 31 December 2014 and 2013 were $63.6 million and $45.1 million, respectively. The federal and state NOLs include approximately $0.8 million of deductions related to the exercise of stock options subsequent to the adoption of ASC 718, "Stock Compensation." This amount represents an excess tax benefit as defined under ASC 718 and has not been included in the gross deferred tax asset reflected for NOLs.

The U.S. federal and state net operating loss carry forwards begin to expire in 2027 and 2030, respectively and the U.K. NOLs can be carried forward indefinitely.

For financial reporting purposes, a valuation allowance has been recognized to offset the deferred tax assets related to the carry forwards. The utilization of the loss carry forwards to reduce future income taxes will depend on the Group's ability to generate sufficient taxable income prior to the expiration of the loss carryforwards. To date the Group has incurred significant operating losses. In addition, the maximum annual use of net operating losses and research credit carryforwards is limited in certain situations where changes occur in stock ownership.

7 TAXATION (CONTINUED)

The below table reflects the roll forward of the Group's valuation allowance.

Significant components of the Group's deferred tax assets are as follows for the years ended 31 December:

	2014	2013
	$	$
As at 1 January	26,413	22,929
Increase in valuation allowance	8,948	3,484
As at 31 December	35,361	26,413

The Group reviewed its historical tax filings and tax positions and has determined no material uncertain tax positions exist at 31 December 2014 and 2013. The Group continues to monitor its tax filings and positions.

The Group generates research and development credits in the United Kingdom which are refundable if a current year loss is incurred. For the years ended 31 December 2014 and 2013, no such amounts were reimbursed for research and development tax credits.

8 INTANGIBLE FIXED ASSETS

	In-process research and development	Goodwill	Intellectual property	Total
	$000	$000	$000	$000
COST				
As at 1 January 2014	—	—	1,158	1,158
Additions	2,627	55	—	2,682
Exchange adjustment	(228)	(5)	(330)	(563)
As at 31 December 2014	2,399	50	828	3,277
AMORTISATION				
As at 1 January 2014	—	—	827	827
Charge for the year	—	—	43	43
Exchange adjustment	—	—	(315)	(315)
As at 31 December 2014	—	—	555	555
NET BOOK VALUE				
As at 31 December 2013	—	—	331	331
As at 31 December 2014	2,399	50	273	2,722

The Group acquired in-process research and development (IPR&D) and recorded goodwill in conjunction with the Boulder acquisition (see Note 26 – Acquisition activity for more information).

The Group's definite-lived intangible assets include in-licensed intellectual property, principally technology licenses. During the year ended 31 December 2013, the Group capitalized a $0.2 million fee related to the assignment of certain patents to it by Isis Innovation Limited (Isis) in November 2013. The licenses are being amortized over the estimated remaining useful lives of the underlying license agreements, which range from 3 to 9 years. The Group recorded amortization expense of $43,000 for each of the years ended 31 December 2014 and 2013.

9 TANGIBLE FIXED ASSETS

	Laboratory equipment	Leasehold improvements	Office equipment, furniture and fixtures	Software	Specialised shipping containers	Total
	$000	$000	$000	$000	$000	$000
COST						
As at 1 January 2014	2,072	2,029	2,025	692	294	7,112
Exchange adjustment	(110)	(80)	(33)	(62)	—	(285)
Additions	1,124	661	610	436	502	3,333
Other	—	—	—	—	264	264
As at 31 December 2014	3,086	2,610	2,602	1,066	1,060	10,424
DEPRECIATION						
As at 1 January 2014	1,469	1,112	1,163	404	—	4,148
Exchange adjustment	(124)	(55)	(29)	(1)	—	(209)
Charge for the period	437	333	457	197	260	1,684
Other	—	—	—	—	264	264
As at 31 December 2014	1,782	1,390	1,591	600	524	5,887
NET BOOK VALUE						
As at 31 December 2013	603	917	862	288	294	2,964
As at 31 December 2014	1,304	1,220	1,011	466	536	4,537

In the prior year Financial Statements, specialised shipping containers were presented on a net basis. The 'Other' lines in the above table have been added in order to adjust for the prior year netting and to show specialised shipping containers on a gross basis as at 31 December 2014, consistent with other tangible fixed assets. There is no impact on the current year balance sheet.

For the years ended 31 December 2014 and 2013, the Group recorded depreciation expense of $1.8 million and $1.0 million, respectively. Depreciation expense includes amortization of capital leases.

Depreciable lives range from three to ten years for laboratory equipment, office equipment, leasehold improvements and furniture and fixtures and three years for software and specialized shipping containers.

For the years ended 31 December 2014 and 2013, there were no material capital leases, disposals or retirements.

10 STOCKS

	2014	2013
	$000	$000
Raw materials	3,605	2,866
Finished goods	2,820	2,584
	6,425	5,450

11 CURRENT ASSET INVESTMENTS

	2014	2013
	$000	$000
Unlisted investments	30	60

12 CASH AT BANK AND IN HAND

	2014	2013
	$000	$000
Restricted cash, current	200	87
Restricted cash, non-current	192	362
Total restricted cash	392	449
Cash and cash equivalents	50,165	76,494
	50,557	76,943

13 FAIR VALUE MEASUREMENT

As a basis for determining the fair value of certain of the Group's financial instruments, the Group utilizes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level I—Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level II—Observable inputs, other than Level I prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level III—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

This hierarchy requires the Group to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. The carrying amount of certain of the Group's financial instruments, including cash, accounts receivable, prepaid expenses and other assets, accounts payable, and accrued liabilities approximate fair value due to their short maturities.

Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to the entire fair value measurement requires management to make judgments and consider factors specific to the asset or liability.

The following tables present information about the balances of liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques it utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates, and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The Group did not have any financial assets measured at fair value on a recurring basis.

13 FAIR VALUE MEASUREMENT (CONTINUED)

		Fair Value Measurements at 31 December 2014 Using		
	31 December 2014	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Input
		(Level 1)	(Level 2)	(Level 3)
	$000	$000	$000	$000
Liabilities:				
Contingent purchase price consideration	1,218	—	—	1,218
Total	1,218	—	—	1,218

		Fair Value Measurements at 31 December 2013 Using		
	31 December 2013	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Input
		(Level 1)	(Level 2)	(Level 3)
	$000	$000	$000	$000
Liabilities:				
Ordinary share warrants	296	—	—	296
Total	296	—	—	296

In May 2013, the Group entered into a loan and security agreement with Square 1 Bank that provided for an initial borrowing of $6.0 million and, subject to the achievement of certain turnover milestones, the ability to borrow an additional $1.0 million in January 2014. The Group also received access to a $5.0 million revolving line of credit. The Group concurrently issued a warrant to purchase up to 15,791 ordinary shares of the Group at an exercise price of $0.80 per share. Due to the lack of market quotes relating to the Group's ordinary share warrants, the fair value of the warrants was determined using the Black-Scholes model, which is based on Level 3 inputs. In December 2013, the Group repaid the loan in full and canceled the line of credit.

In April 2014, Square 1 Bank converted its warrant and received 15,148 ordinary shares of the Group, in accordance with a formula stated in the warrant agreement. Prior to the warrant conversion, the fair value of the warrant was adjusted to its fair value at the date of exercise of $318,000, with the loss on change in fair value recorded in the statement of operations. The liability for the warrant on conversion was then reclassified to additional paid-in capital.

On 31 July 2014, the Group acquired substantially all of the assets of Boulder, a privately owned company developing immunology-based assays for rheumatology and infectious diseases. The terms of the purchase agreement included contingent purchase price consideration consisting of future potential milestone payments totaling up to $6.1 million at any time on or prior to 31 July 2024. The milestone payments consist of completion of studies related to acquired technologies, development of diagnostic test kits, patient enrollment in an Institutional Review Board approved study, issuance of patents, and approvals or clearances by the U.S. Food and Drug Administration. The fair value of future potential milestone payments was determined based upon a probability weighted analysis of expected future milestone payments to be made to the seller, which are considered as Level 3 inputs.

