UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the fiscal year ended December 31, 2014

☐ For the transition period from _____ to _____

Commission file number: 001-33675

Venaxis, Inc.

(Exact name of registrant as specified in charter)

Colorado	**84-1553387**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1585 South Perry Street **Castle Rock, CO**	**80104**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(303) 794-2000**

Securities registered under Section 12(b) of the Act:

Title of Each Class	**Name of each exchange on which registered**
Common Stock, No Par Value	NASDAQ Capital Market

Securities registered under Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well known, seasoned issuer, as defined in Rule 405 of the Securities Act:
Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act:
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past twelve (12) months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ☒ No ☐

Indicate by check mark if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if smaller reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
Yes ☐ No ☒

The aggregate market value of Common Stock held by non-affiliates of the registrant as of June 30, 2014, computed by reference to the closing price on that date was $68,950,000.

The number of shares outstanding of the registrant's common stock at March 27, 2015, was 30,990,029.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K is incorporated by reference to the registrant's definitive proxy statement, which is due to be filed within 120 days after the end of the registrant's fiscal year ended December 31, 2014 (the Proxy Statement).

VENAXIS, INC.
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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report that are not historical facts constitute forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created by that Act. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties, and other factors, which may cause actual results, performance, or achievements to differ materially from those expressed or implied. Any forward-looking statement speaks only as of the date made. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which they are made.

These forward-looking statements are not guarantees of the future as there are a number of meaningful factors that could cause Venaxis' actual results to vary materially from those indicated by such forward-looking statements. These statements are based on certain assumptions made based on experience, expected future developments and other factors Venaxis believes are appropriate in the circumstances. Factors which could cause actual results to differ from expectations, many of which are beyond the control of Venaxis, include, but are not limited to, our ability to: obtain FDA clearance or approval for our *APPY*1 Test; maintain CE Marking; cost effectively manufacture and generate revenues from the *APPY*1 Test at a profitable price point in Europe; execute agreements required to successfully advance the Company's objectives; retain the management and scientific team to advance the products; overcome adverse changes in market conditions and the regulatory environment; obtain and enforce intellectual property rights; realize the value of intangible assets; obtain adequate financing in the future through product licensing, co-promotional arrangements, public or private equity or debt financing or otherwise; deal with general business conditions and competition; and other factors referenced herein in "Risk Factors."

PART I

ITEM 1. BUSINESS.

Overview

Venaxis® is an *in vitro* diagnostic company focused on obtaining clearance from the U.S. Food and Drug Administration (FDA) for, and commercializing its blood-based test to serve as an adjunctive test in the diagnosis and treatment of acute appendicitis (AA) in children adolescent and young adult patients. Our business strategy is to focus on products and technologies we believe have attractive worldwide markets and significant product margin potential. We may also pursue complementary and supporting technologies under strategic relationships as well as "in-licensing" agreements with third parties, and are in the initial stages of next generation product development.

Our current test, the *APPY*1 Test, is a CE marked rapid blood test panel for aiding in identifying patients in the emergency department (ED) who are at low risk for acute appendicitis. We are not aware of any blood test that is cleared by the FDA for the purpose of aiding in the rule out of appendicitis and are not aware of any competitors in this area. We expect the main benefit of the *APPY*1 Test will be to provide the physician with objective information that will aid in the identification of patients at low risk for appendicitis and, thereby, potentially reduce the exposure to radiation from, and the expense associated with, the use of computed tomography (CT) scans that are currently performed on these patients. In addition, we believe the test can potentially save significant costs through improved patient throughput in emergency departments. In early 2014, we completed enrollment of our pivotal clinical trial for the *APPY*1 Test. The data demonstrated high sensitivity and high negative predictive value, or NPV, similar to other adjunctive tests for other conditions currently in use by physicians. In March of 2014, we submitted a *de novo* request for the *APPY*1 System. In June of 2014, the FDA sent us an Additional Information (AI) request, which is typical of this type of submission. We were in communication with the FDA several times while gathering the responsive information. In December of 2014, we filed a response as a submission amendment. On January 27, 2015, the FDA notified us that it had determined that the *APPY*1 Test does not meet the criteria for market clearance as a class II device based upon data and information in our *de novo* submission and subsequent amendment. We continue to evaluate the information provided by the FDA to consider our possible next steps.

Recent Developments

In March 2014, we submitted to the FDA a *de novo* 510(k) application for the *APPY*1 Test. In June 2014, the FDA sent us an Additional Information (AI) request, which follows the typical path for is typical of this type of submission. We were in communication with the FDA several times while gathering the responsive information. In December 2014, we filed a response as a submission amendment. On January 27, 2015, the FDA notified us that it had determined that the *APPY*1 Test does not meet the criteria for market clearance as a class II device based upon data and information in our *de novo* submission and subsequent amendment.

We are in the process of determining our next steps. We may seek clearance from the FDA for the *APPY*1 Test for a narrower indication of use, we may accelerate the development of our *APPY*2 product in development or pursue other avenues for obtaining regulatory clearance for and commercializing our products in development. We are continuing our commercialization activities in Europe and have recently applied for expanded use with adult patients. We intend to communicate with the FDA in the next few weeks to discuss our path forward.

If we are not able to make progress with the FDA regarding clearance of a blood-based test for appendicitis (*APPY*1 or *APPY*2), we intend to pursue other business opportunities or the development of other products. We can provide no assurance that we will be successful in such activities.

***APPY*1 System**

See the Glossary at the end of this Item 1 for the definition of certain terms used in the Form 10-K Annual Report.

Product Description and Development

The *APPY*1 System consists of a small fluorometer (*APPY*Reader® Instrument) and consumable test products (*APPY*1 Test, *APPY*Reader QC Cassette, and *APPY*1 Controls). The *APPY*Reader Instrument measures fluorescence from the *APPY*Reader QC Cassette and the *APPY*1 Test cassette, the *APPY*Reader QC Cassette ensures proper functioning of the *APPY*Reader Instrument, the *APPY*1 Controls ensure proper functioning of the *APPY*1 Test components, and the *APPY*1 Test is explained in detail below.

The *APPY*1 Test is a rapid blood test panel that combines the concentrations of three analytes, white blood cell count (WBC), C-reactive protein (CRP) and the Company's patented myeloid-related protein 8/14 (MRP 8/14, also known as S100A8/A9 or calprotectin) using a proprietary algorithm to provide a qualitative result to the physician to aid in the identification of patients at low risk for acute appendicitis. Plasma concentrations of MRP 8/14 and CRP are determined by an immunoassay and measured by the *APPY*Reader Instrument, and the WBC value is obtained from the hospital's hematology analyzer and entered by the user into the *APPY*Reader Instrument. The proprietary algorithm uses the concentrations of MRP 8/14 and CRP as well as the WBC value to calculate an *APPY*1 Test result. These results are displayed on the display screen and are also included on a patient printout from the *APPY*Reader Instrument. The test is designed to be run in approximately 20 minutes by trained laboratory personnel.

A negative *APPY*1 Test result used in conjunction with other clinical information has the potential to aid the physician in patient evaluation and the identification of those who are at low risk for AA, and subsequently, provide an opportunity to avoid radiation exposure. Additional potential benefits include helping physicians consider more conservative management with respect to AA, facilitating more rapid disposition in a portion of pediatric patients that present with lower right quadrant abdominal pain consistent with AA and reducing the duration of ED length of stay, a leading cause for ED overcrowding. Children, adolescents and young adults are of particular concern as they have the highest incidence of AA and a heightened risk from radiation-induced cancer due to their young ages. The primary focus of our recent efforts has been directed toward obtaining U.S. regulatory clearance for the *APPY*1 Test for children, adolescents and young adults.

In January 2014, we completed enrollment of the pivotal clinical study, enrolling 1,887 evaluable patients. In this population, the performance of the *APPY*1 Test demonstrated a negative predictive value of 97.3%, sensitivity of 96.9% and specificity of 37.8%. Prevalence of the disease in the pilot study was 25.3%. The *de novo* request for the *APPY*1 Test was submitted to the FDA in March 2014. The following *APPY*1 Test data summarize the results of the pivotal clinical study:

***APPY*1 Test Multi-Marker Study Result**		**95% Confidence Interval**
Sensitivity	96.9%	(94.9 – 98.1)
Specificity	37.8%	(35.3 – 40.4)
NPV	97.3%	(95.5 – 98.3)

The clinical study data demonstrated high sensitivity and high negative predictive value similar to other adjunctive tests for other conditions currently in use by physicians. These performance attributes should provide the physician with incremental diagnostic information that we believe will enhance their decision-making process. The potential value of the *APPY*1 Test is its ability to aid a physician in his or her evaluation, allowing a more conservative evaluation and treatment path. Clinicians interviewed have indicated that this performance would be helpful to them in managing patients suspected for appendicitis. Based on such interviews, the physicians expressed that use of the *APPY*1 Test would assist in the evaluation of potential appendicitis and decrease their overall use of CT scans. Although CT scans are a widely used diagnostic tool in the U.S., the results are subject to interpretation and can be inconclusive. In addition, use of CT scans increases the risk to the patients by subjecting them to large doses of radiation. Over the past decade there has been increasing concern identified in many published studies regarding the radiation exposure caused by radiologic tests.

We began product development in 2003 with the objective of developing a human, blood-based diagnostic test to aid in the evaluation of patients suspicious for AA. In December 2008, we completed an initial clinical trial (approximately 800 patients) using our original product, the AppyScore ELISA-based test, which utilized MRP 8/14 as a single analyte test for use as an aid in the evaluation of AA. The results of this study, based upon an AppyScore cut-off value of 15, showed sensitivity of 89%, negative predictive value of 89% and specificity of 38%. Based on these results, in June 2009, we submitted a premarket notification 510(k) submission to the FDA to seek clearance of the AppyScore test used in this trial. In August 2009, the FDA responded to our submission with a request for additional information. As a result of a number of factors, primarily the need to revise the test's cut-off value, the Company withdrew its 510(k) submission in mid-2010.

In March 2010, we completed enrollment for an additional clinical trial (859 patients) of our second-generation AppyScore test, also based upon MRP 8/14 as a single analyte test. At the time, our product in development was known as AppyScore and the results determined a "score" for each sample. The patients enrolled in this clinical trial were seen in the emergency departments of more than a dozen well-known hospitals across the United States. The statistical analysis report for this 2010 trial, based upon an AppyScore cut-off value of 14, showed similar sensitivity (96%) and negative predictive value (92%) but lower specificity (16%) than seen in the 2008 AppyScore study. The study data also revealed a wider range in prevalence of AA among sites than had been anticipated. The overall prevalence of AA was similar to that seen in the previous clinical trial. However, inter-site variability was notably larger, with a wider range of patients enrolled with AA observed between sites. We believe that the large inter-site variability in the prevalence reported is an indication of the clinical challenge of diagnosing acute appendicitis and the judgment of individual emergency department physicians in evaluating acute abdominal pain.

We performed, in conjunction with our consultants and scientific advisors, significant secondary analyses of the 2010 clinical trial results and data to explore the observed change in specificity in the 2010 trial as compared to the 2008 trial. These analyses suggested that the apparent differences between the two studies were primarily due to the conditions of transport for samples from the sites to the central laboratory, where the testing was conducted, in the 2010 trial. An increase in AppyScore test values that occurred in the "pre-measurement" phase between blood draw at the hospital and the testing at the central laboratory, which involved sample handling time and transportation, resulted in an apparent increased level of false positives and, accordingly, decreased specificity. As a result of these analyses, we determined that we would not file a premarket notification 510(k) with the FDA based on the results of the 2010 AppyScore test clinical trial, primarily due to the low specificity observed in the study not meeting the success criteria specified in the study's statistical analysis plan. Additionally, although the post hoc analysis of the 2010 clinical trial results was able to identify the likely source of the performance problems, the Company determined that conclusions based on such a post hoc analysis would not be deemed to be acceptable performance evidence by the FDA for submitting a 510(k).

In 2010 and 2011 we conducted product development activities that led to the development of the current *APPY*1 Test, a multi-marker test with a proprietary algorithm to provide a qualitative result to the physician to aid in the identification of patients at low risk for acute appendicitis. In late 2011, we completed enrollment and, in early 2012, completed the analysis of the data for a pilot trial (approximately 500 patients), involving pediatric and adolescent patients aged 2 to 20 with symptoms suspicious for AA who were enrolled from 12 hospital sites across the country. As part of our research and development process, we also measured values for a number of other analytes using internal assays. As part of the patient enrollment and sample collection, we also obtained numerous subjective and objective data points for each subject including the patient's WBC count as processed by the hospital. Samples from this pilot study were used to evaluate the current *APPY*1 Test multi-marker panel, which showed negative predictive value of 97%, sensitivity of 96% and specificity of 43%. Prevalence of the disease in the pilot study was 29%.

