Company Registration No. 4516079

Oxford Immunotec Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2015

Oxford Immunotec Limited

Contents

OXFORD IMMUNOTEC LIMITED

COMPANY INFORMATION

DIRECTORS	Mr R A Sandberg Dr P J Wrighton-Smith
SECRETARY	Ms E Keiley
COMPANY NUMBER	4516079
REGISTERED OFFICE	94C Innovation Drive Milton Park Abingdon Oxfordshire OX14 4RZ
AUDITOR	Ernst & Young LLP Apex Plaza Reading Berkshire RG1 1YE
BANKERS	Barclays Bank plc PO Box 858 Wytham Court West Way Oxford OX2 0XP
SOLICITORS	Covington & Burling LLP 265 Strand London WC2R 1BH

OXFORD IMMUNOTEC LIMITED

Company Registration No. 4516079

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors present their report and financial statements for Oxford Immunotec Limited (which may be referred to as "OI Ltd.", "the Company", "we", "us" or "our") for the year ended 31 December 2015.

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 commercialising 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 characterised by wide variation in presentation and progression and often require expensive therapies, making diagnostic tests that can better categorise 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

The results for the year are set out on page 11. The financial statements for the year ended 31 December 2015, are the first the Company has prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* (FRS 101). For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with U.K. GAAP. See Note 2 "Accounting Policies - First Time Adoption of Financial Reporting Standard 101" for more information.

The Directors do not propose to pay any dividends.

FINANCIAL INSTRUMENTS

The Company finances its operations with cash at bank and in hand and with intercompany loans payable, as needed. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. See "Risks in relation to the use of financial instruments" in the Strategic Report for more information.

DIRECTORS

The following Directors have held office since 1 January 2015:

Mr R A Sandberg
Dr P J Wrighton-Smith

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

During the year the Company had in force an indemnity provision in favour of one or more directors of the Company, against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

[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, 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.

OXFORD IMMUNOTEC LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

GOING CONCERN

The financial position, including cash flows and liquidity position, of the Company are fully described in the consolidated financial statements of Oxford Immunotec Global PLC ("the Group") for the year ended 31 December 2015. The Group is run as one business and OI Ltd. is the primary operating company of the Group. The Group's cash reserves are predominantly held in the parent company and transferred as required to its subsidiaries.

The Directors have received a letter of financial support from Oxford Immunotec Global PLC extending for at least 12 months from the date of signing the financial statements.

Having reviewed cash flow forecasts for the Group for the 12 month period following the date of signing the financial statements, and with parental financial support in place, the Directors have a reasonable expectation that OI Ltd. 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.

STRATEGIC REPORT

The directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the Directors' Report as the directors consider these are of strategic importance to the company.

AUDITOR

In accordance with section 406 of the Companies Act 2006, Ernst & Young LLP will be reappointed as auditor to the Company.

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 29 September 2016.

On behalf of the board

Dr P J Wrighton-Smith
Director
29 September 2016

OXFORD IMMUNOTEC LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The Company is required to produce a strategic report complying with the requirements of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations").

OI Ltd., is a wholly owned subsidiary of Oxford Immunotec Global PLC, and is incorporated in the United Kingdom (U.K.). OI Ltd., in turn, fully owns the following companies: Oxford Immunotec Inc. (located in the United States, or U.S.), Oxford Diagnostic Laboratories (UK) Limited (located in the U.K. and dormant since incorporation), Oxford Immunotec K.K. (located in Japan), Oxford Immunotec Asia Limited (established in 2014 and located in Hong Kong), and Boulder Diagnostics Europe GmbH (acquired in July 2014 and located in Germany). Oxford Immunotec Asia Limited fully owns Oxford Immunotec (Shanghai) Medical Device Co. Ltd., which was established in 2014 and is located in China.

Shares of our parent company, Oxford Immunotec Global PLC, are traded on the NASDAQ Global Market with symbol "OXFD".

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 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 us all shares of capital stock in its wholly-owned subsidiary, Boulder Diagnostics Europe GmbH, such that the Company has become the sole owner of Boulder Diagnostics Europe GmbH. During the fourth quarter of 2014, the Company closed the facilities that had been used by Boulder.

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

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 72 employees employed by the Company at 31 December 2015, including sales and marketing teams and a laboratory in the United Kingdom. In 2015, we sold to customers in about 50 countries. Our current customer base includes hospitals, the National Health Service, commercial testing laboratories, importers and distributors.

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 tuberculosis, or 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, or PMA, from the Food and Drug Administration, or FDA, in Europe, where we have obtained a CE mark, as well as in Japan and China. Interferon-gamma release assays, or IGRAs, such as our T-SPOT.*TB* test have been included in clinical guidelines for TB testing in at least 34 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, or 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.

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

OXFORD IMMUNOTEC LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

In 2015, we announced the availability of two additional tests using the T-SPOT technology platform. The T-SPOT.*CMV* test, which is used to test for cytomegalovirus infection, or CMV, and the T-SPOT.*PRT* test, which is a panel of reactive T cells, became available in the United States as laboratory developed tests from the Group's Clinical Laboratory Improvements Amendment, or CLIA, certified and College of American Pathologists, or CAP, accredited service laboratory in the first and fourth quarters of 2015, respectively. The T-SPOT.*CMV* and T-SPOT.*PRT* tests were CE marked in the European Union during the second and fourth quarters of 2015, respectively. The T-SPOT.*CMV* test measures the strength of a patient's cellular immune response to CMV specific antigens and provides information that may be useful in informing management strategies of patients at risk of CMV infection and disease, such as transplant patients. The T-SPOT.*PRT* test assesses a solid organ transplant candidate's T cell response to foreign tissue, or alloreactivity, and may help clinicians identify patients at increased risk of T cell mediated rejection post-transplant. While we are enthusiastic about the potential utility that the T-SPOT.*CMV* and T-SPOT.*PRT* tests may provide in transplant medicine, we are taking a measured approach to market introduction as we await the results of two pivotal clinical studies. Essentially no revenue was earned on the T-SPOT.*CMV* and T-SPOT.*PRT* tests in 2015.

We also have several active development programs pertaining to new potential tests. The programs seek to exploit our T cell and innate immune measuring technology and span each of our four focus areas. Our development pipeline 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. Product development activities are inherently uncertain, and there can be no assurance that we will be able to obtain regulatory body clearance to market any of our products, or if we obtain clearances that we will successfully commercialise any of our products. In addition, we may terminate our development efforts with respect to one or more of our products under development at any time, including before or during clinical trials.

We have incurred significant accumulated losses since inception. However, we generated profits of £5.0 million and £2.5 million during the years ended 31 December 2015 and 2014, respectively. The turnover for the year ended 31 December 2015 was £27.1 million and for the year ended 31 December 2014 was £20.4 million.