13 FAIR VALUE MEASUREMENT (CONTINUED)

The following tables provide a summary of changes in the fair value of the Group's Level 3 financial liabilities for the years ended 31 December:

	2014
	$000
Balance at 1 January 2014	296
Change in fair value of warrant liability	22
Reclassification of liability to additional paid-in capital upon exercise of warrants	(318)
Contingent purchase price consideration	1,247
Change in fair value of contingent purchase price consideration	72
Foreign currency adjustment	(101)
Balance at 31 December 2014	1,218

	2013
	$000
Balance at 1 January 2013	—
Initial fair value of warrants at issuance in May 2013	17
Change in fair value of warrant liability	279
Balance at 31 December 2013	296

14 DEBTORS

	2014	2013
	$000	$000
Accounts receivable consists of the following:		
Accounts receivable	6,937	4,919
Less allowance for uncollectible accounts receivable	(114)	(165)
	6,823	4,754
Activity for the allowance for uncollectible accounts receivable is as follows:		
Balance at beginning of period	(165)	(144)
Provision for bad debt expense	—	(124)
Write-off, net of recoveries	51	103
Balance at end of period	(114)	(165)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	$000	$000
Accounts payable	2,368	2,310
Accrued liabilities	6,025	5,907
Deferred income	1,993	1,540
Other creditors	1,045	1,029
Taxes payable	—	177
Current portion of loans payable	137	170
	11,568	11,133
Accrued liabilities and other creditors are as follows:		
Employee related expenses	3,348	2,766
Royalties	2,458	2,064
Professional services	323	99
Rent	196	366
Inventory	88	293
Accrued IPO costs	—	845
Other accrued liabilities	657	503
	7,070	6,936

16 BORROWINGS

In February 2012 the Group entered into a secured credit facility with a commercial bank that provided for borrowings of up to $3.0 million originally through February 2013 and extended through May 2013. In February 2012 the Group borrowed $1.5 million under the credit facility. Interest accrued daily on the outstanding balance at the prime rate plus 1.5% per annum, with a minimum of the Daily Adjusting LIBOR rate plus 2.5% per annum. The credit facility was secured by substantially all assets of the Group. The total amount outstanding on the facility as of 31 December 2012 was $1.5 million. As of 31 December 2012 the Group was in compliance with all financial and non-financial covenants under this credit facility. The loan was re-paid in full on 24 May 2013.

In connection with this credit facility, the Group issued a warrant to purchase up to 3,682 ordinary shares of the Group at an exercise price of $0.06705 per ordinary share. The warrant became exercisable immediately upon entering the secured credit facility and expires in February 2019. The fair value of the warrant was $3,000 at the date of grant and was determined by applying the Black-Scholes option pricing model, using the following assumptions:

	Fair value at date of grant	Valuation technique	Assumption	Input range/value
Warrant liability ($000)	$3	Black-Scholes option pricing model	Expected volatility	37.6%
			Estimated fair value of ordinary share	$0.14
			Exercise price	$0.01
			Expected term	3 yrs.
			Dividend yield	0.0%
			Risk-free interest rate	0.37%

16 BORROWINGS (CONTINUED)

In February 2012, the Group entered into an unsecured convertible note agreement with existing investors allowing the Group to borrow a total of $4.0 million. The Group issued unsecured convertible notes (the 2012 Notes) in two separate tranches of $3.0 million and $1.0 million in March 2012 and April 2012, respectively. The 2012 Notes matured four months after funding. The 2012 Notes bore interest at 10% per annum and interest was payable upon redemption or conversion.

Concurrently with the issuance of each tranche of the 2012 Notes the Group was obligated to pay the holders of the 2012 Notes a facility fee, payable in F preferred units, which consists of one F preferred ordinary share and one-third of an ordinary share per unit. The number of F Preferred Units issued was equal to 50% of the nominal amount of each tranche of the 2012 Notes, divided by $1.622, with no fractional shares issued. 137,922 F preferred ordinary shares and 45,973 ordinary shares were issued in connection with the March 2012 tranche and 45,974 F preferred ordinary shares and 15,324 ordinary shares were issued in connection with the April 2012 tranche. The fair value of the F Preferred Units on the dates of issuance totaled approximately $2.0 million. The proceeds from the 2012 Notes were allocated to the 2012 Notes and F Preferred Units based on the relative fair value of each on the issuance dates. The F Preferred Units were recorded as a discount to the 2012 Notes carrying value of $1.3 million to be amortized to interest expense over the term of the 2012 Notes.

The 2012 Notes were (1) automatically convertible upon the consummation of a qualifying equity fundraising into the class of shares to be issued to investors participating in the fundraising at the price per share at which such shares would be offered, (2) automatically convertible upon the consummation of a non-qualifying equity fundraising into either the class of shares to be issued to investors participating in the fundraising at the price per share at which such shares would be offered or F Preferred Units at a price of $10.876 per unit, as elected by holders of at least 65% of the nominal amount of outstanding notes, or (3) convertible into F Preferred Units at a price of $10.876 per unit, at the option of the holders of at least 65% of the nominal amount of outstanding notes upon the consummation of a debt fundraising.

The feature which required automatic conversion upon a qualifying or non-qualifying equity fundraising is a redemption feature that meets the definition of an embedded derivative and requires bifurcation from the 2012 Notes. The derivative was recorded as a liability with a corresponding discount to the 2012 Notes' carrying value at its fair value of $0.1 million. The discount was amortized to interest expense over the term of the 2012 Notes.

The feature which provided for the optional conversion upon the consummation of a debt fundraising represents a beneficial conversion feature. Because the beneficial conversion feature was contingent upon a future debt fundraising that was not certain to occur, the beneficial conversion feature was not recognized in these financial statements until the contingency was resolved. In June 2012 the Group closed the first tranche of the G preferred ordinary share financing round. Both tranches of the 2012 Notes were converted into a total of 350,923 shares of G preferred ordinary shares. In a conversion of a convertible bond pursuant to the original conversion terms the debt was settled in exchange for equity and no gain or loss was recognized on conversion. At the conversion date the discount on the borrowing was fully amortized. The redemption feature was adjusted to its fair value of zero upon conversion and the liability was reduced to this amount with an offsetting adjustment to interest expense.

16 BORROWINGS (CONTINUED)

In May 2013, the Group entered a loan and security agreement with a commercial bank that provided for an initial borrowing of $6.0 million and, subject to the achievement of certain turnover milestones, the ability to borrow an additional $1.0 million in January 2014. The Group also received access to a $5.0 million revolving line of credit. The Group concurrently issued a warrant to purchase up to 15,791 ordinary shares of the Group at an exercise price of $0.80 per share. The loan was secured by the substantially all assets of the Group. Interest accrued daily on the outstanding balance at the prime rate plus 2.75%, with a minimum 6.0% per annum. The loan agreement contained certain restrictions on the Group, including restrictions on additional indebtedness, dispositions, dividend payments and future loans. The term loan was repaid and the credit facility was cancelled in December 2013, following our IPO. In addition, the bank released the Group from the security interest in its assets. In conjunction with the termination of the term loan and the credit facility, $142,000 of deferred loan costs were expensed. The warrant became exercisable upon issuance and expires in May 2023. The proceeds from the loan were first allocated to the warrant based upon the estimated fair value as of the issuance date, with the residual proceeds allocated to the term loan. This warrant was issued with a down-round provision whereby the exercise price would be adjusted downward in the event that additional ordinary shares or securities exercisable, convertible or exchangeable for the Group's existing ordinary shares were issued at a price less than the exercise price. Therefore, the fair value of this warrant was recorded as a liability in the consolidated balance sheet and is marked to market at each reporting period end until it is exercised or expires or is otherwise extinguished. The fair value of the warrant was recorded as a liability upon issuance with a corresponding discount on the borrowing of $17,000 to be amortized to interest expense over the term of the loan. The estimated fair value of the warrants at 31 December 2013 was $296,000. The change in the estimated fair value of the warrants during the period ended 31 December 2013 was recorded as a component of other (expense) income in the consolidated statement of operations. The fair value was derived by applying the following assumptions:

	Fair value at 31 December 2013	Valuation technique	Assumption	Input range/value
Warrant liability ($000)	$296	Black-Scholes option pricing model	Expected volatility	48.6%
			Estimated fair value of ordinary share	$19.38
			Exercise price	$0.80
			Expected term	9.4 yrs.
			Dividend yield	0.0%
			Risk-free interest rate	2.64%

In April 2014, the holder of the warrant to purchase 15,791 of the Company's ordinary shares elected to exercise the warrant through a cashless conversion, as defined in the warrant agreement. As a result, in April 2014 the Company issued 15,148 ordinary shares in full settlement of the warrant.

In June 2013, in conjunction with the lease for 14,541 square feet of office space in Marlborough, Massachusetts, the Group received a payment of $581,640 from the landlord, representing approximately 80% of the cost to build-out the facility. In accordance with Financial Accounting Standards Board, Accounting Standards Codification 840, *Leases*, this reimbursement was recorded as a liability in loans payable and is being amortized over the life of the lease. At 31 December 2013, $100,000 is included in the balance sheet in current portion of loans payable and $466,000 is included in long-term portion of loans payable. At 31 December 2014, $108,000 is included in the balance sheet in current portion of loans payable and $358,000 is included in long-term portion of loans payable.

In October 2013, the Group issued a convertible promissory note in the amount of $5.0 million to Fosun Industrial Co., Ltd., (the Fosun Note). The Fosun Note paid interest at 8% per annum.

In the event of an IPO, the Fosun Note principal and accrued interest would automatically convert to ordinary shares at a 10% discount to the IPO offering price. Fosun also had an option to elect, prior to 1 July 2014, to require the Group to create and then convert the Fosun Note to H preferred ordinary shares or pay in full all principal and interest outstanding on or before 1 July 2016. In the event of an IPO, the shares would be subjected to restrictions prohibiting sale or transfer of more than one-third of the shares each year for the first three years following the offering.