In August 2012, we provided a pre-investigational device exemption (pre-IDE) submission to the FDA and had a meeting with the FDA in September 2012, as well as follow-up communications in January 2013. This submission and subsequent meetings documented the planned regulatory path for the *APPY*1 Test, which we believed to be a *de novo* submission, as well as achieved agreement on the statistical analysis plan and protocol for the clinical trial. This cooperative approach with the FDA led to an enhanced clinical trial protocol and proposed intended use statement for the *APPY*1 Test. In January 2013, we began enrolling patients into our pivotal clinical study in the United States and completed that enrollment in January 2014. As detailed above, we enrolled 1,887 evaluable patients in the study. The results of this clinical study based on the *APPY*1 Test multi-marker panel, showed negative predictive value of 97.3%, sensitivity of 96.9% and specificity of 37.8%. Prevalence of the disease in the pilot study was 25.3%. In late March 2014, we submitted a *de novo* request to the FDA for the *APPY*1 System. Subsequent to that submission, we received an Additional Information (AI) request from the FDA. Under the FDA's Submission Issue Meeting procedure, we had requested clarification from the FDA on certain of its feedback contained in its AI request. During the process, we had an ongoing dialogue with the FDA. In December 2014, we filed a response as a submission amendment. On January 27, 2015, the FDA notified us that it had determined that the *APPY*1 Test does not meet the criteria for market clearance as a class II device based upon data and information in our *de novo* submission and subsequent amendment. We continue to evaluate the information provided by the FDA to consider our possible next steps.

Product in Development

We refer to our next generation product development efforts as *APPY*2. Our goal is to develop *APPY*2 with the high sensitivity shown by the *APPY*1 Test, but with increased specificity, which would allow us to potentially enhance our clinical claims. Additionally, we anticipate expanding the indication for *APPY*2 to include adults in addition to pediatric and adolescent patients, thereby, expanding the market potential. The primary reasons why we believe we can successfully develop *APPY*2 are:

- First, we have collected more than 2,500 plasma samples from patients who presented at hospitals with abdominal pain with suspected appendicitis. In addition to the samples, we have extensive clinical information on these patients. We believe we possess the largest sample bank of its kind in the world. These samples are critical for biomarker discovery.

- Second, we have engaged a leading protein biomarker discovery company, SomaLogic, Inc., to perform extensive screening on target protein markers, which would form the basis of the *APPY*2 assay. The early work has yielded some very promising results, and we look forward to advancing this work and honing in on a panel of biomarkers for the *APPY*2 assay.

APPY1 Commercialization and Marketing

In January 2013, following completion of the steps required for a conformity mark under the European Economic Area (CE marking), we obtained CE marking in Europe for the *APPY*1 System. We began advancing on commercialization and marketing activities of the *APPY*1 Test in the European Union, employing the clinical data gathered to date. During the initial launch phase, key market development activities included working to identify and sign collaboration agreements with key opinion leader hospitals for the purpose of completing well-defined outcome studies. The studies were designed to further demonstrate the clinical utility and economic value of the *APPY*1 Test in Europe. Based upon the positive results of the initial launch phase efforts during 2013, we moved into the second phase of the EU launch, a full-scale distribution and sales effort for the *APPY*1 Test.

In early 2014, we signed long-term distribution agreements with EMELCA Bioscience covering the Benelux Territories and with Laboratories Rubio covering Spain. In early 2015, we replaced EMELCA Bioscience with a long-term distribution agreement with The Surgical Company BV covering the Benelux Territories. These agreements contain minimum annual revenue thresholds as well as product pricing terms that meet our targeted levels. We continue to advance market development activities and are having discussions with prospective distributors in other major EU markets. To support these efforts, we have engaged an EU based managing director to assist in the sales and marketing efforts outside of the U.S.

In addition to clinical/medical outcome studies and early adopter evaluations in Europe, we have developed a sophisticated economic modeling tool to calculate and demonstrate the potential impact of the *APPY*1 Test on current practice at individual hospitals. This health informatics model, named the *APPY*Analytics™ Model, uses complex algorithms, calculations and specific hospital-provided data to generate reports that show potential clinical, economic and operational outcome improvements. Since initiating field testing of the *APPY*Analytics Model, we have received very positive feedback from hospital sites in Europe indicating this type of health-economic modeling data based on imaging reduction and ED throughput efficiencies is the type of information needed to facilitate the adoption of new technology. We expect data generated using the *APPY*Analytics Model may also reduce the need for additional outcome studies in the EU.

In February 2015, we filed to expand our current CE mark for the *APPY*1 Test to now include adult patients in addition to children and adolescents. We were able to achieve this expanded certification based on an evaluation of the performance of the *APPY*1 Test in several hundred adult subject samples, which were collected and analyzed in late 2014. The *APPY*1 Test assay demonstrated sensitivity of 97.5%, negative predictive value of 98.4%, and specificity of 36.5% in these adult patients, which was very comparable to the results in children and adolescents. By adding the adult claim in the export market, we significantly increased the market potential for the *APPY*1 Test in the EU. We estimate that the increased total market potential for *APPY*1 testing could increase by as much as three times in the EU by adding the adult indication.

Acute Appendicitis (AA)

Acute appendicitis is a rapidly progressing condition which typically causes lower abdominal pain to increase over a period of 12 to 48 hours from onset of symptoms to perforation. This progressive pain period is variable, however, and can be sustained for 48 hours or more. Failure to accurately diagnose and treat acute appendicitis before perforation can lead to serious complications and, in some cases, death. The current diagnostic and treatment paradigm for acute appendicitis includes many factors, such as a review of the patient's clinical presentation including signs and symptoms, health history, blood chemistry, temperature and white blood cell count. In the United States, patients who are considered to be at risk for acute appendicitis are frequently sent for CT or ultrasound imaging for further diagnosis and then surgery, if indicated. Misdiagnosis of AA can lead not only to unnecessary surgery but also to the delay of proper therapy for the actual underlying condition. Physicians also face the dilemma of minimizing the negative appendectomy surgery rate without increasing the incidence of a life threatening perforation among patients presenting with symptoms of suspected acute appendicitis. Unfortunately, imaging-based methods and interpretations can be inconclusive or lead to an inaccurate or inconclusive diagnoses. To date, there appears to be no individual sign, symptom, test, or procedure capable of providing either a conclusive rule-in or rule-out diagnosis of acute appendicitis. Although CT scans are a widely used diagnostic tool in the United States, its results are subject to interpretation and can be inconclusive in addition to subjecting patients to potentially harmful radiation. Over the past decade there has been increasing concern over radiation exposure caused by imaging. In 2010, the FDA released a report titled "Initiative to Reduce Unnecessary Radiation Exposure from Medical Imaging." We believe that the risks highlighted in reports such as this FDA Report could have positive implications for a test like the *APPY*1 Test which, if cleared, could be used to help physicians determine which patients are at low risk for the disease and potentially avoid CT scanning. We expect the *APPY*1 Test will provide an additional objective tool to assist physicians in their initial clinical evaluation of patients with acute abdominal pain indicative of acute appendicitis.

It is estimated that approximately 5-7% of the population will be diagnosed with appendicitis in their lifetime with the peak age range for the disease being the early teens. Published data from several sources indicate that in the United States, 3-15% of appendectomies remove a normal appendix due primarily to incorrect diagnosis prior to surgery. In addition to health risks, hospital charges for unnecessary (negative) appendectomies are estimated to cost approximately $740 million annually in the United States alone. AA is one of the leading causes of medical malpractice claims in the United States due to many factors, including high diagnostic error rates, negative appendectomies and increased cost and complications in cases where the appendix perforates. Diagnosing patients presenting with abdominal pain remains one of the most common and challenging conditions in emergency medicine. Based on the EU Market Study that we conducted in 2012, results indicated that 10% of the over 217 million patients that visited European and U.S. hospital emergency departments (ED) in 2010 had the primary complaint of abdominal pain. The study also showed that appendicitis had the highest incidence in patients 10-19 years of age.

The rate of negative appendectomy is thought to be impacted by the use of CT scans in that such rates are considerably higher in places that do not use CT scans. In the U.S. alone, according to National Hospital Ambulatory Medical Care Survey data from the Centers for Disease Control and Prevention (CDC) in 2009 there were approximately 9.6 million patients who entered emergency departments complaining of abdominal pain. Out of this total, 6.6 million had complete blood count (CBC) work-ups, which includes WBC count, 3.2 million underwent CT imaging studies and 1.2 million underwent ultrasound procedures. Approximately 280,000 of these total patients were diagnosed as having AA and underwent appendectomies. Included in these totals were 2.1 million patients (approximately 21%) who were children, adolescents and young adults aged 2 to 20. Out of this sub-population, 1.1 million had CBC work-ups performed, 417,000 underwent CT imaging and 259,000 underwent ultrasound procedures. Approximately 100,000 of this group of patients were diagnosed as having acute appendicitis and underwent appendectomies.

AA most frequently occurs in patients aged 10 to 30, but can affect all ages. Using a CT scan to rule out acute appendicitis can be particularly difficult in children and young adults because many patients in these age groups have low body fat resulting in poor tissue differentiation or contrast on the CT scan. The *APPY*1 Test has the potential to enhance overall safety by reducing the amount of radiation exposure from unnecessary CT scans for those patients at low risk for having AA.

Results from our development efforts, clinical trials and pilot trials performed to date indicate that the greatest benefit of the *APPY*1 Test would be in aiding the physician in the evaluation of those patients at low risk for having AA. We believe that the *APPY*1 Test has the potential to enhance the effectiveness and speed of patient evaluation and improve the standard of care for low-risk patients. We anticipate that if the *APPY*1 Test is cleared by the FDA, it will be incorporated in routine testing as a patient's blood sample is taken in the ordinary course of an initial assessment of the patient entering the emergency department setting when the physician suspects appendicitis but considers the patient at low risk for the disease. The *APPY*1 Test is intended to cost-effectively help the physician determine if a patient is at a low risk for acute appendicitis.

APPY1 System Raw Materials and Suppliers

Our *APPY*1 System products include a reader instrument (*APPY*Reader) and the consumable test products consisting of test cassettes, controls and packaging. The *APPY*Reader is manufactured for us by a well-established vendor based in Germany. Currently, all readers are shipped to our facility for final testing and release prior to shipment to customers and clinical trial sites. Consumable test product components are manufactured at the Venaxis facility. Raw materials and certain sub-components are acquired from a number of suppliers. All significant vendors are qualified based upon a quality review, which may also include on-site quality audits.

APPY1 System Distribution Methods

Having obtained CE marking in early 2013, we began advancing commercial and marketing activities in the EU. We have identified the initial primary target countries for our commercialization focus, which are Spain, the Benelux Territories, United Kingdom, France and Germany. During the early 2013 initial launch phase, key market development activities included working to identify and sign collaboration agreements with key opinion leader hospitals for the purpose of completing well defined outcome studies. The studies are designed to further demonstrate the clinical utility and economic value of the *APPY*1 Test in Europe. Based upon the positive results of the initial launch phase efforts during 2013, we moved into the second phase of the EU launch, a full-scale distribution and sales effort for the *APPY*1 Test. Our strategy in the EU is to identify distributors on a by-country or by-region basis and negotiate and execute long-term distribution agreements with them. In early 2014, we signed long-term distribution agreements with EMELCA Bioscience covering the Benelux Territories and with Laboratories Rubio covering Spain. In early 2015, we replaced EMELCA Bioscience with a very similar long-term distribution agreement with The Surgical Company BV covering the Benelux Territories. These agreements contain minimum annual revenue thresholds as well as product pricing terms that meet our targeted levels. We continue to advance market development activities with the help of these distributors, and are having discussions with prospective distributors in other major EU markets. To support these efforts, we have engaged an on-site managing director to assist in our sales and marketing efforts outside of the U.S.

Assuming we determine to proceed with and can achieve FDA clearance of the *APPY*1 Test, we anticipate pursuing direct sales activities in the United States. At this time, there are no plans to use third party distributors in the United States. Customer fulfillment of purchase orders would be anticipated to be made via direct shipments from the Company facility to the customer. Sales, technical and marketing support would be expected to be via a limited direct sales force and a customer web portal. Purchase agreements or purchase arrangements would be in place, covering terms of the Company's relationship with customers.