Our key financial and other performance indicators during the year were as follows:

	2015	2014 (restated)	Change %
	£'000	£'000	
Turnover	27,093	20,431	33 %
Operating profit	3,040	609	399 %
Profit after taxation	4,957	2,454	102 %
Shareholder's funds	67,063	54,703	23 %
Average number of employees	74	70	6 %

Turnover, which represents sales to all customers outside the U.S., increased by 33% in the year reflecting an increase in the customer base and market penetration for the core product, T-SPOT.*TB*.

Our 2015 operating profit and profit after taxation growth related primarily to the expansion of our sales and marketing programs offset by increased product development expenses related to our transplant and other pipeline programs.

Shareholder's funds increased largely due to the profit after taxation for the year.

The average number of employees increased during 2015 as the volume of kit sales has grown, along with related sales and marketing activity.

As of 31 December 2015, we had cash at bank and in hand of £5.7 million.

FUTURE DEVELOPMENTS

The Directors continually evaluate the policies and strategies needed to continue our turnover growth. We expect that 2016 will show further sales growth in our existing and new markets.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial

Although we generated profits in 2015, 2014 and 2013, we have a history of losses and we may incur additional losses over the next few years. We cannot be certain that we will sustain profitability.

Commercialisation

From a turnover generation perspective, we are essentially a single-product company that is heavily dependent on the successful further commercialisation of our T-SPOT.*TB* test and, if we encounter delays or difficulties in the further commercialisation 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.

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 in the United Kingdom. If this facility 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 commercialisation in various 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.

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.

Risks 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, foreign currency exchange rate fluctuations, and credit risk, as discussed below.

Interest rate fluctuations

Changes in the general level of European interest rates expose OI Ltd. to interest rate risk. These changes could affect our interest income and interest expense.

Capital market fluctuations

Our cash and cash equivalents are invested in interest-bearing savings 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 cash and cash equivalents.

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, and our turnover is denominated in multiple currencies, including the Pound Sterling, the Euro, the U.S. Dollar and the Japanese Yen. As we continue to grow our business outside the United Kingdom, 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

Our customer base consists of hospitals, the National Health Service, commercial testing laboratories, importers and distributors. To date, we have had minimal bad debts.

EMPLOYEES

As of 31 December 2015, we had 72 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.

SUBSEQUENT EVENTS

During the three month-period ended 31 March 2016, the Company granted to certain employees 235,118 share options with exercise prices ranging from \$9.98 to \$10.21 per share under the 2013 Plan. The weighted-average grant date fair value related to share options granted under the 2013 Plan during the three month-period ended 31 March 2016 was \$4.53 per share. Share options generally vest based on the grantee's continued service with the Company during a specified period following the vesting start date and expire after ten years.

During the three-month period ended 31 March 2016, the Company awarded to certain employees 46,163 RSUs with a weighted average grant date fair value of \$10.21 per share under the 2013 Plan. The RSUs vest based on the grantee's continued service with the Company during a specified period following grant as follows: 40% on the second anniversary of the grant date; 30% on the third anniversary of the grant date; and 30% on the fourth anniversary of the grant date. Share-based compensation expense for these restricted shares is calculated based on the grant date market price of the shares and is being recognised over the vesting period.

On behalf of the board

Dr P J Wrighton-Smith
Director
29 September 2016

OXFORD IMMUNOTEC LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable U.K. Accounting Standards have been followed, 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 the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC LIMITED

We have audited the financial statements of Oxford Immunotec Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 25. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (U.K. 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 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 financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OXFORD IMMUNOTEC LIMITED (CONTINUED)

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

Ernst & Young LLP

Marcus Butler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
29 September 2016

OXFORD IMMUNOTEC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015	2014
		£'000	£'000
TURNOVER	4	27,093	20,431
Cost of sales		(10,626)	(8,779)
GROSS PROFIT		16,467	11,652
Other operating income	5	50	90
Other operating expenses	5	(13,477)	(11,133)
OPERATING PROFIT		3,040	609
Interest receivable, net	6	1,917	1,845
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	4,957	2,454
Taxation	10	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		4,957	2,454

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

During 2014 the Company acquired a research business trade, net assets and shares in a German subsidiary from Boulder. The activities of the business acquired were immediately merged with the existing activities of the Company and hence it is not possible to show separately an analysis of the post-acquisition results of the acquisition.

OXFORD IMMUNOTEC LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £'000	2014 £'000
Profit for the financial year		4,957	2,454
Total comprehensive income for the year		4,957	2,454

OXFORD IMMUNOTEC LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	At 31 December 2015 £'000	At 31 December 2014 £'000
ASSETS			
FIXED ASSETS			
Goodwill	11	33	33
In-process research and development	11	1,285	1,554
Other intangible assets	11	375	364
Tangible fixed assets	12	645	596
Investments	13	35,651	29,215
TOTAL FIXED ASSETS		37,989	31,762
CURRENT ASSETS			
Stocks	14	3,384	3,264
Amounts owed by group undertakings		27,601	21,229
Trade debtors		2,075	2,760
Other debtors	15	1,044	843
Cash at bank and in hand		5,686	2,402
TOTAL CURRENT ASSETS		39,790	30,498
TOTAL ASSETS		77,779	62,260
EQUITY AND LIABILITIES			
LIABILITIES			
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	16	(6,345)	(4,960)
Amounts owed to group undertakings		(3,456)	(1,814)
NET CURRENT ASSETS		29,989	23,724
TOTAL ASSETS LESS CURRENT LIABILITIES		67,978	55,486
NON-CURRENT LIABILITIES			
Contingent purchase price consideration	24	(915)	(783)
TOTAL LIABILITIES		10,716	7,557
NET ASSETS		67,063	54,703
EQUITY			
Share capital	18	71	71
Share premium		66,200	66,200
Capital contribution reserve		13,759	7,669
Share option reserve	23	3,025	1,712
Retained deficit		(15,992)	(20,949)
SHAREHOLDER'S FUNDS		67,063	54,703

The financial statements on pages 11 to 14, and the accompanying Notes to the Financial Statements were approved by the Board of Directors and authorised for issue on 29 September 2016 and are signed on its behalf by:

Dr P J Wrighton-Smith
Director
29 September 2016

OXFORD IMMUNOTEC LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Share premium	Capital contribution reserve	Share option reserve	Retained (deficit)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
BALANCE AT 1 JANUARY 2014	71	66,200	3,467	653	(23,403)	46,988
Share-based payment	—	—	—	1,059	—	1,059
Capital contribution from group undertakings	—	—	4,202	—	—	4,202
Profit for the year	—	—	—	—	2,454	2,454
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	4,202	1,059	2,454	7,715
BALANCE AT 31 DECEMBER 2014 (as restated)	71	66,200	7,669	1,712	(20,949)	54,703
Share-based payment	—	—	—	1,313	—	1,313
Capital contribution from group undertakings	—	—	6,090	—	—	6,090
Profit for the year	—	—	—	—	4,957	4,957
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	—	—	6,090	1,313	4,957	12,360
BALANCE AT 31 DECEMBER 2015	71	66,200	13,759	3,025	(15,992)	67,063

OXFORD IMMUNOTEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 CORPORATE INFORMATION

Oxford Immunotec Limited ("the Company" or "OI Ltd.") is a limited company domiciled and incorporated in England and Wales. The address of the Company's registered office and principal place of business is 94C Innovation Drive, Milton Park, Abingdon, Oxfordshire, OX14 4RZ.