16 BORROWINGS (CONTINUED)

The feature which required automatic conversion upon an IPO was a redemption feature that met the definition of an embedded derivative requiring bifurcation from the Fosun Note. The Group determined there was no initial fair market value of the liability.

In connection with the Group's IPO in November 2013, the Fosun Note and interest of approximately $50,000 converted into 467,551 of the Group's ordinary shares at a price per share which reflected a 10% discount to the IPO offering price of $12.00 per share. Upon conversion of the Fosun Note to ordinary shares, the derivative liability terminated. In connection with the IPO the Group marked the embedded derivative to market and recorded a $561,000 loss on the change in the fair value of the instrument.

The Group has restricted cash in the amount of $80,000 pledged as collateral for procurement cards issued by a commercial bank.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	$000	$000
Long-term portion of loans payable	454	563
Other liabilities	1,218	296
	1,672	859

18 RETIREMENT BENEFITS

In the United States, the Group has adopted a defined contribution plan (the U.S. Plan) which qualifies under Section 401(k) of the Internal Revenue Code. All U.S. employees of the Group who have attained 21 years of age are eligible for participation in the U.S. Plan upon employment. The effective date of the U.S. Plan was January 1, 2008. Under the U.S. Plan, participating employees may defer up to the Internal Revenue Service annual contribution limit. The Group does not match employee contributions.

In the United Kingdom, the Group has adopted a defined contribution plan (the U.K. Plan) which qualifies under the rules established by HM Revenue & Customs. The U.K. Plan allows all U.K. employees to contribute a minimum of 5% of salary with no maximum limit. The contribution is matched by the Group, up to a maximum of 5% of salary. The Group paid to the U.K. Plan $0.5 million in matching contributions in the year ended 31 December 2014 and $0.4 million in year ended 31 December 2013.

19 SHARE CAPITAL

	2014	2013
	$000	$000
ALLOTTED		
Ordinary shares, £0.006705 nominal value; 40,103,528 and 25,189,285 shares authorised at 31 December 2014 and 2013, respectively, 17,614,650 and 17,255,267, shares issued and outstanding at 31 December 2014 and 2013, respectively	192	188

19 SHARE CAPITAL (CONTINUED)

	A preferred ordinary	B preferred ordinary	D preferred ordinary	E preferred ordinary	F preferred ordinary	G preferred ordinary	Ordinary	Subscription G preferred ordinary
	$000	$000	$000	$000	$000	$000	$000	$000
Balance at 31 December 2012	2	1	5	33	26	16	24	8,075
Exercise of share options	—	—	—	—	—	—	1	—
Issuance of G preferred ordinary shares, net of financing costs	—	—	—	—	—	11	—	(8,075)
Conversion of preferred ordinary shares in connection with initial public offering	(2)	(1)	(5)	(33)	(26)	(27)	94	—
Ordinary shares issued in connection with initial public offering, net of offering costs	—	—	—	—	—	—	67	—
Ordinary shares issued upon conversion of note payable and accrued interest	—	—	—	—	—	—	2	—
Balance at 31 December 2013	—	—	—	—	—	—	188	—
Exercise of share options	—	—	—	—	—	—	1	—
Issuance of shares from option plan	—	—	—	—	—	—	3	—
Balance at 31 December 2014	—	—	—	—	—	—	192	—

As of 31 December 2014, the Group had 17,614,650 ordinary shares outstanding, including 275,500 restricted shares. In addition, there were a total of 1,877,142 options outstanding as of 31 December 2014.

19 SHARE CAPITAL (CONTINUED)

a. Preferred ordinary shares

Just prior to the Group's IPO in November 2013, all preferred ordinary shares were converted to ordinary shares on a one for one basis.

The following is a summary of the Group's preferred ordinary shares as of 31 December 2012:

	Preferred ordinary shares authorised	Preferred ordinary shares issued and outstanding
A preferred ordinary	134,708	134,706
B preferred ordinary	53,992	53,992
D preferred ordinary	520,275	487,222
E preferred ordinary	4,772,557	2,547,496
F preferred ordinary	2,982,848	2,574,575
G preferred ordinary	3,728,560	1,503,330
	12,192,940	7,301,321

In February 2011 the Group issued 306,499 ordinary shares and 919,498 F preferred ordinary shares for consideration of $10 million cash in the third and final tranche of the F preferred ordinary share financing round.

The Group issued 137,922 F preferred ordinary shares and 45,973 ordinary shares in March 2012 and 45,974 F preferred ordinary shares and 15,324 ordinary shares in April 2012 in the form of F Preferred Units as a financing fee for the Group's $4 million issuance of the 2012 Notes.

In June 2012, the Group issued 1,495,464 G preferred ordinary shares for consideration of $17 million in the first tranche of the G preferred ordinary share financing round. The Group issued an additional 7,882 G preferred ordinary shares in June 2012 as payment of interest on the 2012 Notes.

On 31 December 2012, the Group held $8.1 million in cash received from investors related to the closing of the second and final tranche of the G preferred ordinary share financing round, which was recorded in shareholders' equity. On 4 January 2013, the remaining cash was received from investors and the Group issued 966,417 G preferred ordinary shares to complete the second and final tranche of the G preferred ordinary share financing, raising a total of $11.0 million.

The rights, preferences and privileges of the Group's A preferred ordinary shares, B preferred ordinary shares, D preferred ordinary shares, E preferred ordinary shares, F preferred ordinary shares and G preferred ordinary shares (collectively, the preferred ordinary shares) were as follows:

Voting and consent rights—The preferred ordinary shares in issue ranked *pari passu* with regards to voting rights. Holders of preferred ordinary shares were entitled to vote on all matters and were entitled to the number of votes equal to the number of ordinary shares into which each preferred ordinary share was then convertible. The consent of the holders of at least 60% of the E, F, and G preferred ordinary shares outstanding (taken together as a single class) was required for certain corporate actions including a deemed liquidation event, sale of all or a substantial portion of the Group's assets or the creation of any debt of the Group in excess of $2,000,000. The approval of the holders of G preferred ordinary shares was required for any amendment or change to the Group's articles of association that would be disproportionately adverse to the holders of G preferred ordinary shares and not similarly adverse to the rights of the holders of the other preferred ordinary shares and for the creation of any security convertible into a security having rights, preferences or privileges senior to the G preferred ordinary shares.

19 SHARE CAPITAL (CONTINUED)

Liquidation rights—Upon the liquidation of the Group, including certain transactions deemed to be a liquidation, the holders of G preferred ordinary shares and, as a separate class, the holders of F preferred ordinary shares had a liquidation preference to all other holders of preferred ordinary shares and ordinary shares, in an amount equal to, in the case of the G preferred ordinary shares, 1.25 times the original issue price of $11.399 per share, and, in the case of the F preferred ordinary shares, 1.50 times the original issue price of $8.153 per share. The liquidation preference for each of the holders of the G preferred ordinary shares and the F preferred ordinary shares was limited to 50% of the assets or sale amount available for distribution. In the event that the assets or sale amount was insufficient to make such distributions to the holders of G preferred ordinary shares and F preferred ordinary shares separately, then the holders of G preferred ordinary shares and F preferred ordinary shares would have participated, within their own classes, pro rata to their respective shareholdings of G preferred ordinary shares and F preferred ordinary shares, respectively. In the event that 50% of the assets or sale amount available for distribution was sufficient to satisfy one but not the other of the G preferred ordinary share preference and the F preferred ordinary share preference, separately, then any undistributed amount of assets or sale amount would be distributed to either the holders of G preferred ordinary shares or F preferred ordinary shares, as the case may be.

Subsequent to the payments of the liquidation preferences of the G preferred ordinary shares and the F preferred ordinary shares, each holder of E preferred ordinary shares would receive an amount equal to the aggregate amount paid by such holder for such shares, which was $17.54 for the shares acquired in the first tranche in October 2007, $17.54 for the shares acquired in the second tranche in August 2008 and £0.006705 for the shares acquired pursuant to cashless exercise of warrants issued in October 2007.

After the payments of the liquidation preferences to holders of G preferred ordinary shares, F preferred ordinary shares and E preferred ordinary shares in full, the remaining assets or sale amount would generally be paid, depending on the amount available for distribution, to holders of all shares based on their respective preferences or, if no preferences are applicable, to all holders on an as-converted basis.

Transfer restrictions—The preferred ordinary shares could have been transferred to any person with the prior consent in writing of holders of shares entitled to cast 90% of the votes exercisable at a general meeting of the Group. The preferred ordinary shares could have been transferred at any time, without prior consent, to certain parties including, where the shares were held by individual members, to certain privileged relations and family trusts; where the shares were held by a Group, to a member of the same group as such Group; where the shares were held by an investment manager, to a participant or partner in or member of an investment fund which is managed by such investment manager, an investment fund whose business is managed by the investment manager, any other investment manager who manages the business of the investment fund in respect of which the shares are held, or any other person if required by a regulatory authority; where the shares were held by an investment fund, to a participant or partner in or member of such investment fund, any other investment fund whose business is managed by the same investment manager, or the investment manager who manages the business of the investment fund; where the shares were held by trustees under an employee trust, to the new trustees of that employee trust on any change of trustees or to any beneficiary of that employee trust.