Animal Healthcare

Effective May 1, 2004, we entered into an Exclusive License Agreement (WU License Agreement) with Washington University in St. Louis (WU) which granted us exclusive license and right to sublicense WU's technology (as defined under the WU License Agreement) for veterinary products worldwide, except where such products are prohibited under U.S. laws for export. The term of the WU License Agreement continues until the expiration of the last of WU's patents (as defined in the WU License Agreement). We have agreed to pay minimum annual royalties of $20,000 during the term of the WU License Agreement and such amounts are creditable against future royalties and other payments. Royalties payable to WU under the WU License Agreement for covered product sales by us, directly or indirectly, carry a mid-single-digit royalty rate and for sublicense fees received by us carry a low double-digit royalty rate. The WU License Agreement contains customary terms for confidentiality, prosecution and infringement provisions for licensed patents, publication rights, indemnification and insurance coverage. The WU License Agreement is cancelable by us with ninety days advance notice at any time and by WU with sixty days advance notice if we materially breach the WU License Agreement and fail to cure such breach in a designated period.

In July 2012, we entered into an Exclusive License Agreement (License Agreement) with Ceva Santé Animale S.A. (Licensee), under which we granted the Licensee an exclusive royalty-bearing license to our intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (Company's Animal Health Assets). The License Agreement includes a sublicense of the technology licensed to us by WU and a license to the assets acquired from Novartis under the Termination Agreement described below. Under the terms of the WU License Agreement, a portion of the license fees and royalties we receive from sublicensing agreements will be paid to WU.

Under the License Agreement, the Licensee obtained a worldwide exclusive license to develop, seek regulatory approval for and offer to sell, market, distribute, import and export luteinizing hormone (LH) and/or follicle-stimulating hormone (FSH) products for bovine (cattle), equine and swine in the field of the assistance and facilitation of reproduction in bovine, equine and swine animals. We also granted the Licensee an option and right of first refusal to develop additional animal health products outside of the licensed field of use or any diagnostic pregnancy detection tests for non-human mammals.

Intellectual Property

Further enhancement and expansion of our proprietary patent position is ongoing with respect to the scope of protection for the Company's first generation and future generation versions of tests. Strong scientific and technical progress remains the basis for these innovative efforts.

APPY1 Intellectual Property

Beginning in 2004, we initiated the establishment of an intellectual property portfolio for the acute appendicitis testing technology and products that have been used in the development of the *APPY*1 Test. We have filed for and are pursuing extensive patent coverage related to several aspects of the initial discovery and various test applications. Further enhancement and expansion of our proprietary patent position is ongoing with respect to the scope of protection for our first generation and future generation versions of the test. Scientific and technical progress remains the basis for these efforts. In March 2009, the United States Patent and Trademark Office issued our patent directed to methods relating to its appendicitis diagnostic technology. This patent, No. 7,501,256 (expires February 7, 2026), is entitled "Methods and Devices for Diagnosis of Appendicitis." Additional U.S. patents, 7,659,087 and 7,670,769, were issued on February 9, 2010 and March 2, 2010, respectively (both expiring July 25, 2025). At this time, patents have been issued in the following foreign countries: Australia, Hong Kong, Israel, Japan, New Zealand, Singapore and South Africa. A patent was also granted by the European Patent Office and subsequently validated in the following European countries: Belgium, Switzerland, Germany, Spain, France, the United Kingdom, Ireland, Italy, the Netherlands and Sweden. In late 2014, we were notified that the Canadian patent applications have been allowed and the patent will grant in 2015. Additionally, there are several patent applications currently in prosecution.

In late 2012 additional U.S. utility and patent cooperation treaty (PCT) patent applications were filed for the appendicitis testing technology and products. The patent filings focus on the newly developed multiple-marker technology, providing patent coverage for using the MRP 8/14 levels in a given sample in conjunction with CRP levels and WBC count among a number of other evaluated marker combinations in order to provide an increasingly robust test to aid in the management of low risk patients suspicious for appendicitis. Additionally, the patent filings claim a method for ruling out appendicitis based on multiple markers, a device or system for assessing a subject based on a plurality of markers, and a kit or device to determine the value of a biomarker in a given sample. Currently, these filings are in application phase and not yet granted in any specific countries.

*VENAXIS, APPY*1, *APPY*ANALYTICS, and *APPY*2 are registered trademarks of Venaxis. We have filed an application for trademark for *APPY*READER.

In May 2003, we entered into an Assignment and Consultation Agreement (the Bealer Agreement) with Dr. John Bealer. The Bealer Agreement transferred to us ownership rights from Dr. Bealer for inventions and related improvements to technology associated with human appendicitis diagnostics involving protein antigens. The consideration for the Bealer Agreement was the payment of a future royalty to Dr. Bealer based upon a low double digit rate applied to revenues, all as defined under the Bealer Agreement. The Bealer Agreement contains confidentiality provisions, provides for the assignment of all patent rights to us (which has occurred) and restrictions on the assignability of the agreement. The Bealer Agreement continues for the longer of twenty years or the expiration of the last of our applicable patents to expire. We may terminate the Bealer Agreement if we, in our reasonable judgment, decide we have no interest in pursuing the opportunity as defined under the agreement. On January 7, 2015, the Company received a complaint, captioned Dr. John F. Bealer, a resident of Arapahoe County, individually v. Venaxis, Inc., a Colorado corporation, Case No. 2015CV30022. This action was filed in the Arapahoe County District Court and subsequently transferred to Douglas County District Court. The complaint includes allegations of breach of contract pertaining to the financial provisions of the Bealer Agreement. The Company believes that the allegations in the complaint are without merit and is vigorously defending against these claims.

Animal Health

Our animal health patent portfolio originated under the exclusive license agreement with WU, under which we obtained intellectual property rights to WU's patent estate. This extensive portfolio consists of both patents and pending patent applications (approximately 25 patents and numerous patent applications) related to our animal health products under development. The term of the WU License Agreement ends upon the expiration of the last patent to expire. Patents in the estate have expiration dates ranging from 2010 to 2019. WU has filed, and continues to file, patent applications to expand and extend the patent coverage of the WU technology. We reimburse WU for the costs of such patent filings, namely prosecution and maintenance fees. Additional patents in the animal health portfolio have been filed by us outside of the WU License Agreement.

A patent filing for the recombinant luteinizing hormone technology was submitted in 2004, entitled "Methods and Kits for Maintaining Pregnancy, Treating Follicular Cysts, and Synchronizing Ovulation Using Luteinizing Hormone." This patent family claims methods of administering rLH, the timing of administration, and dosage given in order to increase formation of accessory corpora lutea and maintain pregnancies in treated animals. To date, four foreign patents have been granted for "Methods and Kits for Maintaining Pregnancy, Treating Follicular Cysts, and Synchronizing Ovulation Using Luteinizing Hormone," New Zealand patent 542549 was granted March 12, 2009 (expiring March 2024), Australia 2004218365 was granted May 27, 2010 (expiring March 2024), European patent 1610803 was granted December 15, 2010 (expiring March 2024) and Canadian patent 2518268 was granted December 10, 2013 (expiring March 2024). The patent granted by the European Patent Office and has been validated in the following countries: Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Switzerland and the United Kingdom. Currently, there are additional foreign patent applications that are in prosecution.

A patent filing for the recombinant bovine follicle stimulating hormone technology was submitted in 2008, entitled "Compositions and Methods Including Expression and Bioactivity of Bovine Follicle Stimulating Hormone." This patent family claims the rbFSH single-chains itself, as well as methods of administering rbFSH, the timing of administration, and dosage given in order to increase reproduction, induce superovulation or increase embryo production in ungulates. The patent family includes filings in the following countries: Argentina, Australia, Canada, New Zealand, Thailand and the United States. The patent has also been filed with the European Patent Office. In October of 2011, the first patent in this family was granted by the European Patent Office (2134165), expiring October 12, 2028. The patent has also been granted in New Zealand (579740), expiring October 1, 2028. Following the grant of the patent in 2011 by the European Patent Office, the patent was validated in the following countries: France, Germany, Italy and the Netherlands. In August 2013, the patent was granted in the United States (8518881 B2) expiring February 8, 2028, followed in November 2013 by the grant in Australia (2008213567) expiring February 8, 2028.

A patent filing for the equine follicle stimulating hormone technology was filed in 2008, entitled "Activity of Recombinant Equine Follicle Stimulating Hormone." This patent family provides coverage for the single chain eFSH itself, methods of administering reFSH, the timing of administration, and dosage given in order to increase reproductive activity in treated animals. The first patent in the patent family was granted in China in April 2013 (200880123523.8) expiring November 28, 2028. The US Patent for this family was granted in September 2014 (8,835,386) expiring November 28, 2028. Currently, there are additional foreign patent applications that are in prosecution.

Two separate patent applications relating to cattle pregnancy have been filed by us. A patent filing for the Bovine Pregnancy test technology was filed in 2007, entitled "Bovine Pregnancy Test." This patent family provides coverage for an assay device designed to detect pregnancy, the specific specifications of the device, for the antibodies used in the assay, as well as the type of sample used and the species for which the test is effective in detecting pregnancy. The parent application was granted in the United States in 2008 (No. 7,393,696 expiring May 30, 2025), with the divisional application granted in 2010 (No. 7,687,281 expiring May 6, 2023). Additionally, a patent filing for pregnancy detection was filed in 2003, entitled "Pregnancy Detection." This patent family provides coverage for an immunoassay test device, the specific specifications of the device, and for the antibodies used in the assay as well as the type of sample used. The patent has been issued in the following counties: Australia (No. 2003243199), New Zealand (No. 536229 & 572488), and the United States (No. 7,842,513), each of which expires on May 2, 2023.

General Operations

Backlog and Inventory — We do not expect that the *APPY*1 System products business will be seasonal in nature. We have developed and identified reliable sources of raw material and components for the *APPY*1 System products and currently do not expend large amounts of capital to maintain inventories of *APPY*1 System products. Currently there is no back-log of orders. Historically, the antigen business was not seasonal in nature when we were engaged in it.

Payment Terms — We do not provide extended payment terms, other than to support certain new product introductions, and then with terms of no more than 45-60 days.

Revenues — During the year ended December 31, 2014, two European-based distributors accounted for total net sales, each representing 89% and 11%, respectively. During the year ended December 31, 2013, three European-based distributors accounted for the total net sales, each representing 43%, 35% and 22%, respectively. During the year ended December 31, 2012, three customers accounted for a total of 83% of net sales, each representing 40%, 30% and 13%, respectively. At December 31, 2014, the Company did not have any accounts receivable. As of December 31, 2013, accounts receivable of $17,000, net of a $15,000 allowance for uncollectible accounts, were included with prepaid expenses and other current assets on the accompanying balance sheet. At December 31, 2013, two customers accounted for 38% and 62%, respectively, of total accounts receivable.

Research and Development

We expended approximately $4,035,000 on total research and development in 2014, $6,706,000 in 2013 and $3,838,000 in 2012. We anticipate that total expenditures for research and development for the year ending December 31, 2015 will decrease as compared to the amounts expended in 2014, due primarily to the completion of the *APPY*1 Test clinical trial in the United States in January 2014. The decrease is, however, anticipated to be somewhat offset by the research and development expenditures related to the development of the next generation product, *APPY*2. Research and development activities for the animal health business are expected to continue to be covered by the Licensee in 2014.

Development and clinical test costs in support of the current product, as well as costs to file patents and revise and update previous filings on our technologies, will continue to be substantial. Our principal product consists of the *APPY*1 Test, and we continue to assess next steps to advance the product. As we continue to evaluate commercialization options of this product, including evaluation of strategic alternatives to effectively maximize the value of our technology, we will need to consider a number of alternatives, including possible capital raising or other transactions and partnering opportunities, working capital requirements (including possible product management and distribution alternatives) and implications of product manufacturing and associated carrying costs. Certain costs such as manufacturing and licensing and royalty agreements have different implications depending upon the ultimate strategic path determined.

We have entered and may continue to enter into additional agreements with contract manufacturers and other suppliers for the development and manufacture of certain of our products and system components for which we are seeking or plan to seek FDA clearance. The ultimate goal of this development process is confirming current good manufacturing practices (cGMP), which is required for those products for which we are seeking FDA clearance. We enter into discussions from time to time with various potential manufacturers who meet full cGMP requirements, are capable of large-scale manufacturing batches of medical devices, and who can economically manufacture them to produce our products at an acceptable cost. These development and manufacturing agreements generally contain transfer fees and possible penalty or royalty provisions should we transfer our products to another contract manufacturer. We expect to continue to evaluate, negotiate and execute additional development and manufacturing agreements, some of which may be significant commitments during 2015. We may also consider acquisitions of development technologies, products, or platforms, should opportunities arise that we believe fit our business strategy and would be appropriate from a capital standpoint.