A description of the Company's principal activities is provided in the Director's Report on pages 1-2. The nature of the Company's operations is discussed in the Strategic Report on pages 3-7.

The financial position, including cash flows and liquidity position, of the Company are fully described in the consolidated financial statements of Oxford Immunotec Global PLC and subsidiaries ("the Group") for the year ended 31 December 2015. The Group is run as one business and OI Ltd. is the primary operating company of the Group. The Group's cash reserves are predominantly held in the parent company and transferred as required to its subsidiaries.

The Directors have received a letter of financial support from Oxford Immunotec Global PLC extending for at least 12 months from the date of signing the financial statements.

Having reviewed cash flow forecasts for the Group for the 12 month period following the date of signing the financial statements, and with parental financial support in place, the Directors have a reasonable expectation that OI Ltd. 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.

The Company is exempt, by virtue of Section 401 of the Companies Act 2006, from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Oxford Immunotec Global PLC, a company incorporated in the U.K., and is included in the publicly available consolidated financial statements of this entity. Therefore, these financial statements present information about the Company and not its group.

These financial statements were approved by the Board of Directors and authorised for issue on 29 September 2016. The Board of Directors has the power to amend the financial statements after issue, if applicable.

2 ACCOUNTING POLICIES

The significant accounting policies which have been used in the preparation of these financial statements are set out below.

BASIS OF ACCOUNTING

The financial statements for the year ended 31 December 2015, are the first the Company has prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* (FRS 101). For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with U.K. GAAP.

The financial statements have been prepared under the historical cost convention (unless a fair value basis is required by FRS 101) and are in accordance with the Companies Act 2006.

The U.K. Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, in accordance with International Financial Reporting Standards (IFRS) 3, *Business Combinations*, goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the Company amortised goodwill, a period of 20 years would have been chosen as the useful life for goodwill. The profit for the year would have been £1,629 lower (2014 - £679 lower) had goodwill been amortised in the year.

FOREIGN CURRENCY TRANSLATION

The Company's functional currency has been determined as the Pound Sterling. The financial statements are presented in Pounds Sterling.

2 ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSLATION (CONTINUED)

Transactions in foreign currencies are translated into Pounds Sterling at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

TURNOVER RECOGNITION

Turnover includes both product turnover and service turnover.

OI Ltd. 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, the National Health Service, commercial testing laboratories, importers and distributors.

Product turnover is generally paid directly by the customer and is recognised 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. No product return rights are extended to customers of OI Ltd.

OI Ltd. derives service turnover primarily from its diagnostic laboratory in the United Kingdom where OI Ltd. performs its T-SPOT.*TB* test on samples sent by customers to its laboratory facilities.

Service turnover is recognised 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 OI Ltd. receives payment directly from the ordering entity.

OI Ltd. also generates turnover from sales to various government programmes, including the National Health Service, each with different billing requirements. Turnover from tests paid by third-party payors is recognised on an accrual basis based on OI Ltd.'s historical collection experience.

Turnover is recorded net of taxes assessed by government authorities on turnover, including value added taxes (i.e. excluded from turnover) in the profit and loss account.

COST OF SALES

Cost of sales includes both cost of product sales and cost of service 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, royalty charges, and packaging and delivery costs.

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

SHIPPING AND HANDLING

OI Ltd. 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.

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

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of fair value of the purchase consideration over the company's share of the fair value of the identifiable net assets acquired. Goodwill is recognised as an asset and reviewed for impairment at least annually and whenever there is an indicator of impairment. Goodwill is carried at cost less accumulated impairment losses. Any impairment is recognised in the period in which it is identified. On disposal, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Other indefinite-lived intangible assets, principally consisting of acquired in-process research and development, are not amortised but are also reviewed for impairment at least annually and whenever there is an indicator of impairment. Also see IMPAIRMENT OF FIXED ASSETS policy below.

2 ACCOUNTING POLICIES (CONTINUED)

PATENTS

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses include direct costs and an allocation of indirect costs, including amortisation, depreciation, rent, supplies, insurance, and repairs and maintenance. Research and development expenses include all costs associated with the development of OI Ltd.'s T-SPOT technology platform and potential future products including new diagnostic tests that utilise the T-SPOT technology platform, along with assays for Lyme disease and gout and an assay to inform decisions regarding biologic therapies that were acquired in the acquisition of Boulder in the third quarter of 2014, and are charged to expense until, based on management's judgement, technological and economic feasibility is confirmed. Amounts capitalised are amortised to research and development expense over a period of 10 years using the straight line method.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Leasehold improvements	3 – 10 years straight line
Plant and machinery	3 – 10 years straight line
Fixtures, fittings and equipment	3 – 10 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

IMPAIRMENT OF FIXED ASSETS

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amounts of the Company's tangible fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money. Risks specific to the assets are included in the determination of cash flows.

Assets that have suffered an impairment are tested for possible reversal of the impairment at each reporting date if indications exist that impairment losses recognised in prior periods no longer exist or have decreased. Goodwill impairment is not reversed.

PROVISIONS

A provision shall be recognised when:

- the Company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognised.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain events not fully within the control of the Company. A contingent liability recognised in a business combination is initially measured at its fair value. Such liability is adjusted to fair value at each reporting date, with the offset reflected in interest expense.

2 ACCOUNTING POLICIES (CONTINUED)

LEASES

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the profit and loss account on a straight line basis over the lease term.

INVESTMENTS

Fixed asset investments comprise investments in subsidiaries and are stated at cost less provision for impairment. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

CASH AT BANK AND IN HAND

OI Ltd. maintains its available cash balances in cash and bank savings accounts in the United Kingdom, United States and Germany. OI Ltd. considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. Cash equivalents are recorded at cost, which approximates fair value.

OI Ltd. maintains deposits in government insured financial institutions in excess of government insured limits. Management believes that OI Ltd. is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

STOCKS

Stocks consist of finished goods and raw materials. OI Ltd. 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 and net realisable value. Cost is determined by the actual cost of components by batch plus estimated labour and overhead costs per unit. Net realisable value is based on an estimated selling price less any costs expected to be incurred to completion and sale. OI Ltd. reviews the components of its stock on a periodic basis for excess, obsolete or impaired stock, and records a provision for the identified items. At 31 December 2015 and 2014, OI Ltd. determined no stock provision was required.