19 SHARE CAPITAL (CONTINUED)

Anti-dilution rights—In the event of a relevant issue of securities at a price which, in the case of the G preferred ordinary shares, was less than the original issue price of $11.399 per share, the Group would have been required to issue to each holder of G preferred ordinary shares such number of ordinary shares as would result in such holder of G preferred ordinary shares holding such number of shares as would be held if the aggregate original issue price of $11.399 per share in respect of all G preferred ordinary shares then held by such holder was applied wholly in subscribing for the new shares at the weighted-average subscription price in respect of the relevant issue. In the event of a relevant issuance of securities at a price which, in the case of the F preferred ordinary shares and E preferred ordinary shares, was less than the original issue price of $8.153 per share, the Group would have been required to issue to each holder of E preferred ordinary shares and each holder of F preferred ordinary shares, with the exception of holders of F preferred ordinary shares who received such shares pursuant to the issuance of F preferred units, such number of ordinary shares as would result in such holders holding such number of shares as would be held if the aggregate original issue price of $8.153 per share in respect of all shares then held by such holder was applied wholly in subscribing for the new shares at the weighted-average subscription price in respect of the relevant issue. In June 2012, the anti-dilution rights resulted in the issuance of 817,761 ordinary shares to the holders of the E preferred ordinary shares. The transaction did not result in the recognition of a beneficial conversion feature as the effective conversion price of the shares exceeded the fair value of the ordinary shares at the date of issuance. Other than the issuance of share capital the transaction did not have accounting implications. In the event that additional shares had been issued as a result of the anti-dilution rights the Group would have recorded the issuance of share capital and assessed whether a beneficial conversion feature or other accounting implications were present. The anti-dilution rights did not preclude the classification of the shares as permanent equity.

Conversion—Upon a conversion, each preferred ordinary share would automatically be converted to, re-designated as, and ranked *pari passu* with the ordinary shares then in issue immediately prior to and conditional upon a qualified listing on a one-for-one basis. Each preferred ordinary share was convertible into one ordinary share at any time at the holder's request.

The Group classified its convertible preferred ordinary shares as permanent equity, as they did not contain redemption rights or other terms that would require classification outside of permanent equity.

b. Ordinary shares

On 21 November 2013, the registration statement for the Group's initial public offering, or IPO, was declared effective by the Securities and Exchange Commission. The Group sold 6,164,000 ordinary shares, at an initial public offering price of $12.00 per share, which included the exercise in full by the underwriters of their option to purchase up to 804,000 additional ordinary shares. Net proceeds from the IPO were approximately $63.9 million, after deducting underwriting discounts and commissions and estimated offering expenses. Following the Group's IPO, the Group now has one class of ordinary shares authorized. As of 31 December 2014, there were 40,103,528 ordinary shares authorized and 17,614,650 ordinary shares issued and outstanding.

20 RETAINED EARNINGS

	Accumulated deficit	Accumulated other Comprehensive (loss)/income	Total
	$000	$000	$000
Balance at 31 December 2012	(90,991)	(3,622)	(94,613)
Other comprehensive loss	—	(126)	(126)
Net loss	(8,664)	—	(8,664)
Balance at 31 December 2013	(99,655)	(3,748)	(103,403)
Other comprehensive loss	—	(822)	(822)
Net loss	(22,174)	—	(22,174)
Balance at 31 December 2014	(121,829)	(4,570)	(126,399)

21 SHARE BASED PAYMENTS

Since 2003, the Group has issued share options to incentivize employees and Directors providing services to the Group. The Group currently maintains two equity compensation plans, the Amended and Restated 2008 Stock Incentive Plan and the 2013 Share Incentive Plan. With the adoption of the 2013 Share Incentive Plan, the Group is no longer authorized to grant awards under the Amended and Restated 2008 Stock Incentive Plan.

In November 2013, in connection with the Group's IPO, the Group adopted the 2013 Share Incentive Plan (the 2013 Plan) which provides for the grant of share options, restricted shares, RSUs and other share-based awards to employees, officers, Directors and consultants of the Group. The 2013 Plan authorizes the Group to grant up to 2,684,563 ordinary shares with such amount automatically increasing annually on each January 1st from 1 January 2015 to 1 January 2023 by 4% of the number of shares outstanding on the close of business of the immediately preceding December 31st, provided that the Board of Directors may limit the increase to a smaller amount or to no increase in any given year. At 31 December 2013, there were 2,603,664 shares available for future issuance under the 2013 Plan.

Under both the 2008 Plan and the 2013 Plan, share options have been granted to employees, officers and Directors who provide services to the Group. Options generally vest based on the grantee's continued service with the Group during a specified period following grant or, in rare instances, based on the achievement of performance or other conditions as determined by the Board of Directors, and expire after ten years. Awards to employees generally vest monthly over a four year period; however, the vesting percentage remains 0% until the second anniversary of the vesting start date of the employee's first option award under the 2008 Plan and the second anniversary of the employee's date of hire under the 2013 Plan. The expense recognized during the year related to share based compensation transactions was as follows:

	2014	2013
	$000	$000
Cost of sales	330	5
Distribution costs	949	26
Administrative expenses	1,242	109
Total share-based compensation	2,521	140

Prior to the Group's IPO in November 2013, the Group engaged a third-party consultant to assist the Board of Directors in the determination of the estimated fair market value of the Group's ordinary shares. The share price was determined by the Board of Directors using contemporaneous valuations. In certain instances, the valuation was delivered after the date the options were granted, but was retrospective to an earlier date specified in the valuation report.

Transactions in the Group's shares completed by independent investors represented the best indication of fair value of the securities. In addition, new rounds of venture capital financing, which reflected the expectations of independent investors with respect to the Group's future performance, usually provided a good indication of the fair value of the ordinary shares. In this case, the fair value of the ordinary shares, was derived based on the price paid by the venture capital investors for the preferred ordinary shares, taking into account the differences in various rights and liquidation preferences between ordinary shares and the preferred ordinary shares. This is also known as the back-solve approach. In cases where there were no transactions or new financings, the use of a discounted cash flow analysis and guideline public firm multiples, adjusted for unique characteristics of the Group, were used as accepted methodologies.

The fair value of the options was estimated at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions upon which options are granted. The fair value of the options is amortized on a straight-line basis over the requisite service period of the awards. The weighted-average grant date fair value per share relating to share options granted under the Plan during the years ended 31 December 2014 and 2013 was $9.32 and $3.04, respectively.

21 SHARE BASED PAYMENTS (CONTINUED)

The fair value of each option granted under the Plan has been calculated using the Black-Scholes Model on the date of grant using the following assumptions:

	2014	2013
Expected dividend yield (%)	—	—
Expected volatility (%)	46.87	47.78
Risk-free interest rate (%)	1.86	1.38
Expected life of option (years)	6.19	6.22
Weighted-average share price ($)	19.66	5.86
Weighted-average exercise price ($)	19.66	4.97

Expected dividend yield: The Group has not paid and does not anticipate paying any dividends in the foreseeable future.

Risk-free interest rate: The Group determined the risk-free interest rate by using a weighted-average equivalent to the expected term based on the U.S. Treasury yield curve in effect as of the date of grant.

Expected volatility: As the Group operated as a private Group until November 2013, there is not sufficient historical volatility for the expected term of the options. Therefore, the Group used an average share price volatility over a historical period equal in length to the expected term, based on an analysis of reported data for a peer group of comparable companies which were selected based upon industry similarities. The Group intends to continue to use comparable companies in its volatility factor calculation until a sufficient amount of historical information regarding the volatility of its own share price becomes available.

Expected term (in years): Expected term represents the period that the Group's share option grants are expected to be outstanding. As the Group operated as a private Group until November 2013, there is not sufficient historical share data to calculate the expected term of the options. Therefore, the Group elected to utilize the "simplified" method to value share option grants. Under this approach, the weighted-average expected life is presumed to be the average of the vesting term and the contractual term of the option.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from estimates. The Group estimates forfeitures based on historical termination behaviour. For the years ended 31 December 2014 and 2013, a forfeiture rate of 5% was applied.

21 SHARE BASED PAYMENTS (CONTINUED)

The following table illustrates the number of ordinary shares and weighted-average exercise prices (WAEP) of, and movements in, share options during 2014 and 2013:

	2014 Ordinary shares	2014 Weighted -average exercise price	2013 Ordinary shares	2013 Weighted -average exercise price
	Number	$	Number	$
Outstanding as of 1 January	1,359,014	1.50	1,446,807	0.36
Granted	633,823	19.66	312,198	5.12
Exercised	(65,054)	0.22	(201,459)	0.12
Forfeited	(50,641)	12.30	(198,532)	0.24
Outstanding as of 31 December	1,877,142	7.39	1,359,014	1.50
Vested or expected to vest as of 31 December	1,829,020	7.27	1,320,922	1.48
Exercisable as of 31 December	914,704	2.55	597,174	0.37

As of 31 December 2014, there was $0.9 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the share option plan. That cost is expected to be recognized over a weighted-average period of 1.79 years.