Regulatory Matters

FDA

The FDA has regulatory marketing authority in the United States over our *APPY*1 System. Venaxis operates under 21 CFR Part 820 regulations (US) and ISO13485 standards (EU) for cGMP manufacturing of medical devices.

The FDA's Center for Devices and Radiological Health (CDRH) is responsible for regulating firms who manufacture, repackage, re-label and or import medical devices sold in the United States. Medical devices are classified into Class I, II and III. In-vitro diagnostic medical devices are regulated by the Center for Devices and Radiological Health (CDRH) Office of In-vitro Diagnostic Devices and Radiological Health (OIR). Our *APPY*1 Test is anticipated to be classified as a non-invasive Class II medical device by the FDA, which will require a *de novo* submission. Generally, FDA product clearance for diagnostic products is granted after specific clinical trials, analytical testing and demonstrated compliance to performance standards has been achieved to the agency's satisfaction. There is no assurance that we will obtain FDA clearance to market our acute appendicitis test.

Any product clearances (or approvals) that are granted remain subject to continual FDA review, and newly discovered or developed safety or efficacy data may result in withdrawal of products from the market. Moreover, if and when such clearance is obtained, the manufacture and marketing of such products remain subject to extensive regulatory requirements administered by the FDA and other regulatory bodies, including compliance with current GMP, adverse event reporting requirements and the FDA's general prohibitions against promoting products for unapproved or "off-label" uses. Manufacturers are subject to inspection and post-market surveillance by the FDA for compliance with these regulatory requirements. Failure to comply with the requirements can, among other things, result in warning letters, product seizures, recalls, fines, injunctions, suspensions or withdrawals of regulatory approvals, operating restrictions and civil or criminal prosecutions. Any such enforcement action could have a material adverse effect on our business. Unanticipated changes in existing regulatory requirements or the adoption of new requirements could also have a material adverse effect on our business.

European Regulations

In the European Union, in-vitro diagnostic (IVD) medical devices are regulated under EU-Directive 98/79/EC (IVD Directive), and related provisions. The IVD Directive requirements include provisions for the design, manufacture, distribution and post-market surveillance of IVDs to assure the safety and efficacy of the devices. According to the IVD Directive, manufacturers must attest to compliance with certain essential requirements with respect to devices which are in conformity with relevant national standards and harmonized standards which have been published in the Official Journal of the European Communities. These harmonized standards include ISO 14971, risk management and ISO 13485, the quality standard for medical device manufacturers.

IVD medical devices must bear the CE marking of conformity when they are placed on the market. The CE mark is a declaration by the manufacturer that the product meets all the appropriate provisions and essential requirements outlined in the European IVD Directive. As a general rule, the manufacturer must follow the procedure of the EC Declaration of conformity to obtain this CE marking. Each European country must adopt its own laws, regulations and administrative provisions necessary to comply with the IVD Directive. In January 2013, we obtained CE marking for the *APPY*1 System.

Environmental Protection

We are subject to various environmental laws pertaining to the disposal of hazardous medical waste. We contract for disposal of our hazardous waste with a licensed disposal facility. We do not expect to incur liabilities related to compliance with environmental laws; however, we cannot make a definitive prediction. The costs we incur in disposal of hazardous waste have not been significant.

Other Laws

We are also subject to other federal, state and local laws, pertaining to matters such as safe working conditions and fire hazard control.

Glossary of Terms

Algorithm — *a set of rules that precisely defines a sequence of operations, and, in the case of APPY1, such a set of rules using mathematical computation in a software program.*

Biomarker tests — *tests that identify and quantify markers associated with disease or medical conditions.*

Complete Blood Count (CBC) — *a blood test used to evaluate overall health and detect a wide range of disorders, including anemia, infection and leukemia.*

CRP — *C-reactive protein, a protein produced in the liver and found in the blood, the levels of which rise in response to inflammation.*

De Novo Classification – *a mechanism defined by the FDA Modernization Act (Section 513(f)) for classifying new medical devices for which there is no predicate, providing the product with a risk-based Class II classification allowing clearance as a 510(k).*

ELISA (Enzyme Linked Immunosorbant Assay) — *immunological method used to test a sample for a protein marker.*

cGMP — *FDA current Good Manufacturing Practice.*

Immunoassay-based — *test that uses antibody-antigen interaction as method of measure.*

Multi-marker test — *a diagnostic or other test that uses multiple protein biomarkers as part of a diagnostic test panel.*

Recombinant — *Novel DNA made by genetic engineering.*

WBC — *White blood cell count. The white blood cells are analyzed from a blood sample collected as part of a standard protocol for patients suspected of having infections who have entered the emergency department of a hospital.*

Corporate Information

We are located at 1585 S. Perry Street, Castle Rock, CO 80104. Our phone number is (303) 794-2000 and our facsimile number is (303) 798-8332. We currently employ twenty-four full-time employees and one part-time employee. We believe our relationships with our employees are good. We also regularly use part-time interns and additional temporary and contract personnel depending upon our research and development needs at any given time. We maintain a website at www.venaxis.com which serves each of the U.S. and the EU markets.

Available Information

You can access, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports as filed with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934, as amended. These documents may also be accessed on our website: www.venaxis.com. These documents are placed on our website as soon as is reasonably practicable after their filing with the SEC. The information contained in, or that can be accessed through, the website is not part of this annual report. These documents may also be found at the SEC's website at www.sec.gov.

ITEM 1A. — RISK FACTORS

If any of the following risks actually occur, they could materially adversely affect our business, financial condition or operating results. In that case, the trading price of our common stock could decline.

Risks Related to Our Business

If we fail to obtain FDA clearance for our APPY1 Test, we cannot market the product in the United States.

Therapeutic or human diagnostic products require FDA clearance (or approval or licensing) prior to marketing and sale. This applies to our ability to market, directly or indirectly, our acute appendicitis test, the *APPY*1 Test. As a new product, this test must undergo lengthy and rigorous development testing and other extensive, costly and time-consuming procedures mandated by the FDA. In January 2015, we received a "not substantially equivalent" letter from the FDA with respect to our de novo 510(k) submission. We are in the process of determining how to proceed. One alternative path, which is longer and more restrictive, called a premarket approval, or PMA, would place our product in the FDA's Class III, and be longer and more difficult to obtain.

We may not be able to get the *APPY*1 Test in its current form cleared by the FDA. There is no assurance that any of our strategies for obtaining FDA clearance or approval will be successful. If we do achieve FDA clearance or approval, it could be limited with respect to the indications for use, or could be subsequently be suspended or revoked, or we could be fined, based on a failure to continue to comply with ongoing regulatory requirements and standards. Similar regulatory approval or ongoing requirements and contingencies will also be encountered in major international markets.

If we fail to obtain FDA clearance or approval for our AA products, we will not be able to market and sell our AA products in the United States. As a result, we would not be able to recover the resources spent on research and development of such products. The inability to obtain FDA clearance or approval for our product may also have an impact on our success in commercializing the product in international markets.

If we fail to reach an understanding with the FDA regarding clearance for a blood-based appendicitis test, we intend to pursue alternative business opportunities.

We can provide no assurance that we will be successful in our discussions with the FDA regarding our *APPY*1 Test or our *APPY*2 test in development. If we fail to reach an understanding with the FDA regarding clearance for a blood-based appendicitis test, we intend to pursue alternative business or technology opportunities. Such alternative business opportunities could include looking at new products or technologies, or business combination activities. We can provide no assurance that we would be successful in pursuit of any such alternative business or technology opportunities.

The successful development of a medical device such as our acute appendicitis test is highly uncertain and requires significant financial expenditures and time.

Successful development of medical devices is highly uncertain. Products that appear promising in research or development may be delayed or fail to reach later stages of development or the market for several reasons, including failure to obtain regulatory clearance or approval, manufacturing costs, pricing and reimbursement issues, or other factors that may render the product uneconomical to commercialize. In addition, success in clinical trials may not lead to an approvable product. Evolutions in development from early stage products to later state products may require additional testing or analysis. Clinical results are frequently susceptible to varying interpretations that may delay, limit, or prevent regulatory approvals.

If we elect to accelerate our *APPY*2 product development efforts, or engage in development of new products, the length of time necessary to complete clinical trials and to submit an application for marketing approval for a final decision by a regulatory authority varies significantly and may be difficult to predict. If our large-scale clinical trials for a product are not successful, we will not recover our substantial investments in that product.

We may not be able to generate sufficient sales of our products in the European Union countries or elsewhere outside of the U.S. to be profitable.

We obtained CE marking for our *APPY*1 System products in January 2013. We have launched commercialization and marketing activities in the EU. Our strategy is to leverage the experience of key opinion leaders in select hospitals in order to generate additional meaningful, multinational field data for *APPY*1 System products and leverage successful data into relationships with distributors in the identified target countries. We may not be able to implement such strategy on a timely basis, and may encounter the uncertainties and delays in adoption that accompany new diagnostic testing alternatives, pricing pressure for our products and difficulties developing the relationships necessary to conduct business outside of the United States.

Clinical trials are expensive and we cannot assure that we will be able to complete our clinical trial data analysis program successfully within any specific time period, or if such clinical trial data analysis takes longer to complete than we project, our ability to execute our current business strategy will be adversely affected.

Conducting clinical trials is a lengthy, time-consuming and expensive process. Before obtaining regulatory approvals for the commercial sale of any products, we must demonstrate through clinical trials the safety and effectiveness of our products. We have incurred, and we will continue to incur, substantial expense for, and devote a significant amount of time to, product development, pilot trial testing, clinical trials and regulated, compliant manufacturing processes.

We face competition in the biotechnology and pharmaceutical industries and new diagnostic tests, which may be developed by others, could impair our ability to maintain and grow our business and remain competitive.

We face competition in the development, manufacture, marketing and commercialization of diagnostic products such as ours from a variety of sources, such as academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies, including other companies with similar diagnostic or *in vitro* testing technologies, including those with platform technologies. These platform technologies vary from very large analyzer systems to smaller and less expensive instruments similar to ours. These competitors are working to develop and market other diagnostic tests, systems, products and other methods of detecting, preventing or reducing disease.

The development of new technologies or improvements in current technologies for diagnosing acute appendicitis, including less invasive imaging studies and products that would compete with our acute appendicitis test could have a negative impact on our ability to sell the acute appendicitis tests. This could impact our ability to market the tests or secure a marketing partner - both of which could have a substantial impact on the value of our acute appendicitis products.

Among the many experimental diagnostics and therapies being developed around the world, there may be diagnostics and therapies unknown to us that may compete with our technologies or products.

Many of our potential competitors have much greater capital resources, manufacturing, research and development resources and production facilities than we do. Many of them may also have more experience than we have in preclinical testing and clinical trials of new diagnostic tests and in obtaining FDA and foreign regulatory approvals.

Major technological changes can occur quickly in the biotechnology industry, and the development of technologically improved or different products or technologies may make our product candidates or platform technologies obsolete or noncompetitive.

Physicians, patients, third party payors and the medical community may be slow to adopt, and may not accept or utilize our acute appendicitis test products when and if approved. If our products, if and when approved, do not achieve significant market acceptance, our business, results of operations and financial condition may be materially adversely affected.

We have very limited sales and marketing experience with our products and limited sales capabilities, which may make commercializing our products difficult.

We currently have very little marketing experience and limited sales capabilities. Therefore, in order to commercialize our products, once approved, we must either develop our own marketing and distribution sales capabilities or consider collaborating with a third party to perform these functions. We may, in some instances, rely significantly on sales, marketing and distribution arrangements with collaborative partners and other third parties. In these instances, our future revenues will be materially dependent upon the success of the efforts of these third parties. We have elected to suspend our U.S.-based commercialization activities as we assess our next steps forward. Such decision could delay the ramp up of our sales and marketing resources if we are able to attain clearance or approval for our products.

We may not be able to attract and retain qualified personnel to serve in our sales and marketing organization, to develop an effective distribution network or to otherwise effectively support our commercialization activities. The cost of establishing and maintaining a sales and marketing organization may exceed its cost effectiveness. If we fail to develop sales and marketing capabilities, if sales efforts are not effective or if costs of developing sales and marketing capabilities exceed their cost effectiveness, our business, results of operations and financial condition would be materially adversely affected.