AMOUNTS OWED BY, AND TO, GROUP UNDERTAKINGS

Amounts owed by, and to, group undertakings are unsecured and interest free. As such loans are not made on normal commercial terms, they are initially recorded at fair value and subsequently recorded at amortised cost. Where the Company is the lender, the difference between the loan amount and fair value is recorded as an investment in the group undertaking. Where the Company is the recipient of the loan, the difference between the loan amount and the fair value is recorded as a capital contribution within reserves (described as "Capital contribution from group undertakings" in the Statement of Changes in Equity).

DEBTORS

Trade debtors, net are primarily amounts due from hospitals, the National Health Service, commercial testing laboratories, importers and distributors.

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

2 ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS

For acquisitions meeting the definition of a business combination, the Company 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 and intangible fixed assets acquired, the Company estimates the fair value using the most appropriate valuation method with assistance from independent third party specialists. When determining the fair value of intangible assets acquired, the Company 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 Company's best estimates. If factors change and the Company 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.

Transaction costs are expensed. The results of the acquired business are included from the date of the acquisition.

RETIREMENT BENEFITS

The Company operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures certain financial assets and liabilities initially 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 2015 and 2014, the Company's financial instruments consist of cash, trade debtors, trade creditors, accrued liabilities, loans payable and balances to and from group undertakings. At 31 December 2015 and 31 December 2014 all financial instruments are subsequently measured at amortised cost which, in the opinion of the directors, approximates their fair value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. The Company currently does not recognise any deferred tax assets due to uncertainty of future profitability.

GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a turnover nature are credited to income so as to match them with the expenditure to which they relate.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables or available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest receivable, net in the profit and loss account. The losses arising from impairment are recognised in the profit and loss account in other operating expenses.

2 ACCOUNTING POLICIES (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

Derecognition of financial assets

A financial asset is derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administrative expense.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss in recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

FINANCIAL LIABILITIES

Trade and other creditors

Trade and other creditors are initially recognised at fair value and subsequently at amortised cost using the effective interest method where material.

Equity instruments

Equity instruments issued by the company are recorded as the value of the proceeds received net of direct issue costs.

SHARE-BASED PAYMENTS

Employees of OI Ltd. are eligible to participate in the share incentive plans of its parent company: Oxford Immunotec Global PLC ("OI Global"). Share-based compensation relates to grants of options to purchase ordinary shares and restricted shares. Currently, OI Global maintains one share incentive plan pursuant to which it may grant options to purchase its ordinary shares, restricted shares, restricted share units, and other share-based awards to its employees, directors and officers. This incentive plan is called the Oxford Immunotec Global PLC 2013 Share Incentive Plan (the "2013 Plan"). In addition, OI Global maintains the 2008 Amended and Restated Stock Incentive Plan (the "2008 Plan"). No new share grants or awards will be made under the 2008 Plan. OI Ltd. accounts for share-based remuneration arrangements with employees, officers and Directors by recognising compensation expense based on the grant date fair value of share-based payment transactions in the financial statements.

Share-based remuneration costs for options 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 recognised as expense on an accelerated 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. OI Ltd. 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.

2 ACCOUNTING POLICIES (CONTINUED)

SHARE-BASED PAYMENTS (CONTINUED)

Beginning in 2014, certain employees have been granted restricted shares. The fair value of restricted shares is calculated based on the closing sale price of the Company's ordinary shares on the date of issuance and the related compensation expense is recorded over the vesting period. No restricted shares have vested through 31 December 2015.

The cumulative expense recognised for share-based transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and OI Ltd.'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 recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

Where the terms of an equity award are modified, the minimum expense recognised is the expense as if the terms had not been modified if the original terms of the award are met. An additional expense is recognised 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 recognised for the award is recognised 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.

Provision is made for National Insurance contributions on outstanding share options that are expected to be exercised, based upon the latest enacted National Insurance rates and the market price of the underlying shares at the reporting period end, spread over the vesting period of the options.

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101

These financial statements, for the year ended 31 December 2015, are the first the Company has prepared in accordance with FRS 101, *Reduced Disclosure Framework*. For periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with U.K. GAAP.

Accordingly, the Company has prepared financial statements which comply with FRS 101 applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2014, the Company's date of transition to FRS 101. This note explains the principal adjustments made by the Company in restating its U.K. GAAP financial statements, including the statement of financial position as at 1 January 2014 and the financial statements as at and for the year ended 31 December 2014.

FRS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under FRS 101.

The Company has applied the following exemptions:

- exemption from preparing a statement of cash flows as required by International Accounting Standards (IAS) 7, *Statement of Cash Flows*;
- exemption from most of the share based payments disclosures as required by IFRS 2, *Share based Payment*;
- exemption from the listing of new or revised standards that have not been adopted (and information about their likely impact) as required by IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*;
- exemption from many of the disclosures required under IFRS 3, *Business Combinations*;
- exemption from the disclosure requirements of IFRS 13, *Fair Value Measurement*;
- exemption from the disclosure requirements of paragraph 17 of IAS 24, *Related Party Disclosures*, and the requirements to disclose related party transactions between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned.;
- exemption from the presentation of comparative information as required by IAS 1, *Presentation of Financial Statements*;
- exemption from the capital management disclosure requirements of IAS 1, *Presentation of Financial Statements*;

2 ACCOUNTING POLICIES (CONTINUED)

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101 (CONTINUED)

- exemption from the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets;
- the exemption from the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations; and
- exemption from the requirement to present an opening balance sheet as required by IFRS 1, *First-time Adoption of International Financial Reporting Standards.*

Estimates

The estimates at 1 January 2014 and at 31 December 2014 are consistent with those made for the same dates in accordance with local U.K. GAAP. The estimates used by the Company to present these amounts in accordance with FRS 101 reflect conditions at 1 January 2014, the date of transition to FRS 101 and as of 31 December 2014.

2 ACCOUNTING POLICIES (CONTINUED)

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101 (CONTINUED)

Reconciliation of income for the year ended 31 December 2014:

	Notes	As previously stated	Development costs **(a)**	Intercompany balances **(b)**	Other **(c)**	FRS 101 for the year ended 31 December 2014
		£'000	£'000	£'000	£'000	£'000
TURNOVER		20,431	—	—	—	20,431
Cost of sales		(8,772)	—	—	(7)	(8,779)
GROSS PROFIT		11,659	—	—	(7)	11,652
Other operating income		90	—	—	—	90
Other operating expenses		(11,112)	(24)	—	3	(11,133)
OPERATING PROFIT		637	(24)	—	(4)	609
Interest receivable, net		(1)	—	1,890	(44)	1,845
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		636	(24)	1,890	(48)	2,454
Taxation		—	—	—	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		636	(24)	1,890	(48)	2,454

Reconciliation of comprehensive income for the year ended 31 December 2014:

	Notes	As previously stated	Development costs **(a)**	Intercompany balances **(b)**	Other **(c)**	FRS 101 for the year ended 31 December 2014
		£'000	£'000	£'000	£'000	£'000
Profit for the financial year		636	(24)	1,890	(48)	2,454
Total comprehensive income for the year		636	(24)	1,890	(48)	2,454