A summary of options outstanding and exercisable as of 31 December 2014, follows:

Exercise prices $	Total options outstanding		Total options exercisable	
	Number of options	Weighted -average remaining life in years	Number of options	Weighted -average remaining life in years
$0.00 - $1.00	1,153,736		814,055	
$1.01 - $5.00	42,049		7,901	
$10.00 - $15.00	160,721		—	
$15.01 - $20.00	159,262		24,258	
$20.01 - $25.00	361,374		68,490	
	1,877,142	7.9	914,704	6.9

The aggregate intrinsic value of all share options outstanding under the Plan as of 31 December 2014 and 2013 is $15.7 million and $24.8 million, respectively. The aggregate intrinsic value of share options that were fully vested under the Plan as of 31 December 2014 is $10.8 million.

During the years ended 31 December 2014 and 2013, current and former employees of the Group exercised a total of 65,054 options and 201,459 options, respectively, resulting in total proceeds of $14,000 during the year ended 31 December 2014 and $24,000 for the year ended 31 December 2013. The intrinsic value of share options exercised during the years ended 31 December 2014 and 2013 was $0.9 million and $3.9 million, respectively. In accordance with Group policy, the shares were issued from a pool of shares reserved for issuance under the Plan described above.

21 SHARE BASED PAYMENTS (CONTINUED)

A summary of the activity of the Group's unvested share options is as follows:

	Number of shares	Weighted -average grant date fair value
		$
Balance as of 31 December 2013	761,840	1.43
Granted	633,823	9.32
Vested	(385,042)	2.66
Forfeited	(48,182)	6.06
Balance as of 31 December 2014	962,439	5.92

The total fair value of shares vested for the years ended 31 December 2014 and 2013 was $1.0 million and $42,000, respectively.

22 NET LOSS PER SHARE

The following table provides a reconciliation of the numerator and denominator used in computing basic and diluted net loss per share:

	2014	2013
	$000	$000
Numerator:		
Net loss attributable to ordinary shareholders	(22,174)	(8,664)
Denominator:		
Weighted-average ordinary shares outstanding-basic	17,310,148	3,830,837
Dilutive effect of ordinary share equivalents resulting from ordinary share options, ordinary shares warrants and preferred ordinary shares (as converted)	—	—
Weighted-average ordinary shares outstanding-diluted	17,310,148	3,830,837

23 RELATED PARTY TRANSACTIONS

In October 2013, the Group issued a convertible promissory note in the amount of $5.0 million to Fosun Industrial Co., Ltd., (the Fosun Note). The Fosun Note paid interest at 8% per annum. In connection with the Group's IPO in November 2013, the Fosun Note and interest of approximately $50,000 automatically converted into 467,551 of the Group's ordinary shares at a price per share which reflected a 10% discount to the IPO offering price of $12.00 per share. The shares are subject to restrictions prohibiting sale or transfer of more than one-third of the shares each year for the first three years following the IPO. The feature which required automatic conversion upon an IPO was a redemption feature that met the definition of an embedded derivative requiring bifurcation from the Fosun Note. The Group determined there was no initial fair market value of the liability. Upon conversion of the Fosun Note to ordinary shares, the derivative liability terminated. In connection with the IPO the Group marked the embedded derivative to market and recorded a $561,000 loss on the change in the fair value of the instrument.

Turnover on sales to Fosun subsequent to the issuance of the promissory note was $8.5 million in 2014 and $1.3 million in 2013. The balance of accounts receivable from Fosun at 31 December 2014 was $1.4 million and the balance at 31 December 2013 was immaterial.

24 INTELLECTUAL PROPERTY – LICENSE AGREEMENTS

The Group entered into three license agreements by which it has secured certain patent rights that are necessary to make, use and sell the T-SPOT.*TB* test. One of these license agreements, with Isis, was terminated in connection with the assignment by Isis to the Group of certain intellectual property rights in November 2013. The Group has ongoing obligations to make certain payments to Isis while the assigned patents remain in force in certain countries. The Group's existing license agreements related to its T-SPOT.*TB* test, as well as its previous license from Isis, are generally exclusive in the stated field, cover a worldwide territory, are royalty-bearing and give the Group the right to grant sublicenses. The Group has minimum royalty obligations under each existing license agreement, which continue so long as patents licensed under the agreement remain unexpired. The minimum contractual royalty payments, including ongoing minimum payment obligations to Isis, after 31 December 2014 and 2013 are set forth in the commitments and contingencies table in Note 25, "Commitments and contingencies" to these consolidated financial statements.

The Group incurs royalties under each existing license agreement, has incurred royalties under the Isis license agreement, and will incur continuing payment obligations to Isis that are treated as royalties in these financial statements, based on its product and service turnover. The aggregate royalty expense relating to the three license agreements amounted to $4.8 million and $3.7 million for the years ended 31 December 2014 and 2013, respectively. The Group paid other license-related expenses, including patent prosecution expenses, milestone payments and assignment fees due to these licensors, amounting to $0.1 million and $0.3 million for the years ended 31 December 2014 and 2013, respectively. The aggregate royalty rate paid by the Group in each of the years ended 31 December 2014 and 2013, as a percentage of the gross product and service turnover of the Group, was 10%.

25 COMMITMENTS AND CONTINGENCIES

Operating leases

At 31 December 2014, the Group leases facilities under four non-cancelable operating leases, with terms that expire between 2018 and 2021. The Group leases office, storage, laboratory and manufacturing space in Abingdon, U.K., which leases are due to expire on 31 January 2018 (with respect to the storage facility) and 11 June 2019. On 1 March 2013, the Group signed a five year lease for its U.S. corporate headquarters in Marlborough, Massachusetts. During June 2013, the Group moved into this facility and vacated the old facility prior to lease expiration on 30 June 2013. The new lease term runs from June 2013 to October 2018. The Group leases laboratory space in Memphis, Tennessee, which lease is due to expire on 31 December 2021.

25 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum lease payments required under the non-cancelable operating leases in effect as of 31 December 2014 and 2013 are as follows:

	2014	2013
	$000	$000
Year 1	975	973
Year 2	982	981
Year 3	843	988
Year 4	776	849
Year 5	261	806
Thereafter	—	277
	3,837	4,874

Rent expense is calculated on a straight-line basis over the term of the lease. Rent expense recognized under operating leases totaled $0.7 million for the each of the years ended 31 December 2014 and 2013.

As of 31 December 2014, the Group has an outstanding letter of credit in the amount of $0.2 million that serves as security with the landlord of its Memphis, Tennessee location and expires on 31 December 2015. In addition, the Group has an outstanding letter of credit in the amount of $0.1 million that serves as security with the landlord of its Marlborough, Massachusetts location and expires on 31 December 2016. Each of these letters of credit are securitized by restricted cash.

Purchase commitments

The Group has license agreements with third parties that provide for minimum royalty, license, and exclusivity payments to be paid by the Group for access to certain technologies. In addition, the Group pays royalties as a percent of turnover as described in Note 24, “Intellectual property—License agreements” to these consolidated financial statements.

Future minimum payments required under license agreements and supplier purchase obligations in effect as of 31 December 2014 were as follows:

	License agreements	Supplier purchase obligations	Total
	$000	$000	$000
Year 1	$ 1,688	$ 3,180	$ 4,868
Year 2	1,688	250	1,938
Year 3	1,688	250	1,938
Year 4	1,688	250	1,938
Year 5	1,676	—	1,676
Thereafter	25	—	25
Total minimum payments	$ 8,453	$ 3,930	$ 12,383

25 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Future minimum payments required under license agreements and supplier purchase obligations in effect as of 31 December 2013 were as follows:

	License agreements	Supplier purchase obligations	Total
	$000	$000	$000
Year 1	$ 1,937	$ 3,316	$ 5,253
Year 2	1,904	—	1,904
Year 3	1,904	—	1,904
Year 4	1,904	—	1,904
Year 5	1,904	—	1,904
Thereafter	1,917	—	1,917
Total minimum license payments	$ 11,470	$ 3,316	$ 14,786

Legal contingencies

The Group is subject to claims and assessments from time to time in the ordinary course of business. The Group does not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Group's business, financial condition, results of operations or cash flows.

Indemnification

In the normal course of business, the Group enters into contracts and agreements that contain a variety of representations and warranties and provide for general indemnification. The Group's exposure under these agreements is unknown because it involves claims that may be made against the Group in the future, but that have not yet been made. To date, the Group has not paid any claims or been required to defend any action related to its indemnification obligations. However, the Group may record charges in the future as a result of these indemnification obligations.