Failure to obtain medical reimbursement for our products under development, as well as a changing regulatory environment, may impact our business.

The U.S. healthcare regulatory environment may change in a way that restricts our ability to market our acute appendicitis tests due to medical coverage or reimbursement limits. Sales of our human diagnostic tests will depend in part on the extent to which the costs of such tests are covered by health maintenance, managed care, and similar healthcare management organizations, or reimbursed by government health payor administration authorities, private health coverage insurers and other third party payors. These healthcare payors are increasingly challenging the prices charged for medical products and services. The containment of healthcare costs has become a priority of federal and state governments. Accordingly, our potential products may not be considered to be cost effective, and reimbursement may not be available or sufficient to allow us to sell our products on a competitive basis. Legislation and regulations affecting reimbursement for our products may change at any time and in ways that are difficult to predict and these changes may be adverse to us. Any reduction in Medicare, Medicaid or third party payor reimbursements could have a negative effect on our operating results. The addition of the medical device tax is also a challenge to the industry.

If we successfully obtain FDA clearance or approval to market our acute appendicitis test, we (or our vendors) may experience manufacturing problems resulting in shortages or delays in production that could limit the near-term growth of our revenue.

Our ability to successfully market an acute appendicitis test, once it is approved, will partially depend on our ability to obtain and manufacture sufficient quantities of the finished tests from qualified GMP suppliers. While we have identified and qualified suppliers, their ability to produce tests or component parts in sufficient quantities to meet possible demand may cause delays in securing products or could force us to seek alternative suppliers. The need to locate and use alternative suppliers could also cause delivery delays for a period of time. Delays in finalizing and progressing under agreements with cGMP facilities may delay our FDA clearance process and potentially delay sales of such products. In addition, we may encounter difficulties in production due to, among other things, the inability to obtain sufficient amounts of raw materials, components or finished goods inventory and quality control issues with raw materials, components or finished goods. These difficulties could reduce sales of our products, increase our costs or cause production delays, all of which could damage our reputation and hurt our financial condition. To the extent that we enter into manufacturing arrangements with third parties, we will depend on them to perform their obligations in a timely manner and in accordance with applicable government regulations.

We may not achieve the anticipated revenue from the out-licensing of our animal health assets.

In 2012, we entered into an exclusive license agreement with a third party to license all of our animal health assets in return for license fees, milestone and royalty payments. If product development efforts using our animal health assets are not successful in achieving commercial products, we may not receive all anticipated milestone and royalty payments.

Our results of operations could be affected by our royalty payments due to third parties.

Any revenues from products under development will likely be subject to royalty payments under licensing or similar agreements. Major factors affecting these payments include, but are not limited to:

- coverage decisions by governmental and other third party payors;
- our ability to achieve meaningful sales of our products;
- the achievement of milestones established in our license agreements; and
- our use of the intellectual property licensed in developing the products.

If we need to seek additional intellectual property licenses in order to complete our product development, our cumulative royalty obligations could adversely affect our net revenues and results of operations.

Our success depends on our ability to successfully develop, obtain clearance or approval for and commercialize new products.

Our success depends on our ability to successfully develop and market new products. Although we have been engaged in human diagnostic antigen manufacturing operations and historically, and substantially all of our revenues have been derived from this business, our ability to substantially increase our revenues and generate net income is contingent on successfully developing one or more products. Our ability to develop any of products is dependent on a number of factors, including funding availability to complete development efforts, to adequately test and refine products, to seek required FDA clearance or approval and to commercialize our products, thereby generating revenues once development efforts prove successful. We have encountered in the past, and may again encounter in the future, problems in the testing phase for our products, which sometimes resulted in substantial setbacks in the development process. There can be no assurance that we will not encounter similar setbacks with the products in our pipeline, or that funding from outside sources and our revenues will be sufficient to bring any or all of our products to the point of commercialization. There can be no assurance that the products we are developing will work effectively in the marketplace, or that we will be able to produce them on an economical basis.

If we fail to obtain regulatory approval in foreign jurisdictions, then we cannot market our products in those jurisdictions.

We have begun marketing the *APPY*1 Test in the EU. We plan to market our human diagnostic products in other foreign jurisdictions. We may need to obtain regulatory approvals from foreign jurisdictions to do so and obtaining such approval in one jurisdiction does not necessarily guarantee approval in another. We may be required to conduct additional testing or to provide additional information, resulting in additional expenses, to obtain necessary approvals. If we fail to obtain approval in such foreign jurisdictions, we would not be able to sell our products in such jurisdictions, thereby, reducing the potential revenue from the sale of our products.

We may be unable to retain key employees or recruit additional qualified personnel.

Because of the specialized scientific nature of our business, we are highly dependent upon qualified scientific, technical and managerial personnel. There is intense competition for qualified personnel in our business. A loss of the services of our qualified personnel, as well as the failure to recruit additional key scientific, technical and managerial personnel in a timely manner would harm our development programs and our business.

Our product liability insurance coverage may not be sufficient to cover claims.

Our insurance policies currently cover claims and liabilities arising out of defective products for losses up to $3.0 million per incident. As a result, if a claim were to be successfully brought against us, we may not have sufficient insurance that would apply and would have to pay any costs directly, which we may not have the resources to do.

Risks Relating to Our Intellectual Property

Our competitive position is contingent upon the production of our intellectual property and we may not be able to withstand challenges to our intellectual property rights.

We rely on our intellectual property, including our issued and applied for patents and our licenses, as the foundation of our business. If our intellectual property rights are challenged, no assurances can be given that our patents or licenses will survive claims alleging invalidity or infringement on other patents or licenses. Additionally, disputes may arise regarding inventorship of our intellectual property. There also could be existing patents of which we are unaware that our products may be infringing upon. As the number of participants in the market grows, the possibility of patent infringement claims against us increases. It is difficult, if not impossible, to determine how such disputes would be resolved. Furthermore, because of the substantial amount of discovery required in connection with patent litigation, there is a risk that some of our confidential information could be required to be publicly disclosed. In addition, during the course of patent litigation, there could be public announcements of the results of hearings, motions or other interim proceedings or developments in the litigation. Any litigation claims against us may cause us to incur substantial costs and could place a significant strain upon our financial resources, divert the attention of management or restrict our core business or result in the public disclosure of confidential information. The occurrence of any of the foregoing could materially impact our business.

We may incur substantial costs as a result of litigation or other proceedings relating to patents and other intellectual property rights, and we may be unable to protect our rights to, or use of, our technology.

Some or all of our patent applications may not issue as patents, or the claims of any issued patents may not afford meaningful protection for our technologies or products. In addition, patents issued to us or our licensors, if any, may be challenged and subsequently narrowed, invalidated or circumvented. Patent litigation is widespread in the biotechnology industry and could harm our business. Litigation might be necessary to protect our patent position or to determine the scope and validity of third party proprietary rights.

If we choose to go to court to stop someone else from using the inventions claimed in our patents, that individual or company would have the right to ask the court to rule that such patents are invalid or should not be enforced against that third party. These lawsuits are expensive and we may not have the required resources to pursue such litigation or to protect our patent rights. In addition, there is a risk that the court will decide that these patents are not valid and that we do not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of these patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe our rights in these patents.

Furthermore, a third party may claim that we are using inventions covered by the third party's patent rights and may go to court to stop us from engaging in our normal operations and activities, including making or selling our product candidates. These lawsuits are costly and could affect our results of operations and divert the attention of managerial and technical personnel. There is a risk that a court would decide that we are infringing the third party's patents and would order us to stop the activities covered by the patents. In addition, there is a risk that a court will order us to pay the other party treble damages for having violated the other party's patents. The biotechnology industry has produced a proliferation of patents, and it is not always clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our products or methods of use either do not infringe the claims of the relevant patent or that the patent claims are invalid, and we may not be able to do this. Proving invalidity in the United Sates, in particular, is difficult because it requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents.

Because some patent applications in the United States may be maintained in secrecy until the patents are issued, patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing, and publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our issued patents or our pending applications or that we were the first to invent the technology. Our competitors may have filed, and may in the future file, patent applications covering technology similar to ours. Any such patent application may have priority over our patent applications and could further require us to obtain rights to issued patents covering such technologies. If another party has filed a U.S. patent application on inventions similar to ours, we may have to participate in an interference or other proceeding in the U.S. Patent and Trademark Office, or the PTO, or a court to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our U.S. patent position with respect to such inventions.

Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations.

Obtaining and maintaining our patent protection depends upon compliance with various procedural, document submissions, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The PTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent prosecution process. There are situations in which noncompliance can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, competitors might be able to enter the market earlier than would otherwise have been the case.

Our failure to secure trademark registrations could adversely affect our ability to market our product candidates and our business.

Our trademark applications in the United States and any other jurisdiction where we may file, when filed, may not be allowed for registration, and our registered trademarks may not be maintained or enforced. During trademark registration proceedings, we may receive rejections. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the PTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our applications or registrations, and our applications or registrations may not survive such proceedings. Failure to secure such trademark registrations in the United States and in foreign jurisdictions could adversely affect our ability to market our product candidates and our business.

Confidentiality agreements with employees and others may not adequately prevent disclosure of our trade secrets and other proprietary information and may not adequately protect our intellectual property, which could impede our ability to compete.

Because we operate in the highly technical field of biotechnology we rely in part on trade secret protection in order to protect our proprietary trade secrets and unpatented know-how. However, trade secrets are difficult to protect, and we cannot be certain that others will not develop the same or similar technologies on their own. We have taken steps, including entering into confidentiality agreements with all of our employees, consultants and corporate partners, to protect our trade secrets and unpatented know-how. These agreements generally require that the other party keep confidential and not disclose to third parties all confidential information developed by the party or made known to the party by us during the course of the party's relationship with us. We also typically obtain agreements from these parties which provide that inventions conceived by the party in the course of rendering services to us will be our exclusive property. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. Enforcing a claim that a party illegally obtained and is using our trade secrets or know-how is difficult, expensive and time consuming, and the outcome is unpredictable. In addition, courts outside the United States may be less willing to protect trade secrets or know-how. The failure to obtain or maintain trade secret protection could adversely affect our competitive position.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

We may not be able to adequately protect our intellectual property outside of the United States.

The laws in some of those countries may not provide protection for our trade secrets and intellectual property. If our trade secrets or intellectual property are misappropriated in those countries, we may be without adequate remedies to address the issue. Additionally, we also rely on confidentiality and assignment of invention agreements to protect our intellectual property. These agreements provide for contractual remedies in the event of misappropriation. We do not know to what extent, if any, these agreements and any remedies for their breach, will be enforced by a foreign or domestic court. In the event our intellectual property is misappropriated or infringed upon and an adequate remedy is not available, our future prospects will greatly diminish.

Additionally, prosecuting and maintaining intellectual property (particularly patent) rights are very costly endeavors. We do not know whether legal and government fees will increase substantially and therefore are unable to predict whether cost may factor into our intellectual property strategy.

Risks Related to Our Securities

We require additional capital for future operations and we cannot assure you that capital will be available on reasonable terms, if at all, or on terms that would not cause substantial dilution to our existing shareholders.

We have historically needed to raise capital to fund our operating losses including development expenses, which have been significant. We expect to continue to incur operating losses in 2015 and 2016. If capital requirements vary materially from those currently planned, we may require additional capital sooner than expected. There can be no assurance that such capital will be available in sufficient amounts or on terms acceptable to us, if at all, especially in light of the state of the current financial markets which could impact the timing, terms and other factors in our attempts to raise capital. Any sale of a substantial number of additional shares may cause dilution to our existing shareholders and could also cause the market price of our common stock to decline.

Current challenges in the commercial and credit environment may adversely affect our business and financial condition.

The global financial markets have recently experienced unprecedented levels of volatility. Our ability to generate cash flows from operations, issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for the Company's products or in the solvency of its customers or suppliers, deterioration in the Company's key financial ratios or credit ratings, or other significantly unfavorable changes in conditions. While these conditions and the current economic downturn have not meaningfully adversely affected our operations to date, continuing volatility in the global financial markets could increase borrowing costs or affect the Company's ability to access the capital markets. Current or worsening economic conditions may also adversely affect the business of our customers, including their ability to pay for our products and services, and the amount spent on healthcare in general. This could result in a decrease in the demand for our potential products and services, longer sales cycles, slower adoption of new technologies and increased price competition. These conditions may also adversely affect certain of our suppliers, which could cause a disruption in our ability to produce our products.