OXFORD IMMUNOTEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

2 ACCOUNTING POLICIES (CONTINUED)

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101 (CONTINUED)

Reconciliation of equity as at 1 January 2014 (date of transition to FRS 101):

		As at 1 January 2014 (date of transition to FRS 101)				
	Notes	As previously stated £'000	Development costs (a) £'000	Intercompany balances (b) £'000	Other (c) £'000	FRS 101 at 1 January 2014 £'000
ASSETS						
FIXED ASSETS						
Goodwill		—	—	—	—	—
Other intangible assets		405	212	—	(204)	413
Tangible fixed assets		215	—	—	2	217
Investments		170	—	24,724	—	24,894
TOTAL FIXED ASSETS		790	212	24,724	(202)	25,524
CURRENT ASSETS						
Stocks		2,575	—	—	(11)	2,564
Amounts owed by group undertakings		40,303	—	(21,871)	—	18,432
Trade debtors		1,176	—	—	—	1,176
Other debtors		1,204	—	—	—	1,204
Cash at bank and in hand		2,363	—	—	—	2,363
TOTAL CURRENT ASSETS		47,621	—	(21,871)	(11)	25,739
TOTAL ASSETS		48,411	212	2,853	(213)	51,263
EQUITY AND LIABILITIES						
LIABILITIES						
CURRENT LIABILITIES						
Creditors: amounts falling due within one year		(4,077)	—	—	(198)	(4,275)
Amounts owed to group undertakings		—	—	—	—	—
NET CURRENT ASSETS		43,544	—	(21,871)	(209)	21,464
TOTAL ASSETS LESS CURRENT LIABILITIES		44,334	212	2,853	(411)	46,988
NON-CURRENT LIABILITIES						
Contingent purchase price consideration		—	—	—	—	—
TOTAL LIABILITIES		4,077	—	—	198	4,275
NET ASSETS		44,334	212	2,853	(411)	46,988
EQUITY						
Share capital		71	—	—	—	71
Share premium		66,200	—	—	—	66,200
Capital contribution reserve		3,467	—	—	—	3,467
Share option reserve		653	—	—	—	653
Retained (deficit)		(26,057)	212	2,853	(411)	(23,403)
SHAREHOLDER'S FUNDS		44,334	212	2,853	(411)	46,988

OXFORD IMMUNOTEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

2 ACCOUNTING POLICIES (CONTINUED)

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101 (CONTINUED)

Reconciliation of equity as at 31 December 2014 (end of last period presented under U.K. GAAP):

	Notes	As at 31 December 2014 (end of last period presented under U.K. GAAP)				
		As previously stated	Development costs **(a)**	Intercompany balances **(b)**	Other **(c)**	FRS 101 at 31 December 2014
		£'000	£'000	£'000	£'000	£'000
ASSETS						
FIXED ASSETS						
Goodwill		1,706	—	—	(1,673)	33
In-process research and development		—	—	—	1,554	1,554
Other intangible assets		338	189	—	(163)	364
Tangible fixed assets		598	—	—	(2)	596
Investments		438	—	28,777	—	29,215
TOTAL FIXED ASSETS		3,080	189	28,777	(284)	31,762
CURRENT ASSETS						
Stocks		3,276	—	—	(12)	3,264
Amounts owed by group undertakings		42,916	—	(21,687)	—	21,229
Trade debtors		2,760	—	—	—	2,760
Other debtors		843	—	—	—	843
Cash at bank and in hand		2,402	—	—	—	2,402
TOTAL CURRENT ASSETS		52,197	—	(21,687)	(12)	30,498
TOTAL ASSETS		55,277	189	7,090	(296)	62,260
EQUITY AND LIABILITIES						
LIABILITIES						
CURRENT LIABILITIES						
Creditors: amounts falling due within one year		(4,795)	—	—	(165)	(4,960)
Amounts owed to group undertakings		(3,670)	—	1,856	—	(1,814)
NET CURRENT ASSETS		43,732	—	(19,831)	(177)	23,724
TOTAL ASSETS LESS CURRENT LIABILITIES		46,812	189	8,946	(461)	55,486
NON-CURRENT LIABILITIES						
Contingent purchase price consideration		(783)	—	—	—	(783)
TOTAL LIABILITIES		9,248	—	(1,856)	165	7,557
NET ASSETS		46,029	189	8,946	(461)	54,703
EQUITY						
Share capital		71	—	—	—	71
Share premium		66,200	—	—	—	66,200
Capital contribution reserve		3,467	—	4,202	—	7,669
Share option reserve		1,712	—	—	—	1,712
Retained (deficit)		(25,421)	189	4,744	(461)	(20,949)
SHAREHOLDER'S FUNDS		46,029	189	8,946	(461)	54,703

2 ACCOUNTING POLICIES (CONTINUED)

FIRST TIME ADOPTION OF FINANCIAL REPORTING STANDARD 101 (CONTINUED)

Notes to the reconciliation of total comprehensive income for the year ended 31 December 2014 and of equity as at 1 January 2014 and 31 December 2014.

(a) Development costs

Under U.K. GAAP, research and development costs were expensed as incurred. Under IFRS, costs associated with the creation of intangible assets are classified into research phase costs and development phase costs. Costs in the research phase are always expensed. Costs in the development phase are capitalised, if all of the following six criteria are demonstrated: technical feasibility of completing the intangible asset; intention to complete the intangible asset; ability to use or sell the intangible asset; probable future economic benefits from sale or internal use of the intangible asset; availability of adequate resources to complete the development of the intangible asset and to use or sell it; and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Capitalised development costs represent spend on the evolution of the T-SPOT.*TB* test subsequent to initial marketing approvals and are amortised over their estimated useful lives of ten years.

(b) Intercompany balances

Under U.K. GAAP, intercompany loans were reflected in the Balance Sheet at face value. Under IFRS, intercompany loans are reflected in the balance sheet at fair value and accreted to face value over the estimated lives of the loans, with the effective interest credit/charge being recorded in interest income/expense. Where the Company is the lender, the difference between the loan amount and fair value is recorded as an investment in the group undertaking. Where the Company is the recipient of the loan, the difference between the loan amount and the fair value is recorded as a capital contribution within reserves.

(c) Other

Other adjustments include the reclassification of Boulder in-process research and development from goodwill, the reclassification of movements in contingent consideration from goodwill to interest expense, and the reclassification to expenses of certain items classified as intangible fixed assets under U.K. GAAP and the accounting for free rent periods.

3 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and that affect the reported amounts of turnover and expenditures during the reporting periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Business combinations

For acquisitions meeting the definition of a business combination, the Company 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 Company 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 Company 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 Company's best estimates. If factors change and the Company 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.