In accordance with its articles of association, the Group has indemnification obligations to its officers and Directors for certain events or occurrences, subject to certain limits, while they are serving at the Group's request in such capacity. There have been no claims to date, and the Group has director and officer insurance that may enable it to recover a portion of any amounts paid for future potential claims.

26 ACQUISITION ACTIVITY

During November 2012 the Group entered into an agreement to acquire the assets of another corporation. As part of the process, in December 2012 the Group deposited $0.3 million in an escrow account with an escrow agent that was recorded as restricted cash on the balance sheet as of 31 December 2012. In January 2013 the Group's agreement to purchase the assets was terminated and, in connection therewith the Group received the $0.3 million cash held in escrow. In February 2013 the Group received a breakup fee in the amount of $0.2 million, which was recorded in other income, and authorized expense reimbursements of $0.3 million, recorded as an offset to the related general and administrative expenses.

On 31 July 2014 ("date of the acquisition"), the Group acquired substantially all of the assets of Boulder, a privately owned company developing immunology-based assays for autoimmune and inflammatory conditions/diseases. The assets acquired primarily relate to assays for Lyme disease and gout and an assay to help select biologics for autoimmune disease based on monitoring and prognosis of drug response that was acquired in conjunction with the Boulder acquisition. As part of the transaction, Boulder transferred to the Group all shares of capital stock in its wholly-owned subsidiary, Boulder Diagnostics Europe GmbH, such that the Group has become the sole owner of Boulder Diagnostics Europe GmbH.

26 ACQUISITION ACTIVITY (CONTINUED)

The terms of the purchase agreement provided for an upfront payment of $1.7 million and contingent purchase price consideration consisting of future potential milestone payments totaling up to $6.1 million in respect of the Lyme disease and gout assays at any time on or prior to 31 July 2024. The milestone payments consist of up to $400,000 for the completion of studies related to acquired technologies, up to $700,000 for the development of diagnostic test kits, $500,000 for the first patient enrolled in an Institutional Review Board approved study, up to $1.5 million for the issuance of patents, and up to $3.0 million for approvals or clearances by the U.S. Food and Drug Administration. The Group has determined that this liability is a Level 3 fair value measurement within the FASB's fair value hierarchy and the fair value has been estimated to be $1.2 million on the date of acquisition based on significant assumptions, including the probabilities of milestone occurrence, the expected timing of milestone payments, and a discount rate of 15%. Such liability is adjusted to fair value at each reporting date, with the adjustment reflected in general and administrative expenses. See Note 13 "Fair value measurement" for information pertaining to changes in the fair value of this liability.

The acquisition of Boulder was accounted for under the acquisition method of accounting and the purchase price allocation was provisionally prepared during the third quarter of 2014. These provisional amounts have been finalized during the fourth quarter of 2014. Total consideration was (in thousands):

Cash consideration	$	1,724
Estimated fair value of contingent consideration		1,247
Total consideration transferred	$	2,971

$183,200 of the cash consideration has been placed in an escrow account for a period of 24 months as security for any undisclosed liabilities and as indemnification for certain items. The Group paid approximately $181,000 in transaction costs associated with this transaction, which is included in general and administrative expense in the consolidated statement of operations.

The following table summarizes the purchase price of the Boulder acquisition, the fair value of identified assets acquired and liabilities assumed at the acquisition date (in thousands):

Assets acquired:		
Cash	$	8
Accounts receivable		15
Inventory		40
Prepaid expenses and other		12
Property and equipment		359
In-process research and development		2,627
Total assets acquired		3,061
Liabilities assumed:		
Accounts payable		(97)
Accrued liabilities		(14)
Other current liabilities		(34)
Total liabilities assumed		(145)
Net assets acquired		2,916
Add: goodwill		55
Total consideration transferred	$	2,971

26 ACQUISITION ACTIVITY (CONTINUED)

On the date of the acquisition the fair value of IPR&D acquired was determined to be $2.6 million ($1.8 million for the Lyme disease assay, $0.5 million for the assay to help select biologics for autoimmune disease based on monitoring and prognosis of drug response that was acquired in conjunction with the Boulder acquisition, and $0.3 million for the gout assay) using the excess earnings method with significant inputs, including estimates of the timing and cost required for product approval, turnover growth, gross margin, operating expenses and a 15% discount rate, that are not observable. The Group considers the fair value of IPR&D to be a Level 3 fair value asset due to the significant estimates and assumptions used by management in establishing the estimated fair value.

Goodwill and IPR&D are indefinite-lived intangible assets and are not amortized. Rather, they are reviewed for impairment at least annually. There was no evidence of any impairment indicators at 31 December 2014 and there were no impairment charges during the year ended 31 December 2014.

Actual results of operations of Boulder are included in the financial statements from the date of the acquisition, including turnover in the amount of $42,000 and losses from operations of $396,000. The functional currency for Boulder in Germany is the Euro.

Pro Forma Information: The unaudited pro forma condensed consolidated statement of operations of the Group, set forth below, gives effect to the Group's acquisition of Boulder, using the acquisition method as if it occurred on 1 January 2013. These amounts are not necessarily indicative of the consolidated results of operations for future years or actual results that would have been realized had the acquisition occurred as of the beginning of each such year:

	Year Ended 31 December	
(in thousands, except share and per share data)	2014	2013
Total revenue	$ 49,577	$ 38,923
Net loss	$ (22,399)	$ (9,669)
Net loss per share—basic and diluted	$ (1.29)	$ (2.52)
Weighted average shares outstanding—basic and diluted	17,310,148	3,830,837

27 RESTRUCTURING

During the fourth quarter of 2014, the Group closed the facilities that had been used by Boulder (see Note 26 "Acquisition activity"), terminated four employees, and consolidated the research and development activities that had been performed at those locations to the Group's Abingdon, U.K. and Memphis, Tennessee facilities. As a result of these actions, the Group recorded in research and development expense a restructuring charge of $182,000. A summary of these charges and payments made to date are included in the below table. Accrued restructuring costs at 31 December 2014 are included in accrued liabilities in the accompanying balance sheet.

	Abandonment of Excess Facilities	Relocation Costs	Severance	Total
	$000	$000	$000	$000
Balance at 31 December 2013	—	—	—	—
Costs incurred in 2014	86	70	16	172
Payments	(44)	(42)	(16)	(102)
Balance at 31 December 2014	42	28	—	70

28 TANGIBLE FIXED ASSETS DISTRIBUTION

Geographical analysis:

	2014	2013
	$000	$000
United States	3,198	2,496
Europe and Rest of the World	1,187	360
Asia	152	108
	4,537	2,964

29 SUBSEQUENT EVENTS

On 31 March 2015, the Group announced the availability in the United States of a new test that measures the strength of a patient's cellular immune response to cytomegalovirus (CMV). This T-SPOT.*CMV* test is available as a Laboratory Developed Test from the Company's CLIA-certified and CAP accredited service laboratory.

On 29 January 2015, the Group entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC and Piper Jaffray & Co., as representatives of the several underwriters named therein (collectively, the "Underwriters"), relating to the public offering (the "Offering") of 4,255,319 ordinary shares, nominal value £0.006705 (the "Shares"), at an offering price to the public of $11.75 per Share (the "Offering Price"). The Underwriters agreed to purchase the Shares from the Group pursuant to the Underwriting Agreement at a price of $11.045 per share. Under the terms of the Underwriting Agreement, the Group granted the Underwriters a 30-day option to purchase up to an additional 638,297 Shares (the "Option Shares") at the Offering Price, less underwriting discounts and commissions. On 30 January 2015, the Underwriters exercised their option to purchase the Option Shares in full. The gross proceeds to the Group from the sale of the Shares and the Option Shares were approximately $57.5 million and the Group received net proceeds of approximately $53.7 million after deducting underwriting discounts and commissions and estimated aggregate offering expenses payable by the Group. The Offering closed on 4 February 2015.

Effective 15 January 2015, the Remuneration Committee of the Board of Directors approved grants to employees for up to 355,509 share options from the Oxford Immunotec Global PLC 2013 Share Incentive Plan. These grants were issued to employees in the first quarter of 2015.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC GLOBAL PLC

We have audited the parent company financial statements of Oxford Immunotec Global plc for the year ended 31 December 2014 which comprise the Parent Company Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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 Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the parent company 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 parent company 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 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 Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the parent company financial statements.

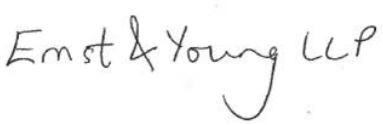
Matters on which we are required to report by exception

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 and the part of the Directors' Remuneration Report to be audited 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.

Other matter

We have reported separately on the group financial statements of Oxford Immunotec Global PLC for the year ended 31 December 2014.