We do not anticipate paying any dividends in the foreseeable future and, as a result, our investors' sole source of gain, if any, will depend on capital appreciation, if any.

The Company does not intend to declare any dividends on our shares of common stock in the foreseeable future and currently intends to retain any future earnings for funding growth. As a result, investors should not rely on an investment in our securities if they require the investment to produce dividend income. Capital appreciation, if any, of our shares may be investors' sole source of gain for the foreseeable future. Moreover, investors may not be able to resell their shares of our common stock at or above the price they paid for them.

Our stock price, like that of many biotechnology companies, is volatile.

The market prices for securities of biotechnology companies, in general, have been highly volatile and may continue to be highly volatile in the future, particularly in light of the current financial markets. In addition, the market price of our common stock has been and may continue to be volatile, especially on the eve of Company announcements which the market is expecting, as is the case with clinical trial results. Among other factors, the following may have a significant effect on the market price of our common stock:

- announcements of clinical trial results, FDA correspondence or interactions, developments with regard to our intellectual property rights, technological innovations or new commercial products by us or our competitors;
- publicity regarding actual or potential medical results related to products under development or being commercialized by us or our competitors;
- regulatory developments or delays affecting our products under development in the United States and other countries; and
- new proposals to change or reform the U.S. healthcare system, including, but not limited to, new regulations concerning reimbursement programs.

As a public company we are subject to complex legal and accounting requirements that require us to incur substantial expenses, and our financial controls and procedures may not be sufficient to ensure timely and reliable reporting of financial information, which, as a public company, could materially harm our stock price and listing on the NASDAQ Capital Market.

As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is substantial, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence, delisting of our securities and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-a-vis our privately held and larger public competitors.

The Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley) requires, among other things, that we maintain effective internal controls over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley. Our compliance with Section 404 of Sarbanes-Oxley requires that we incur substantial accounting expense and expend significant management efforts. The effectiveness of our controls and procedures may in the future be limited by a variety of factors, including:

- faulty human judgment and simple errors, omissions or mistakes;
- fraudulent action of an individual or collusion of two or more people;
- inappropriate management override of procedures; and
- the possibility that any enhancements to controls and procedures may still not be adequate to assure timely and accurate financial information.

If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, we may be subject to NASDAQ delisting, investigations by the SEC and civil or criminal sanctions.

Our ability to successfully implement our business plan and comply with Section 404 requires us to be able to prepare timely and accurate financial statements. We expect that we will need to continue to improve existing, and implement new operational, financial and accounting systems, procedures and controls to manage our business effectively.

Any delay in the implementation of, or disruption in the transition to, new or enhanced systems, procedures or controls may cause our operations to suffer, and we may be unable to conclude that our internal control over financial reporting is effective as required under Section 404 of Sarbanes-Oxley. If we are unable to complete the required Section 404 assessment as to the adequacy of our internal control over financial reporting, if we fail to maintain or implement adequate controls, our ability to obtain additional financing could be impaired. In addition, investors could lose confidence in the reliability of our internal control over financial reporting and in the accuracy of our periodic reports filed under the Exchange Act. A lack of investor confidence in the reliability and accuracy of our public reporting could cause our stock price to decline.

The price of our common stock may continue to be volatile.

Our common stock is currently traded on the NASDAQ Capital Market. The trading price of our common stock from time to time has fluctuated widely and may be subject to similar volatility, in the future. For example in the calendar year ended December 31, 2014, our common stock traded as low as $1.58 and as high as $3.29. In the calendar year ended December 31, 2013, our common stock traded as low as $1.20 and as high as $2.74. The trading price of our common stock in the future may be affected by a number of factors, including events described in these "Risk Factors." In recent years, broad stock market indices, in general, and smaller capitalization companies, in particular, have experienced substantial price fluctuations. In a volatile market, we may experience wide fluctuations in the market price of our common stock. These fluctuations may have a negative effect on the market price of our common stock regardless of our operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. A securities class action suit against us could result in substantial costs, potential liabilities and the diversion of management's attention and resources, and could have a material adverse effect on our financial condition.

We may not be able to maintain our current listing on the NASDAQ Capital Market and a delisting could limit the liquidity of our stock, increase its volatility and hinder our ability to raise capital.

Subsequent to December 31, 2014, our common stock has traded as low as $0.40, following the FDA decision announcement. In March 2015, we received notice from NASDAQ that we had failed to maintain a bid price of at least $1.00 per share for 30 successive trading days. We have a minimum of six months to regain compliance with the listing standard, and may be able to obtain an additional six-month compliance period. However, there can be no assurance that we will be able to maintain the NASDAQ Capital Market listing of our common stock in the future.

If our common stock is delisted by NASDAQ, our common stock may be eligible for quotation on an over-the-counter quotation system or on the pink sheets. Upon any such delisting, our common stock would become subject to the regulations of the SEC relating to the market for penny stocks. A penny stock is any equity security not traded on a national securities exchange that has a market price of less than $5.00 per share. The regulations applicable to penny stocks may severely affect the market liquidity for our common stock and could limit the ability of shareholders to sell securities in the secondary market. In such a case, an investor may find it more difficult to dispose of or obtain accurate quotations as to the market value of our common stock, and there can be no assurance that our common stock will be eligible for trading or quotation on any alternative exchanges or markets.

Delisting from NASDAQ could adversely affect our ability to raise additional financing through public or private sales of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our common stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

We have been named as a defendant in a class action lawsuit with claims of violations of the federal securities laws.

We have been named as a defendant in a class action lawsuit with claims of violations of the federal securities laws. See the description in Item 3 below. We believe the alleged claims are without merit, but if we are not successful in our defense of this action we could be liable for significant damages. Even if we are successful, litigation is expensive and defense of the action could have a negative impact on our financial resources.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We maintain our administrative office, laboratory and production operations in a 40,000 square foot building in Castle Rock, Colorado, which was constructed for us in 2003. We presently do not plan any renovation, improvements, or development of this property. We may utilize a portion of the currently un-used space, which amounts to approximately 14,000 square feet for expansion at some point in the future. The Company believes that its facilities are adequate for its near-term needs.

We own the property subject to a mortgage with an outstanding balance of approximately $2,151,000 at December 31, 2014, payable in monthly installments of approximately $20,600 and bearing interest at an approximate average rate of 4.9%. The commercial bank portion of the mortgage was refinanced with the existing lender in May 2013. The revised terms include a payment schedule based on a fifteen year amortization, with a balloon maturity at five years.

ITEM 3. LEGAL PROCEEDINGS.

On October 1, 2010, the Company received a complaint, captioned John Wolfe, individually and on behalf of all others similarly situated v. AspenBio Pharma, Inc. (now Venaxis, Inc.) et al., Case No. CV10 7365 ("Wolfe Suit"). This federal securities purported class action was filed in the U.S. District Court in the Central District of California and subsequently transferred to the U.S. District Court for the District of Colorado, on behalf of all persons, other than the defendants, who purchased common stock of the Company during the period between February 22, 2007 and July 19, 2010, inclusive. As previously disclosed, the complaint named as defendants certain officers and directors of the Company during such period and included allegations of violations of Section 10(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act") and SEC Rule 10b-5, and of Section 20(a) of the Exchange Act, all related to the Company's blood-based acute appendicitis test in development. On July 11, 2011, the court appointed a lead plaintiff and approved lead counsel. On August 23, 2011, the lead plaintiff filed an amended putative class action complaint, alleging the same class period.

On October 7, 2011, the Company filed a motion to dismiss the amended complaint. On September 13, 2012, the United States District Court for Colorado granted the Company's motion to dismiss, dismissing the plaintiffs' claims against all defendants without prejudice and the court entered final judgment without prejudice on behalf of all defendants and against all plaintiffs in the Wolfe Suit. The order to dismiss the action found in favor of the Company and all of the individual defendants. On October 12, 2012, the plaintiffs filed a Notice of Appeal of the order granting the motion to dismiss and of the final judgment in the Wolfe Suit. Following oral argument, the Tenth Circuit Court of Appeals took the fully-briefed appeal under submission on September 26, 2013.

On October 17, 2014, the Tenth Circuit Court of Appeals affirmed the district court’s dismissal of the case.

On January 7, 2015, the Company received a complaint, captioned Dr. John F. Bealer, a resident of Arapahoe County, individually v. Venaxis, Inc., a Colorado corporation, Case No. 2015CV30022. This action was filed in the Arapahoe County District Court and subsequently transferred to Douglas County District Court. The complaint includes allegations of breach of contract pertaining to the Assignment and Consulting Agreement between the Company and Dr. Bealer. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend against these claims.

On February 2, 2015, a putative class action complaint was filed against Venaxis and two of its current officers in the United States District Court for the District of Colorado. The action is captioned Boldt v. Venaxis, Inc., et al., District of Colorado Case No.: 1:15-cv-00-222 (“Boldt Action”). The plaintiff in the Boldt Action alleges violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and SEC Rule 10b-5. The Boldt Action plaintiff purports to represent a class of persons who purchased the Company’s publicly traded securities between March 13, 2014, and January 28, 2015. The Boldt Action plaintiff alleges that the Company made false and/or misleading statements regarding APPY1. The foregoing is a summary of the allegations in the complaint and is subject to the text of the complaint, which is on file with the Court. Based on a review of the complaint, the Company believes that the allegations are without merit, and intends to vigorously defend against the claims.

In the ordinary course of business and in the general industry in which the Company is engaged, it is not atypical to periodically receive a third party communication which may be in the form of a notice, threat, or ‘cease and desist’ letter concerning certain activities. For example, this can occur in the context of the Company’s pursuit of intellectual property rights. This can also occur in the context of operations such as the using, making, having made, selling, and offering to sell products and services, and in other contexts. The Company makes rational assessment of each situation on a case-by-case basis as such may arise. The Company periodically evaluates its options for trademark positions and considers a full spectrum of alternatives for trademark protection and product branding.

We are not a party to any other legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock began trading on the Nasdaq Capital Market under the symbol "APPY" as of August 28, 2007. The following table sets forth, for the periods indicated, the high and low closing prices of our shares, on a post-split basis, as reported by www.Nasdaq.com.

Quarter ended	High	Low
March 31, 2013	$ 2.74	$ 1.99
June 30, 2013	$ 2.13	$ 1.20
September 30, 2013	$ 2.16	$ 1.26
December 31, 2013	$ 2.14	$ 1.57
March 31, 2014	$ 3.29	$ 2.27
June 30, 2014	$ 2.77	$ 1.88
September 30, 2014	$ 2.36	$ 1.58
December 31, 2014	$ 1.85	$ 1.19

As of March 26, 2015 we had approximately 940 holders of record (excluding an indeterminable number of stockholders whose shares are held in street or "nominee" name) of our common stock.

The closing price of our common stock on March 26, 2015 was $0.46 per share.

During the last two fiscal years we have not paid any dividend on any class of equity securities. We anticipate that for the foreseeable future all earnings will be retained for use in our business and no cash dividends will be paid to stockholders. Any payment of cash dividends in the future on the Company's common stock will be dependent upon our financial condition, results of operations, current and anticipated cash requirements, plans for expansion, as well as other factors that the Board of Directors deems relevant.

Securities Authorized under Equity Compensation Plans Information

The Company currently has one equity compensation plan. The 2002 Stock Incentive Plan, as amended (the Plan) was approved by the Board of Directors and adopted by the stockholders in 2002 and is used for plan-based awards for officers, other employees, consultants, advisors and non-employee directors. The Plan was amended and restated on June 1, 2007 and further amended on June 9, 2008, November 20, 2009, November 22, 2010, July 8, 2011, May 22, 2012, December 11, 2012, June 11, 2013 and June 25, 2014, primarily to increase the number of shares available for awards under the Plan, with the most recent increase to 3,673,126 shares, as approved by the shareholders.

The following table gives information about the Company's common stock that may be issued upon the exercise of options and rights under the Plan as of December 31, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	1,854,258	$ 5.79	1,818,868
Equity compensation plans not approved by security holders	—	—	—
Total	1,854,258	$ 5.79	1,818,868

Recent Sales of Unregistered Securities

None.

ITEM 6. SELECTED FINANCIAL DATA.