3 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT (CONTINUED)

Goodwill and other intangible assets

The recoverable amount of goodwill and other intangible assets is based on value in use which requires estimates in respect of the allocation of goodwill to cash generating units, the future cash flows and an appropriate discount rate. The key inputs to the value in use calculations are the discount rate and the future earnings growth. Goodwill is an indefinite-lived intangible asset and is not amortised. Rather, it is reviewed for impairment at least annually. Other indefinite-lived intangible assets, principally consisting of acquired in-process research and development, are not amortised but are also reviewed for impairment at least annually and whenever there is an indicator of impairment. Other definite-lived intangible assets include technology licenses, which are capitalised and amortised over estimated useful lives (generally in the range of five to ten years) using the straight-line method.

On an ongoing basis, the Company assesses the recoverability of its intangible assets by determining its ability to generate undiscounted future cash flows sufficient to recover the unamortised balances over the remaining useful lives. Intangible assets determined to be unrecoverable are expensed in the period in which the determination is made.

Debtors

In assessing the recoverability of the company's debtors, management makes assumptions as to the probability of the debt becoming bad by considering the age of the debt, the payment terms of the contract, the credibility of the customer and historic knowledge.

Contingent consideration

In estimating the value of the contingent consideration in respect of the purchase of substantially all of the assets of Boulder Diagnostics, Inc., the directors have made significant assumptions, including the probabilities of milestone occurrence, the expected timing of milestone payments, and a discount rate of 15%, which are discussed further in Note 24 "Acquisition Activity" to these financial statements.

Share based payment arrangements

The Company accounts for share based payment arrangements with employees, officers and directors by recognising compensation expense based on the grant date fair value of share based transactions in the financial statements. Share-based compensation for options is 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 recognised as expense on an accelerated basis over the requisite service period. Determining the appropriate fair value model and related assumptions requires judgement, 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 Company 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. Beginning in 2015, certain employees have been granted restricted share units, or RSUs, and beginning in 2014, certain employees were granted restricted shares. The fair value of RSUs and restricted shares are calculated based on the closing sale price of the Company's ordinary shares on the date of issuance. Please refer to Note 23 "Share Based Payments" for further details regarding share based payments.

Development costs

Development costs are capitalised in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Interest on intercompany loans

Interest on intercompany loans is charged at an effective interest rate of 10.24%, which is an estimated market rate.

4 TURNOVER

An analysis of the company's turnover by class of business is as follows:

	2015	2014
	£'000	£'000
Product turnover	25,540	18,990
Service turnover	1,553	1,441
	27,093	20,431

Geographic information

Revenues from external customers:

	2015	2014
	£'000	£'000
United States	6,597	4,223
Europe and rest of world	4,582	4,253
Asia	15,914	11,955
	27,093	20,431

5 OTHER OPERATING INCOME/(EXPENSES)

	2015	2014 (as restated)
	£'000	£'000
Other operating income	50	90
Administrative expenses	(13,477)	(11,133)
	(13,427)	(11,043)

6 INTEREST RECEIVABLE, NET

	2015	2014 (as restated)
	£'000	£'000
Interest receivable	2,049	1,890
Interest payable	(132)	(45)
	1,917	1,845

Interest receivable relates to the accretion of intercompany loans at an effective interest rate of 10.24% (see Note 2 "Accounting Policies – Intercompany balances") and interest payable relates to the accretion of contingent consideration at an effective interest rate of 15% (see Note 24 "Acquisition Activity").

7 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£'000	£'000
Profit is stated after charging:		
Amortisation of intangible assets	57	52
Depreciation of tangible fixed assets	261	208
Loss on foreign exchange transactions	171	242
Research and development		
- Annual expenditure	2,151	2,241
Stock		
- Amounts expensed to cost of sales	6,279	4,726
Operating lease rentals		
- Rental for land and buildings	321	316
Auditor's remuneration	55	18

8 EMPLOYEES

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

	2015	2014
	Number	Number
Research	15	12
Administration, manufacturing and distribution	59	58
	74	70

EMPLOYMENT COSTS	2015	2014
	£'000	£'000
Wages and salaries	3,522	2,896
Social security costs	444	392
Other pension costs	438	354
Cost of employee share schemes (Note 23)	1,313	1,060
	5,717	4,702

9 DIRECTORS' EMOLUMENTS

	2015	2014
	£'000	£'000
Emoluments	417	389
Value of OI Ltd. pension contributions to money purchase schemes	55	52
	472	441

	2015	2014
The number of Directors for whom retirement benefits are accruing under money purchase schemes was	1	1

No share options were exercised by the Directors in 2015 or 2014.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2015	2014
	£'000	£'000
Total emoluments (excluding pension contributions)	417	328
Value of OI Ltd. pension contributions to money purchase schemes	55	52
	472	380

No share options were exercised by the highest paid Director in 2015 or 2014.

10 TAXATION

	2015	2014
	£'000	£'000
U.K. corporation tax		
Current tax on profit for the year	—	—
Tax on profit on ordinary activities	—	—

10 TAXATION (CONTINUED)

The tax assessed for the year is lower than the standard rate of corporation tax of 20.25% (2014 – 21.50%) as explained below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	4,957	2,454
Profit on ordinary activities before taxation multiplied by the standard rate of U.K. corporation tax of 20.25% (2014 – 21.50%)	1,004	528
Effects of:		
Non-deductible expenses	86	36
Other permanent differences	231	—
Research and development tax credits - current year	(208)	(234)
Capital allowance in excess of depreciation	(30)	(28)
Tax losses utilised	(686)	(110)
Non-taxable income	(388)	—
FRS 101 transitional adjustments: additional amortisation	—	(12)
FRS 101 transitional adjustments: non-taxable income	—	(406)
FRS 101 transitional adjustments: rental income	—	7
Deferred tax not recognised	—	20
Other tax adjustments	(9)	199
	(1,004)	(528)
Total tax charge/(credit)	—	—

The values in the table above relating to FRS 101 transitional adjustments show the tax effects of the transition adjustments described above in Note 2 "Accounting Policies".

The Company has estimated losses of £17,774,776 (2014 £21,103,161) available for carry forward against future trading profits.

Factors that may affect future tax charges

The main rate of U.K. corporation tax reduced to 20% from 1 April 2015. Further deductions to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted by 31 December 2015.