Kevin Harkin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
21 April 2015

Notes:

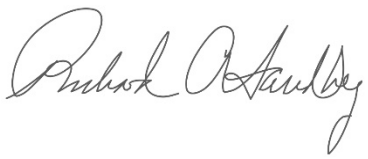
1. The maintenance and integrity of the Oxford Immunotec Global plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

OXFORD IMMUNOTEC GLOBAL PLC
PARENT COMPANY BALANCE SHEET
At 31 December 2014

	Notes	2014	2013
		$000	$000
FIXED ASSETS			
Investments	2	10,024	5,228
CURRENT ASSETS			
Debtors	3	15,561	—
Cash at bank and in hand		44,924	68,892
		60,485	68,892
TOTAL ASSETS		70,509	74,120
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	4	(1,024)	(6,993)
NET CURRENT ASSETS		59,461	61,899
TOTAL ASSETS LESS CURRENT LIABILITIES		69,485	67,127
NET ASSETS		69,485	67,127
CAPITAL AND RESERVES			
Share capital	5	192	188
Share premium	6	69,186	68,858
Profit and loss account	6	107	(1,919)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	7	69,485	67,127
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		70,509	74,120

The financial statements on pages 83 to 90 were approved by the Board of Directors and authorised for issue on 17 April 2015 and are signed on its behalf by:



Richard A Sandberg
Director
21 April 2015

1 COMPANY ACCOUNTING POLICIES

BASIS OF PRESENTATION AND ACCOUNTING PRINCIPLES

On 2 October 2013, the Group completed a Scheme of Arrangement under the laws of England and Wales, or the Scheme of Arrangement, which was approved by the High Court of Justice in England and Wales. All holders of ordinary shares, preferred ordinary shares, options and warrants exchanged their interests in Oxford Immunotec Limited for identical interests in Oxford Immunotec Global PLC. As a result of this exchange, Oxford Immunotec Global PLC is now the parent company of Oxford Immunotec Limited.

The financial statements of Oxford Immunotec Global PLC (the "Parent Company") have been prepared in accordance with applicable accounting standards and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The Parent Company has also adopted the exemption of presenting the profit and loss account as permitted by section 408 of the Companies Act 2006. The Parent Company's loss for the period 16 August 2013 to 31 December 2013 was $1,982,000. For the year ended 31 December 2014, the Parent Company's loss was $2,770,000.

The Parent Company has availed of the exemption in Financial Reporting Standard ("FRS") 1 (Revised) from the requirement to present a cash flow statement on the grounds that the Parent Company's cash flows are included within the Consolidated Statement of Cash Flows presented on page 42 of the consolidated accounts.

The financial statements have been prepared on a going concern basis. The Directors have considered the appropriateness of the going concern basis in the Directors' Report, which begins on page 1. In addition, the Parent Company acknowledges its responsibility to support its subsidiary's cash outflows for the foreseeable future.

The financial statements and related notes have been prepared and presented in U.S. Dollars. Unless otherwise noted, amounts are presented in USD thousands.

INVESTMENTS

Fixed asset investments comprise investments in subsidiaries and are stated at cost less provision for impairment.

The initial investment in Oxford Immunotec Limited has been recorded at the nominal value of the shares issued following the requirements of section 612 "Merger Relief" of the Companies Act 2006.

Where at the year-end there is evidence of impairment, the carrying value of the investment is written down to its recoverable amount.

SHARE-BASED PAYMENTS

The financial effect of awards by the Parent Company of options over its equity shares to the employees of subsidiary undertakings are recognised by the Parent Company in its individual financial statements. In particular the Parent Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the FRS 20 cost in the subsidiary undertakings.

In accordance with U.K. GAAP, share-based payments are expensed using the graded-vesting method, which requires a company to recognize compensation cost for each separately-vesting tranche of an award as though the award were, in substance, multiple awards.

1 COMPANY ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in reserves.

The functional and presentational currency of the Parent Company is the U.S. Dollar.

The Pound Sterling exchange rates at 31 December 2014 and 2013 were $1.5575/£ and $1.5648/£, respectively.

2 INVESTMENTS

	Subsidiary undertakings	
	Year ended 31 December	
	2014	2013
	$000	$000
COST		
Beginning *	5,228	—
Additions	—	116
Capital contributions	4,796	5,112
Closing balance	10,024	5,228

* Beginning balance for 2013 was 16 August 2013, the date of incorporation.

SUBSIDIARY UNDERTAKINGS

The group's subsidiary undertakings are:

Name of undertaking	Country of incorporation (if outside of the U.K.)	Class of shareholding	Proportion held	Nature of business
Oxford Immunotec Limited [1]		Ordinary	100%	Medical Diagnostics
Oxford Immunotec Inc.	United States	Ordinary	100%	Medical Diagnostics
Oxford Immunotec K.K.	Japan	Ordinary	100%	Medical Diagnostics
Boulder Diagnostic Europe GmbH [2]	Germany	Ordinary	100%	Medical Diagnostics
Oxford Immunotec Asia Limited [3]	People's Republic of China	Ordinary	100%	Medical Diagnostics
Oxford Immunotec (Shanghai) Medical Device Co. Ltd. [3]	People's Republic of China	Ordinary	100%	Medical Diagnostics
Oxford Diagnostic Laboratories (UK) Limited		Ordinary	100%	Medical Diagnostics (Dormant)

[1] Held directly by Oxford Immunotec Global PLC. All other subsidiaries are indirectly held.
[2] Acquired by Oxford Immunotec Limited on 31 July 2014.
[3] Established in 2014.

2 INVESTMENTS (CONTINUED)

Oxford Immunotec Inc, Oxford Immunotec KK and Oxford Diagnostic Laboratories (UK) Ltd are subsidiary undertakings of Oxford Immunotec Limited.

Oxford Immunotec Limited and its subsidiaries existing at the time were acquired by Oxford Immunotec Global PLC on 2 October 2013.

3 DEBTORS

	2014	2013
	$000	$000
Amounts owed by subsidiary undertakings	14,926	—
Prepaid expenses	435	—
Other	200	—
	15,561	—

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	$000	$000
Amounts owed to subsidiary undertakings	—	6,068
Accounts payable	616	—
Accruals	408	925
	1,024	6,993

5 SHARE CAPITAL

	2014	2013
	$000	$000
ALLOTTED		
Ordinary shares, £0.006705 nominal value; 40,103,528 and 25,189,285 shares authorized at 31 December 2014 and 2013, respectively, 17,614,650 and 17,255,267 shares issued and outstanding at 31 December 2014 and 2013, respectively	192	188
	192	188

As of 31 December 2014, the Parent Company had 17,614,650 ordinary shares outstanding. In addition, there were a total of 1,877,142 options outstanding as of 31 December 2014.

As of 31 December 2013, the Parent Company had 17,255,267 ordinary shares outstanding. In addition, there were a total of 1,359,014 options and a total of 19,473 warrants outstanding as of 31 December 2013.

5 SHARE CAPITAL (CONTINUED)

On 2 October 2013 the Parent Company's issued the following shares in order to acquire the shares of Oxford Immunotec Limited:

	Shares issued
A preferred ordinary of £0.001 per share	903,220
B preferred ordinary of £0.001 per share	362,020
D preferred ordinary of £0.001 per share	3,266,885
E preferred ordinary of £0.001 per share	17,081,014
F preferred ordinary of £0.001 per share	17,262,618
G preferred ordinary of £0.001 per share	16,559,756
Ordinary and A Ordinary shares of £0.001 per share	15,677,098
	71,112,611

Just prior to the Parent Company's IPO in November 2013, all preferred ordinary shares were converted to ordinary shares on a one for one basis. The number of shares were consolidated on a ratio of 6.705 to 1. This reduced the number of shares in issue to 10,605,909.

The rights, preferences and privileges of the Parent Company's A preferred ordinary shares, B preferred ordinary shares, D preferred ordinary shares, E preferred ordinary shares, F preferred ordinary shares and G preferred ordinary shares (collectively, the preferred ordinary shares) were as follows:

Voting and consent rights—The preferred ordinary shares in issue ranked *pari passu* with regards to voting rights. Holders of preferred ordinary shares were entitled to vote on all matters and were entitled to the number of votes equal to the number of ordinary shares into which each preferred ordinary share was then convertible. The consent of the holders of at least 60% of the E, F, and G preferred ordinary shares outstanding (taken together as a single class) was required for certain corporate actions including a deemed liquidation event, sale of all or a substantial portion of the Parent Company's assets or the creation of any debt of the Parent Company in excess of $2,000,000. The approval of the holders of G preferred ordinary shares was required for any amendment or change to the Parent Company's articles of association that would be disproportionately adverse to the holders of G preferred ordinary shares and not similarly adverse to the rights of the holders of the other preferred ordinary shares and for the creation of any security convertible into a security having rights, preferences or privileges senior to the G preferred ordinary shares.