	For the Years Ended December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Summary Statement of Operations Items:					
Total revenues	$ 167,000	$ 56,000	$ 42,000	$ 219,000	$ 370,000
Net loss	$ (10,443,000)	$ (12,149,000)	$ (9,212,000)	$ (10,214,000)	$ (13,338,000)
Basic and diluted loss per share	$ (0.36)	$ (0.72)	$ (1.84)	$ (7.61)	$ (10.17)
Weighted average shares Outstanding	28,632,677	16,948,901	4,996,827	1,341,379	1,310,956

	As of December 31,				
	2014	**2013**	**2012**	**2011**	**2010**
Summary Balance Sheet Information:					
Current assets	$ 24,896,000	$ 14,761,000	$ 12,528,000	$ 4,321,000	$ 12,307,000
Total assets	$ 28,724,000	$ 18,640,000	$ 16,615,000	$ 8,728,000	$ 17,159,000
Long term liabilities	$ 3,257,000	$ 3,441,000	$ 1,845,000	$ 2,830,000	$ 3,180,000
Total liabilities	$ 5,039,000	$ 5,690,000	$ 5,924,000	$ 4,902,000	$ 5,912,000
Equity	$ 23,685,000	$ 12,950,000	$ 10,691,000	$ 3,826,000	$ 11,247,000

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The discussion and analysis below includes certain forward-looking statements that are subject to risks, uncertainties and other factors, as described in "Risk Factors" and elsewhere in this Annual Report on Form 10-K, that could cause our actual growth, results of operations, performance, financial position and business prospects and opportunities for this fiscal year and the periods that follow to differ materially from those expressed in, or implied by, those forward-looking statements.

RESULTS OF OPERATIONS

Management's plans and basis of presentation

The Company has experienced recurring losses and negative cash flows from operations. At December 31, 2014, the Company had approximate balances of cash and liquid investments of $24,539,000, working capital of $23,114,000, total stockholders' equity of $23,685,000 and an accumulated deficit of $96,825,000. To date, the Company has in large part relied on equity financing to fund its operations. The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as product development, regulatory activities, contract consulting and other commercial and product development related expenses are incurred. The Company believes that its current working capital position will be sufficient to meet its estimated cash needs for the remainder of 2015 and into early 2016. The Company continues to explore obtaining additional financing. The Company is closely monitoring its cash balances, cash needs and expense levels.

Management's strategic assessment includes the following potential options:

- evaluating regulatory options for continuing commercialization of the Company's principal product, the *APPY*1 Test;
- pursuing additional capital raising opportunities;
- exploring prospective partnering or licensing opportunities with complementary opportunities and technologies;
- monitoring and implementing cost control initiatives to conserve cash;
- assessing and developing the next generation product, *APPY*2; and
- evaluating other possible strategic options available to the Company.

Revenues

2014 compared to 2013

*APPY*1 System product sales of approximately $167,000 were recorded for the year ended December 31, 2014 as compared to $56,000 in the 2013 period. Sales of the *APPY*1 System products in 2014 have been made to customers for initial stocking orders in the EU under commercial development agreements. Two European-based distributors accounted for 100% of the 2014 sales, and individually represented 89% and 11%, respectively, of such sales.

In July 2012, the Company entered into an Exclusive License Agreement (License Agreement) with Ceva Santé Animale S.A. (Licensee) under which the Company granted the Licensee an exclusive royalty-bearing license to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (Company's Animal Health Assets). The net total payments received under this agreement were recorded as deferred revenue and are being recognized as revenue over future periods. During the year ended December 31, 2014, $96,000 of such license payments was recognized as revenue, as compared to $85,000 for the year ended December 31, 2013.

*APPY*1 System product cost of sales for the year ended December 31, 2014 increased by approximately $50,000 compared to the 2013 period. As a percentage of sales, gross profit was 57% in the 2014 period as compared to gross profit of 62% in the 2013 period.

2013 compared to 2012

Sales of approximately $56,000 were recorded for the year ended December 31, 2013 as compared to $42,000 in the 2012 period. In 2013, revenues were generated by *APPY*1 System product sales with the 2012 sales being generated by antigen products, which product production has been suspended. Sales of the *APPY*1 System products in 2013 have been made to customers for initial stocking orders in the EU under commercial development agreements. Three European-based customers accounted for 100% of the 2013 sales, and individually represented 43%, 35% and 22%, respectively, of such sales.

In July 2012, the Company entered into an Exclusive License Agreement (License Agreement) with Ceva Santé Animale S.A. (Licensee) under which the Company granted the Licensee an exclusive royalty-bearing license to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (Company's Animal Health Assets). The net total payments received under this agreement were recorded as deferred revenue and are being recognized as revenue over future periods. During the year ended December 31, 2013, $85,000 of such license payments was recognized as revenue, as compared to $21,000 for the year ended December 31, 2012.

Cost of sales for the year ended December 31, 2013 increased by approximately $21,000 compared to the 2012 period. In 2013, costs of sales were related to the *APPY*1 System product sales with the 2012 costs of sale related to antigen products. As a percentage of sales, gross profit was 62% in the 2013 period as compared to gross profit of 99% in the 2012 period.

Selling, General and Administrative Expenses

2014 compared to 2013

Selling, general and administrative expenses in the year ended December 31, 2014, totaled $6,560,000, which was a $1,043,000 or 19% increase as compared to the 2013 period. Commercialization and marketing expenses increased by approximately $445,000 in the 2014 period as the Company advanced on its commercialization effort. An increase of approximately $851,000 in compensation related expenses for the year ended December 31, 2014, resulted from the hiring of additional sales and marketing personnel and annual incentive bonus milestone achievements being accrued. These increases were offset by a decrease of $308,000 in stock-based compensation, primarily due to the Company trading its stock at a lower price.

2013 compared to 2012

Selling, general and administrative expenses in the year ended December 31, 2013, totaled $5,517,000, which was a $332,000 or 6% increase as compared to the 2012 period. A reduction in personnel and a lower incentive bonus expense in 2013 resulted in a decrease in compensation related costs of approximately $487,000. The decrease was offset by an increase of $595,000 in expenses associated with marketing and commercialization activities in 2013 and an increase of $436,000 in stock-based compensation, primarily due to a higher level of options granted in 2013.

Research and Development

2014 compared to 2013

Research and development expenses in the year ended December 31, 2014 totaled $4,035,000, which is a $2,672,000 or 40% decrease as compared to the 2013 period. The decrease was due primarily to a reduction of approximately $3,629,000 in clinical and regulatory expenses following the completion of the clinical trial activities in early 2014. Expenses of approximately $1,213,000 were incurred during 2014 in development activities associated with the next generation product, *APPY*2.

2013 compared to 2012

Research and development expenses in the year ended December 31, 2013 totaled $6,706,000, which is a $2,868,000 or 75% increase as compared to the 2012 period. Clinical trial related expenses increased by approximately $3,362,000 in 2013 as the *APPY*1 Test clinical trial activities accelerated during 2013, with the clinical trial enrollment completed in early 2014. This was offset by a decrease in *APPY*1 Test development expenses in 2013 of approximately $672,000, as compared to 2012 expenses.

Other Income and Expense

2014 compared to 2013

Interest expense for the year ended December 31, 2014, decreased to $116,000 compared to $135,000 in the 2013 period as a result of the lower interest rate upon the mortgage refinancing that occurred in May 2013. For the year ended December 31, 2014, the Company recorded investment income of approximately $42,000 compared to $39,000 in the 2013 period. During the year ended December 31, 2014, the Company recorded a gain of $34,000 on sale of equipment. During the year ended December 31, 2013, the Company recorded other income of approximately $51,000, which primarily consisted of a payment received in connection with an equity redemption of its insurance carrier.

2013 compared to 2012

Interest expense for the year ended December 31, 2013, decreased to $135,000 compared to $248,000 in the 2012 period. For the year ended December 31, 2013, the Company recorded investment income of approximately $39,000 compared to a loss of $1,000 in the 2012 period. During the year ended December 31, 2013, the Company recorded other income of $51,000, which primarily consisted of a payment received in connection with an equity redemption of its insurance carrier. During the year ended December 31, 2012, the Company recorded other loss of approximately $2,000.

Income Taxes

No income tax benefit was recorded on the loss for the year ended December 31, 2014, as management of the Company was unable to determine that it was more likely than not that such benefit would be realized. At December 31, 2014, the Company had a net operating loss carry forwards for income tax purposes of approximately $89 million, expiring through 2034.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had working capital of $23,114,000, which included cash, cash equivalents and short term investments of $24,539,000. The Company reported a net loss of $10,443,000 during the year ended December 31, 2014, which included $1,303,000 in net non-cash expenses consisting of, stock-based compensation totaling $1,056,000, depreciation and amortization totaling $289,000 and other net gains of $42,000.

Currently, the Company's primary focus is to continue commercialization and marketing activities following the attainment of CE marking in the European Union (EU).

In April, 2014, the Company completed a public offering of securities consisting of 8,335,000 shares of common stock at an offering price of $2.40 per share, generating approximately $20 million in total proceeds. Fees and other expenses totaled approximately $1,543,000, including a placement fee of 6.5%. The purpose of the offering was to raise funds for working capital, new product development and general corporate purposes. During the nine months ended September 30, 2014, warrants from the May 2013 public offering (described below) were exercised to purchase 1,161,570 shares at $1.36 per share of common stock resulting in total proceeds of approximately $1,580,000. During the nine months ended September 30, 2014, incentive stock options were exercised to purchase 39,079 common shares, resulting in total proceeds of approximately $82,000.

In May 2013, the Company completed a public offering of securities consisting of 11,500,000 shares of common stock at an offering price of $1.25 per share, generating approximately $14.4 million in total proceeds. Fees and other expenses totaled approximately $1,405,000, including a placement fee of 7%. Under the terms of the offering, investors received, for each common share purchased, a warrant to purchase 0.35 of a common share, this resulted in the issuance of warrants to purchase a total of 4,025,000 shares of common stock if all warrants are fully exercised. The exercise price of the warrants is $1.36 per share; the warrants were exercisable upon issuance and expire in May 2018. Under the terms of the Underwriting Agreement, the underwriter exercised the option to purchase an additional 15% of the offering amount which is included in the above amounts. The purpose of the offering was to raise funds for working capital, new product development and general corporate purposes.

We expect to continue to incur losses from operations for the near-term and these losses could be significant as we incur product development, clinical and regulatory activities, contract consulting and other product development and commercialization related expenses. We believe that our current working capital position will be sufficient to meet our estimated cash needs into early 2016. The Company is pursuing additional financing opportunities; however, there can be no assurance that the Company will be able to obtain sufficient additional financing on terms acceptable to the Company, if at all. We are closely monitoring our cash balances, cash needs and expense levels. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result in the possible inability of the Company to continue as a going concern.

Steps to achieve commercialization of the acute appendicitis product will be an ongoing and evolving process with expected improvements and possible subsequent generations being evaluated for the test. Should we be unable to achieve FDA clearance of the *APPY*1 Test or generate sufficient revenues from the product, we would need to rely on other business or product opportunities to generate revenues and costs that we have incurred for the acute appendicitis patent may be deemed impaired.

In July 2012, the Company entered into an Exclusive License Agreement (the "License Agreement") with Ceva Santé Animale S.A. ("Licensee"), under which the Company granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (the "Company's Animal Health Assets"). The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's animal health assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by the Company, or (e) in the Licensee's discretion, if the Company becomes insolvent. The License Agreement is also terminable by the Company if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges the Company's ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by WU. Under the terms of the WU License Agreement, a portion of license fees and royalties Venaxis receives from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at December 31, 2014.

Under the License Agreement as of December 31, 2014, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- Milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- Potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- Royalties, at low double digit rates, based on sales of licensed products.

We have entered and may expect to continue to enter into additional agreements with contract manufacturers for the development/ manufacture of certain of our products. The goal of this development process is to establish current good manufacturing practices (cGMP) required for our products. These development and manufacturing agreements generally contain transfer fees and possible penalty and /or royalty provisions should we transfer our products to another contract manufacturer. We expect to continue to evaluate, negotiate and execute additional and expanded development and manufacturing agreements, some of which may be significant commitments. We may also consider acquisitions of development technologies or products should opportunities arise that we believe fit our business strategy and would be appropriate from a capital standpoint.

The Company periodically enters into generally short-term consulting and development agreements primarily for product development, testing services and in connection with clinical trials conducted as part of the Company's FDA clearance process. Such commitments at any point in time may be significant but the agreements typically contain cancellation provisions.