11 INTANGIBLE FIXED ASSETS

	Goodwill	In-process research and development	Development costs	Patents with definite useful life	Software with definite useful life	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 January 2015	33	1,554	236	532	—	2,355
Additions	—	—	90	29	—	119
Impairment	—	(269)	—	(66)	—	(335)
At 31 December 2015	33	1,285	326	495	—	2,139
AMORTISATION						
At 1 January 2015	—	—	47	357	—	404
Impairment	—	—	—	(15)	—	(15)
Charge for the year	—	—	24	33	—	57
At 31 December 2015	—	—	71	375	—	446
NET BOOK VALUE						
At 31 December 2014	33	1,554	189	175	—	1,951
At 31 December 2015	33	1,285	255	120	—	1,693

In-process research and development recorded in conjunction with the Boulder acquisition is reviewed for impairment at least annually, or when events or changes in the business environment indicate the carrying value may be impaired. If there is an indication the intangible asset may be impaired, then the intangible asset's recoverable amount must be calculated. The impairment loss, if any, is measured as the excess of the carrying value of the intangible asset over the recoverable amount. During the third quarter of 2015, the timeline for the development of an assay to inform decisions regarding biologic therapies that was acquired as part of the Boulder acquisition was changed due to delays in the completion of research studies. Based upon the changed timeline and the resulting impact on recoverable value, the Company recorded a non-cash impairment charge of £269,000 in other operating expenses to reduce the carrying value of this intangible asset to its recoverable amount of nil, which is equal to the estimated fair value of the intangible asset.

The Patent impairment values shown above relate to the termination of a licensing agreement during the year.

12 TANGIBLE FIXED ASSETS

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000
COST				
At 1 January 2015	783	846	653	2,282
Additions	9	288	13	310
31 December 2015	792	1,134	666	2,592
DEPRECIATION				
1 January 2015	578	595	513	1,686
Charge in the year	66	117	78	261
31 December 2015	644	712	591	1,947
NET BOOK VALUE				
31 December 2014	205	251	140	596
31 December 2015	148	422	75	645

13 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings
	£'000
COST	
At 1 January 2015	29,215
Additions	6,436
At 31 December 2015	35,651
IMPAIRMENT	
At 1 January 2015	—
Charge for the year	—
As at 31 December 2015	—
NET BOOK VALUE	
At 31 December 2014	29,215
At 31 December 2015	35,651

OI Ltd. has an investment comprised of the outstanding common stock in the amount of $1 for an off-the-shelf company, Oxford Immunotec Inc. that is incorporated in the U.S. in order for OI Ltd. to carry out the principal activity in that territory. In addition, OI Ltd. has investments consisting of the entire share capital of Oxford Immunotec K.K. and Oxford Immunotec Asia Limited, which allow the Company to carry out operations in Japan and Hong Kong, respectively. Oxford Immunotec Asia Limited, in turn, fully owns Oxford Immunotec (Shanghai) Medical Device Co. Ltd., which carries out operations in China. The Company also owns the entire share capital of Boulder Diagnostics Europe GmbH, a company located in Germany that was acquired in July 2014, and of Oxford Diagnostic Laboratories (UK) Limited, a company which has remained dormant since its incorporation.

13 FIXED ASSET INVESTMENTS (CONTINUED)

Additions to the value of shares in subsidiary undertakings are the result of accounting for intercompany loans at fair value, as described in Note 2 "Accounting Policies".

Name of Company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary Undertaking			
Oxford Immunotec Inc.	Ordinary shares	100%	Medical Diagnostics
Oxford Immunotec K.K.	Ordinary shares	100%	Medical Diagnostics
Oxford Immunotec Asia Limited	Ordinary shares	100%	Medical Diagnostics
Boulder Diagnostics Europe GmbH	Ordinary shares	100%	Medical Diagnostics
Oxford Diagnostic Laboratories (UK) Limited	Ordinary shares	100%	Medical Diagnostics (Dormant)

14 STOCKS

	2015	2014
	£'000	£'000
Raw materials and consumables	3,180	2,834
Finished goods and goods for resale	204	430
	3,384	3,264

15 OTHER DEBTORS

	2015	2014
	£'000	£'000
Corporation tax	4	4
Other debtors	218	128
Prepayments and accrued income	822	711
	1,044	843

Intercompany balances due between group members are repayable on demand, unsecured and interest free.

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000	£'000
Bank loans and overdrafts	—	8
Net obligations under finance leases	3	5
Trade creditors	1,108	484
Taxes and social security costs	92	103
Other creditors	1,111	409
Accruals and deferred income	4,031	3,951
	6,345	4,960

OXFORD IMMUNOTEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)

NET OBLIGATIONS UNDER FINANCE LEASES

	2015	2014
	£'000	£'000
Repayable within one year	3	5
Finance charges and interest allocated to future accounting periods	—	—
	3	5

17 PENSION COSTS

DEFINED CONTRIBUTION SCHEMES

	2015	2014
	£'000	£'000
Contributions payable by the Company for the year	438	354
Contributions payable to the fund at the year end and included in creditors	(37)	(33)

18 SHARE CAPITAL

	2015	2014
	£'000	£'000
AUTHORISED		
* Ordinary shares of £0.001 each	*	*
	*	*
ALLOTTED, CALLED UP AND FULLY PAID		
71,112,611 Ordinary shares of £0.001 each	71	71

* Effective June 2014, the Articles of Association of OI Ltd. were amended. As a result of the amendment, there is no limit on the number of new shares that can be issued.

19 CONTINGENT LIABILITIES

The Company is developing new products subject to contingent consideration payments in accordance with the Boulder acquisition and will be required to make payments on the achievement of certain development and sales milestones. The total potential liability of the company in respect of these arrangements is £3.6 million of which their fair value of £915,000 (2014: £783,000) has been recognised within non-current payables. Once the milestone has been met the company is not entitled to any reimbursement of the milestone payment made.

	2015	2014
	£'000	£'000
Balance – beginning	783	—
Change in fair value of contingent purchase	132	783
Balance – ending	915	783

19 CONTINGENT LIABILITIES (CONTINUED)

From time to time the Company is involved in disputes, legal actions or employment tribunals arising in the ordinary course of its business. In the Directors' opinion, none of these is expected to have a material adverse impact on the Company's financial position or results of operations. The Company is not currently engaged in any such disputes or actions.

20 LICENSING AND ROYALTY COMMITMENTS

The Company has committed to pay minimum royalty and other payments under various licensing agreements. The Directors estimate the minimum future commitments arising under these agreements are payable as follows:

	2015	2014
	£'000	£'000
Within one year	1,027	1,084
Between two and five years	3,086	4,328
In over five years	—	16
	4,113	5,428

21 LEASING COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	2015	2014
	£'000	£'000
Within one year	385	352
Between two and five years	940	1,232
In over five years	—	—
	1,325	1,584

The leases relate to land and buildings with annual rent of £385,000, for which leases expire in June 2019. There are no options in place for either party to extend the lease terms.

22 CONTROL

The immediate and ultimate parent company and controlling party is Oxford Immunotec Global PLC which is a company incorporated in the United Kingdom.

The Company is exempt, by virtue of Section 401 of the Companies Act 2006, from the requirement to prepare group financial statements as it is a wholly owned subsidiary of Oxford Immunotec Global PLC, a company incorporated in the U.K., and is included in the publicly available consolidated financial statements of this entity. Therefore, these financial statements present information about the Company and not its group.

The parent undertaking of the smallest and largest group which includes the Company for which group financial statements are prepared is Oxford Immunotec Global PLC. The financial statements of Oxford Immunotec Global PLC are available to the public and may be obtained from the Registrar of Companies.