Liquidation rights—Upon the liquidation of the Parent Company, including certain transactions deemed to be a liquidation, the holders of G preferred ordinary shares and, as a separate class, the holders of F preferred ordinary shares had a liquidation preference to all other holders of preferred ordinary shares and ordinary shares, in an amount equal to, in the case of the G preferred ordinary shares, 1.25 times the original issue price of $11.399 per share, and, in the case of the F preferred ordinary shares, 1.50 times the original issue price of $8.153 per share. The liquidation preference for each of the holders of the G preferred ordinary shares and the F preferred ordinary shares was limited to 50% of the assets or sale amount available for distribution. In the event that the assets or sale amount was insufficient to make such distributions to the holders of G preferred ordinary shares and F preferred ordinary shares separately, then the holders of G preferred ordinary shares and F preferred ordinary shares would have participated, within their own classes, pro rata to their respective shareholdings of G preferred ordinary shares and F preferred ordinary shares, respectively. In the event that 50% of the assets or sale amount available for distribution was sufficient to satisfy one but not the other of the G preferred ordinary share preference and the F preferred ordinary share preference, separately, then any undistributed amount of assets or sale amount would be distributed to either the holders of G preferred ordinary shares or F preferred ordinary shares, as the case may be.

5 SHARE CAPITAL (CONTINUED)

Subsequent to the payments of the liquidation preferences of the G preferred ordinary shares and the F preferred ordinary shares, each holder of E preferred ordinary shares would receive an amount equal to the aggregate amount paid by such holder for such shares, which was $17.54 for the shares acquired in the first tranche in October 2007, $17.54 for the shares acquired in the second tranche in August 2008 and £0.006705 for the shares acquired pursuant to cashless exercise of warrants issued in October 2007.

After the payments of the liquidation preferences to holders of G preferred ordinary shares, F preferred ordinary shares and E preferred ordinary shares in full, the remaining assets or sale amount would generally be paid, depending on the amount available for distribution, to holders of all shares based on their respective preferences or, if no preferences are applicable, to all holders on an as-converted basis.

Transfer restrictions—The preferred ordinary shares could have been transferred to any person with the prior consent in writing of holders of shares entitled to cast 90% of the votes exercisable at a general meeting of the Parent Company. The preferred ordinary shares could have been transferred at any time, without prior consent, to certain parties including, where the shares were held by individual members, to certain privileged relations and family trusts; where the shares were held by a company, to a member of the same Group as such Parent Company; where the shares were held by an investment manager, to a participant or partner in or member of an investment fund which is managed by such investment manager, an investment fund whose business is managed by the investment manager, any other investment manager who manages the business of the investment fund in respect of which the shares are held, or any other person if required by a regulatory authority; where the shares were held by an investment fund, to a participant or partner in or member of such investment fund, any other investment fund whose business is managed by the same investment manager, or the investment manager who manages the business of the investment fund; where the shares were held by trustees under an employee trust, to the new trustees of that employee trust on any change of trustees or to any beneficiary of that employee trust.

Anti-dilution rights—In the event of a relevant issue of securities at a price which, in the case of the G preferred ordinary shares, was less than the original issue price of $11.399 per share, the Parent Company would have been required to issue to each holder of G preferred ordinary shares such number of ordinary shares as would result in such holder of G preferred ordinary shares holding such number of shares as would be held if the aggregate original issue price of $11.399 per share in respect of all G preferred ordinary shares then held by such holder was applied wholly in subscribing for the new shares at the weighted-average subscription price in respect of the relevant issue. In the event of a relevant issuance of securities at a price which, in the case of the F preferred ordinary shares and E preferred ordinary shares, was less than the original issue price of $8.153 per share, the Parent Company would have been required to issue to each holder of E preferred ordinary shares and each holder of F preferred ordinary shares, with the exception of holders of F preferred ordinary shares who received such shares pursuant to the issuance of F preferred units, such number of ordinary shares as would result in such holders holding such number of shares as would be held if the aggregate original issue price of $8.153 per share in respect of all shares then held by such holder was applied wholly in subscribing for the new shares at the weighted-average subscription price in respect of the relevant issue. In June 2012, the anti-dilution rights resulted in the issuance of 817,761 ordinary shares to the holders of the E preferred ordinary shares. The transaction did not result in the recognition of a beneficial conversion feature as the effective conversion price of the shares exceeded the fair value of the ordinary shares at the date of issuance. Other than the issuance of share capital the transaction did not have accounting implications. In the event that additional shares had been issued as a result of the anti-dilution rights the Parent Company would have recorded the issuance of share capital and assessed whether a beneficial conversion feature or other accounting implications were present. The anti-dilution rights did not preclude the classification of the shares as permanent equity.

Conversion—Upon a conversion, each preferred ordinary share would automatically be converted to, re-designated as, and ranked *pari passu* with the ordinary shares then in issue immediately prior to and conditional upon a qualified listing on a one-for-one basis. Each preferred ordinary share was convertible into one ordinary share at any time at the holder's request.

The Parent Company classified its convertible preferred ordinary shares as permanent equity, as they did not contain redemption rights or other terms that would require classification outside of permanent equity.

5 SHARE CAPITAL (CONTINUED)

On 21 November 2013, the Parent Company issued 467,551 shares to settle a liability of its subsidiary company Oxford Immunotec Limited of $5.05 million.

During the period from 2 October 2013 to 31 December 2013, the company issued 17,807 shares for consideration of $193 upon the exercise of share options.

On 21 November 2013, the registration statement for the Parent Company's initial public offering, or IPO, was declared effective by the Securities and Exchange Commission. The Parent Company sold 6,164,000 ordinary shares, at an initial public offering price of $12.00 per share, which included the exercise in full by the underwriters of their option to purchase up to 804,000 additional ordinary shares. Net proceeds from the IPO were approximately $63.9 million, after deducting underwriting discounts and commissions and estimated offering expenses. Following the Parent Company's IPO, the Parent Company now has one class of ordinary shares authorized.

6 SHARE BASED COMPENSATION

Under both the 2008 Plan and the 2013 Plan, share options have been granted to employees, officers and Directors who provide services to the Group. Options generally vest based on the grantee's continued service with the Group during a specified period following grant or, in rare instances, based on the achievement of performance or other conditions as determined by the Board of Directors, and expire after ten years. Awards to employees generally vest monthly over a four year period; however, the vesting percentage remains 0% until the second anniversary of the vesting start date of the employee's first option award under the 2008 Plan and the second anniversary of the employee's date of hire under the 2013 Plan. The expense recognized during the year related to share based compensation transactions was as follows:

	2014	2013
	$000	$000
Cost of sales	628	5
Distribution costs	1,806	26
Administrative expenses	2,362	109
Total share-based compensation	4,796	140

All disclosures for share based compensation are covered under Note 21 (Share Based Payments) of the notes to the consolidated financial statements.

7 RESERVES

	Share premium	Profit and loss account
	$000	$000
On incorporation	—	—
Loss for the period	—	(1,982)
Share-based payments – capital contribution	—	63
Issue of shares	68,858	—
Balance at 31 December 2013	68,858	(1,919)
Loss for the period	—	(2,770)
Share-based payments – capital contribution	—	4,796
Issue of shares	328	—
Balance at 31 December 2014	69,186	107

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	$000	$000
Loss for the period	(2,770)	(1,982)
Share-based payments	4,796	63
Cash proceeds from issue of shares	332	63,880
Shares issued on acquisition of subsidiary	—	116
Shares issued on settlement of subsidiary debt	—	5,050
Net additions to shareholders' funds	2,358	67,127
Opening shareholders' funds	67,127	—
Closing shareholders' funds	69,485	67,127

9 SUBSEQUENT EVENTS

On 31 March 2015, the Group announced the availability in the United States of a new test that measures the strength of a patient's cellular immune response to cytomegalovirus (CMV). This T-SPOT.*CMV* test is available as a Laboratory Developed Test from the Company's CLIA-certified and CAP accredited service laboratory.

On 29 January 2015, the Group entered into an underwriting agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC and Piper Jaffray & Co., as representatives of the several underwriters named therein (collectively, the "Underwriters"), relating to the public offering (the "Offering") of 4,255,319 ordinary shares, nominal value £0.006705 (the "Shares"), at an offering price to the public of $11.75 per Share (the "Offering Price"). The Underwriters agreed to purchase the Shares from the Group pursuant to the Underwriting Agreement at a price of $11.045 per share. Under the terms of the Underwriting Agreement, the Group granted the Underwriters a 30-day option to purchase up to an additional 638,297 Shares (the "Option Shares") at the Offering Price, less underwriting discounts and commissions. On 30 January 2015, the Underwriters exercised their option to purchase the Option Shares in full. The gross proceeds to the Group from the sale of the Shares and the Option Shares were approximately $57.5 million and the Group received net proceeds of approximately $53.7 million after deducting underwriting discounts and commissions and estimated aggregate offering expenses payable by the Group. The Offering closed on 4 February 2015.

Effective 15 January 2015, the Remuneration Committee of the Board of Directors approved grants to employees for up to 355,509 share options from the Oxford Immunotec Global PLC 2013 Share Incentive Plan. These grants were issued to employees in the first quarter of 2015.