23 SHARE BASED PAYMENTS

Share option charges incurred by OI Ltd. for 2015 and 2014 were recorded on an accelerated basis in accordance with FRS 101 and were £1.3 million and £1.1 million, respectively.

Since 2003, the Group has issued share options to incentivise 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 authorised to grant awards under the Amended and Restated 2008 Stock Incentive Plan.

23 SHARE BASED PAYMENTS (CONTINUED)

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, restricted share units and other share-based awards to employees, officers, Directors and consultants of the Group. The 2013 Plan authorises the Group to grant up to 2,684,563 ordinary shares in Oxford Immunotec Global PLC, with such amount automatically increasing annually on each 1 January 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 31 December, 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 2015, there were 860,163 shares available for future issuance under the 2013 Plan.

Under both the 2008 Plan and the 2013 Plan, share options, and only under the 2013 Plan, restricted shares, have been granted to employees, officers and directors who provide services to the Company. Options generally vest based on the grantee's continued service with the Company 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. Option 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 either the second anniversary of the employee's date of hire or the first day of the month following the second anniversary of the employee's date of hire under the 2013 Plan. Effective with 2015, the Company began granting options that vest in equal parts over four years starting on the vesting start date. Restricted shares vest based on the grantees' continued service with the Company during a specified period following grant as follows: 40% on the second anniversary of the grant date; 30% on the third anniversary of the grant date; and 30% on the fourth anniversary of the grant date. There are no cash settlement alternatives.

The expense recognised during the year related to share based compensation on options and restricted shares was as follows:

	2015 £'000	2014 £'000
Cost of sales	199	270
Other operating expenses	1,114	789
Total share-based compensation	1,313	1,059

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 weighted-average grant date fair value per share relating to share options granted under the Plan during the years ended 31 December 2015 and 2014 were \$6.44 and \$10.63, respectively.

The fair value of each option granted under the Plan during 2015 and 2014 have been calculated using the Black-Scholes Model on the date of grant using the following assumptions:

	2015	2014
Expected dividend yield (%)	—	—
Expected volatility (%)	44.38	47.27
Risk-free interest rate (%)	1.62	1.85
Expected life of option (years)	6.25	6.25
Weighted-average share price (\$)	14.30	22.26
Weighted-average exercise price (\$)	14.30	22.26

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.

23 SHARE BASED PAYMENTS (CONTINUED)

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 utilise 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 2015 and 2014, a forfeiture rate of 5% was applied.

The following table illustrates the number of ordinary shares and weighted-average exercise prices of, and movements in, share options during 2015 and 2014:

	2015 Ordinary shares	2015 Weighted -average exercise price	2014 Ordinary shares	2014 Weighted -average exercise price
	Number	$	Number	$
Outstanding as of 1 January	668,712	6.43	523,795	0.78
Granted	204,407	14.30	176,231	22.26
Exercised	(21,011)	0.14	(24,260)	0.14
Forfeited	(25,307)	15.38	(7,054)	3.37
Outstanding as of 31 December	826,801	8.24	668,712	6.43
Vested or expected to vest as of 31 December	811,206	8.12	655,559	6.31
Exercisable as of 31 December	514,902	4.50	405,654	2.54

The following table illustrates the number of restricted shares and weighted-average fair value ("WAFV") of, and movements in, restricted shares during the years ended 31 December 2015 and 2014:

	2015 Number of ordinary shares	2015 WAFV in $	2014 Number of ordinary shares	2014 WAFV in $
Unvested balance as of January 1	119,560	$ 22.99	—	$ —
Granted	33,217	14.12	119,560	22.99
Cancelled	—	—	—	—
Vested	—	—	—	—
Unvested balance as of December 31	152,777	21.06	119,560	22.99

24 ACQUISITION ACTIVITY

On 31 July 2014 ("date of the acquisition"), the Company 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 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 Company all shares of capital stock in its wholly-owned subsidiary, Boulder Diagnostics Europe GmbH, such that the Company has become the sole owner of Boulder Diagnostics Europe GmbH.

The terms of the purchase agreement provided for an upfront payment of £1.0 million and contingent purchase price consideration consisting of future potential milestone payments totaling up to £3.6 million in respect of the Lyme disease and gout assays at any time on or prior to 31 July 2024. The fair value of the contingent consideration was estimated to be £738,000 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 offset reflected in interest expense. As of 31 December 2015, the liability has been increased to £915,000. The fair value of future potential milestone payments of at 31 December 2015 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 utilised in the calculations. The Company will review the fair value of potential milestone payments at all future financial statement dates and adjust as needed.

The acquisition of Boulder was accounted for under the acquisition method of accounting and the purchase price allocation was finalised during the fourth quarter of 2014. Total consideration was:

	£'000
Cash consideration	1,020
Estimated fair value of contingent consideration	738
Total consideration	1,758

In addition, the Company paid £109,000 in transaction costs associated with this transaction, which has been expensed. £108,000 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.

24 ACQUISITION ACTIVITY (CONTINUED)

The following table summarises the allocation of the purchase price of the Boulder acquisition at the acquisition date:

	Book values per Boulder	Fair value revaluation	Other adjustments	Fair values at date of acquisition
	£'000	£'000	£'000	£'000
Assets acquired:				
Property and equipment	50	(14)	—	36
Shares in subsidiary undertaking	135	—	—	135
Total assets acquired	185	(14)	—	171
Goodwill				33
In-process research and development				1,554
Total consideration				1,758

As the acquisition was of the business and certain assets of Boulder, it has not been possible to obtain the trading results of the business immediately prior to the acquisition.

25 RESTRUCTURING

During the fourth quarter of 2014, the Company closed the facilities that had been used by Boulder (see Note 24 "Acquisition Activity"). As a result of these actions, the Company recorded in research and development expense a restructuring charge of £2,000 for the relocation of a former employee of Boulder. No payments were made as of 31 December 2014.

26 SUBSEQUENT EVENTS

During the three month-period ended 31 March 2016, the Company granted to certain employees 235,118 share options with exercise prices ranging from $9.98 to $10.21 per share under the 2013 Plan. The weighted-average grant date fair value related to share options granted under the 2013 Plan during the three month-period ended 31 March 2016 was $4.53 per share. Share options generally vest based on the grantee's continued service with the Company during a specified period following the vesting start date and expire after ten years.

During the three-month period ended 31 March 2016, the Company awarded to certain employees 46,163 RSUs with a weighted average grant date fair value of $10.21 per share under the 2013 Plan. The RSUs vest based on the grantee's continued service with the Company during a specified period following grant as follows: 40% on the second anniversary of the grant date; 30% on the third anniversary of the grant date; and 30% on the fourth anniversary of the grant date. Share-based compensation expense for these restricted shares is calculated based on the grant date market price of the shares and is being recognised over the vesting period.