We have a permanent mortgage on our land and building that was refinanced in May 2013. The mortgage is held by a commercial bank and includes a portion guaranteed by the U. S. Small Business Administration. The loan is collateralized by the real property and the SBA portion is also personally guaranteed by a former officer of the Company. The commercial bank loan terms include a payment schedule based on a fifteen year amortization, with a balloon maturity at five years. The commercial bank portion has an interest rate fixed at 3.95%, and the SBA portion bears interest at the rate of 5.86%. The commercial bank portion of the loan requires total monthly payments of approximately $11,700, which includes approximately $4,000 per month in interest. The SBA portion of the loan requires total monthly payments of approximately $9,000 through July 2023, which currently includes approximately $3,500 per month in interest and fees.

Due to recent market events that have adversely affected all industries and the economy as a whole, management has placed increased emphasis on monitoring the risks associated with the current environment, particularly the investment parameters of the short term investments, the recoverability of current assets, the fair value of assets, and the Company's liquidity. At this point in time, there has not been a material impact on the Company's assets and liquidity. Management will continue to monitor the risks associated with the current environment and their impact on the Company's results.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Operating Activities

Net cash consumed by operating activities was $9,204,000 during the year ended December 31, 2014. Cash was consumed by the loss of $10,443,000, less non-cash expenses of $1,056,000 for stock-based compensation and depreciation and amortization totaling $289,000, offset by the amortization of license fee totaling $96,000 and gain from sale of equipment totaling $34,000 .Decreases in prepaid and other current assets of $421,000 provided cash, primarily related to routine changes in operating activities. There was a $925,000 decrease in accounts payable and accrued expenses in the year ended December 31, 2014, primarily due to decreases in the activity levels at year end for the Company's *APPY*1 System clinical, regulatory, and marketing activities. An increase of $460,000 in accrued compensation consumed cash. Cash provided by operations included a net increase of $69,000 in deferred revenue, relating to milestone payments under the License Agreement for the Company's animal health assets.

Net cash consumed by operating activities was $9,730,000 during the year ended December 31, 2013. Cash was consumed by the loss of $12,149,000, less non-cash expenses of $1,438,000 for stock-based compensation, depreciation and amortization totaling $327,000 and impairment and other items, net totaling $48,000, offset by the amortization of license fee totaling $85,000. Increases in prepaid and other current assets of $258,000 used cash, primarily related to routine changes in operating activities. There was a $432,000 increase in accounts payable and accrued expenses in the year ended December 31, 2013, primarily due to increases in the activity levels at year end for the Company's *APPY*1 System clinical, regulatory, and marketing activities. A decrease of $304,000 in accrued compensation consumed cash. Cash provided by operations included a net increase of $306,000 in deferred revenue, relating to milestone payments under the License Agreement for the Company's animal health assets.

Net cash consumed by operating activities was $5,489,000 during the year ended December 31, 2012. Cash was consumed by the loss of $9,212,000, less non-cash expenses of $931,000 for stock-based compensation, depreciation and amortization totaling $430,000 and impairment and other items, net totaling $26,000. For the year ended December 31, 2012, decreases in accounts receivable generated cash of $35,000. Decreases in prepaid and other current assets of $408,000 provided cash, primarily related to routine changes in operating activities. There was a $306,000 increase in accounts payable and accrued expenses in the year ended December 31, 2012, primarily due to increases in the activity levels at year end for the Company's *APPY*1 System clinical, regulatory, and marketing activities. An increase of $405,000 in accrued compensation provided cash. Cash provided by operations included an increase of $1,182,000 in deferred revenue, following the execution of the License Agreement for the Company's animal health assets.

Investing Activities

Net cash outflows from investing activities consumed $12,560,000 during the year ended December 31, 2014. Sales of marketable securities investments totaled approximately $23,197,000 and marketable securities purchased totaled approximately $35,553,000. A $208,000 use of cash was attributable to additional costs incurred from patent filings and approximately $30,000 was incurred from purchases of equipment. Proceeds from sale of equipment totaled $34,000.

Net cash outflows from investing activities consumed $7,631,000 during the year ended December 31, 2013. Sales of marketable securities investments totaled approximately $16,957,000 and marketable securities purchased totaled approximately $24,437,000. Cash totaling $152,000 was used for additions to capitalized patent filings and equipment additions.

Net cash outflows from investing activities consumed $316,000 during the year ended December 31, 2012. Sales of marketable securities investments totaled approximately $2,832,000 and marketable securities purchased totaled approximately $2,992,000. Cash totaling $156,000 was used for additions to capitalized patent filings and equipment additions.

Financing Activities

Net cash inflows from financing activities generated $19,645,000 during the year ended December 31, 2014. The Company received net proceeds of $20,123,000 from the sale of common stock in public offerings of securities and repaid $478,000 in scheduled payments under its debt agreements.

Net cash inflows from financing activities generated $12,042,000 during the year ended December 31, 2013. The Company received net proceeds of $12,970,000 from the sale of common stock in public offerings of securities and repaid $928,000 in scheduled payments under its debt agreements including payments under the Novartis Termination Agreement.

Net cash inflows from financing activities generated $13,815,000 during the year ended December 31, 2012. The Company received net proceeds of $15,146,000 from the sale of common stock in public offerings of securities and repaid $1,331,000 in scheduled payments under its debt agreements including payments under the Novartis Termination Agreement.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, impairment analysis of intangibles and stock-based compensation.

The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed. A summary of the Company's critical accounting policies follows:

***Investments*:** The Company invests excess cash from time to time in highly liquid debt and equity securities of highly rated entities which are classified as trading securities. Such amounts are recorded at market and are classified as current, as the Company does not intend to hold the investments beyond twelve months. Such excess funds are invested under the Company's investment policy but an unexpected decline or loss could have an adverse and material effect on the carrying value, recoverability or investment returns of such investments. Our Board has approved an investment policy covering the investment parameters to be followed with the primary goals being the safety of principal amounts and maintaining liquidity of the fund. The policy provides for minimum investment rating requirements as well as limitations on investment duration and concentrations.

***Intangible Assets*:** Intangible assets primarily represent legal costs and filings associated with obtaining patents on the Company's new discoveries. The Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. The Company tests intangible assets with finite lives upon significant changes in the Company's business environment. The testing resulted in approximately $13,000, $33,000, and $45,000 of patent impairment charges during the years ended December 31, 2014, 2013, and 2012, respectively.

***Long-Lived Assets*:** The Company records property and equipment at cost. Depreciation of the assets is recorded on the straight-line basis over the estimated useful lives of the assets. Dispositions of property and equipment are recorded in the period of disposition and any resulting gains or losses are charged to income or expense when the disposal occurs. The Company reviews for impairment whenever there is an indication of impairment. The analysis resulted in no impairment charges being recorded to date.

***Revenue Recognition*:** The Company's revenues are recognized when products are shipped or delivered to unaffiliated customers. The Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 104, provides guidance on the application of generally accepted accounting principles to select revenue recognition issues. The Company has concluded that its revenue recognition policy is appropriate and in accordance with SAB No. 104. Revenue is recognized under sales, license and distribution agreements only after the following criteria are met: (i) there exists adequate evidence of the transactions; (ii) delivery of goods has occurred or services have been rendered; and (iii) the price is not contingent on future activity and (iv) collectability is reasonably assured.

***Stock-based Compensation*:** ASC 718, *Share-Based Payment*, defines the fair-value-based method of accounting for stock-based employee compensation plans and transactions used by the Company to account for its issuances of equity instruments to record compensation cost for stock-based employee compensation plans at fair value as well as to acquire goods or services from non-employees. Transactions in which the Company issues stock-based compensation to employees, directors and consultants and for goods or services received from non-employees are accounted for based on the fair value of the equity instruments issued. The Company utilizes pricing models in determining the fair values of options and warrants issued as stock-based compensation. These pricing models utilize the market price of the Company's common stock and the exercise price of the option or warrant, as well as time value and volatility factors underlying the positions.

***Recently issued and adopted accounting pronouncements*:** The Company has evaluated all recently issued accounting pronouncements and believes such pronouncements do not have a material effect on the Company's financial statements.

In May 2014, FASB issued ASU No. 2014-09 "Revenue from Contracts from Customers," which supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue in a way that depicts the transfer of potential goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to the exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and is to be applied retrospectively, with early adoption not permitted. The Company is currently evaluating the new standard and assessing the potential impact on its operations and financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

General

We have limited exposure to market risks from instruments that may impact the *Balance Sheets*, *Statements of Operations*, and *Statements of Cash Flows*. Such exposure is due primarily to changing interest rates.

Interest Rates

The primary objective for our investment activities is to preserve principal while maximizing yields without significantly increasing risk. This is accomplished by investing excess cash in highly liquid debt and equity investments of highly rated entities which are classified as trading securities. As of December 31, 2014, 6% of the investment portfolio was in cash equivalents with very short term maturities and therefore not subject to any significant interest rate fluctuations. We have no investments denominated in foreign currencies and therefore our investments are not subject to foreign currency exchange risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Venaxis, Inc.

We have audited the accompanying balance sheets of Venaxis, Inc. ("the Company") as of December 31, 2014 and 2013, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Venaxis, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ GHP HORWATH, P.C.

Denver, Colorado
March 30, 2015

Venaxis, Inc.
Balance Sheets
December 31,

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,539,911	$ 5,658,683
Short-term investments (Note 1)	20,998,789	8,642,648
Prepaid expenses and other current assets (Note 1)	357,083	459,396
Total current assets	24,895,783	14,760,727
Property and equipment, net (Note 2)	2,103,880	2,266,982
Other long term assets, net (Notes 1 and 3)	1,724,190	1,612,160
Total assets	$ 28,723,853	$ 18,639,869
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 437,519	$ 780,514
Accrued compensation	609,417	148,922
Accrued expenses	325,400	907,732
Notes and other obligations, current portion (Note 4)	312,934	319,771
Deferred revenue, current portion (Note 7)	96,698	92,084
Total current liabilities	1,781,968	2,249,023
Notes and other obligations, less current portion (Note 4)	1,998,049	2,150,608
Deferred revenue, less current portion (Note 7)	1,258,713	1,290,441
Total liabilities	5,038,730	5,690,072
Commitments and contingencies (Notes 7 and 9)		
Stockholders' equity (Notes 5 and 6):		
Common stock, no par value, 60,000,000 shares authorized; 30,990,029 and 21,454,380 shares issued and outstanding	120,509,997	99,331,585
Accumulated deficit	(96,824,874)	(86,381,788)
Total stockholders' equity	23,685,123	12,949,797
Total liabilities and stockholders' equity	$ 28,723,853	$ 18,639,869

See Accompanying Notes to Financial Statements

Venaxis, Inc.
Statements of Operations
Years ended December 31,

	2014	2013	2012
Sales (Note 1)	$ 166,955	$ 56,068	$ 41,557
Cost of sales	71,470	21,193	592
Gross profit	95,485	34,875	40,965
Other revenue - fee (Note 7)	95,699	84,620	20,571
Operating expenses:			
Selling, general and administrative	6,559,640	5,516,504	5,184,823
Research and development	4,034,580	6,706,174	3,838,375
Total operating expenses	10,594,220	12,222,678	9,023,198
Operating loss	(10,403,036)	(12,103,183)	(8,961,662)
Other income (expense):			
Interest	(116,180)	(135,218)	(248,129)
Investment income (loss)	42,130	39,093	(500)
Other income (expense)	34,000	50,653	(1,924)
Total other (expense) income	(40,050)	(45,472)	(250,553)
Net loss	$ (10,443,086)	$ (12,148,655)	$ (9,212,215)
Basic and diluted net loss per share (Note 1)	$ (0.36)	$ (0.72)	$ (1.84)
Basic and diluted weighted average number of common shares outstanding (Notes 1)	28,632,677	16,948,901	4,996,827

See Accompanying Notes to Financial Statements

Venaxis, Inc.
Statements of Stockholders' Equity
Years ended December 31, 2014, 2013 and 2012

	Common Stock		Accumulated	
	Shares	Amount	Deficit	Total
Balance, January 1, 2012	1,608,146	$ 68,846,796	$ (65,020,918)	$ 3,825,878
Stock-based compensation issued for services	—	901,161	—	901,161
Common stock issued for consulting services	8,334	29,776	—	29,776
Common stock issued for cash, net of offering costs of $1,753,190	8,337,900	15,146,400	—	15,146,400
Net loss for the year	—	—	(9,212,215)	(9,212,215)
Balance, December 31, 2012	9,954,380	84,924,133	(74,233,133)	10,691,000
Stock-based compensation issued for services	—	1,437,865	—	1,437,865
Common stock issued for cash, net of offering costs of $1,380,413	11,500,000	12,969,587	—	12,969,587
Net loss for the year	—	—	(12,148,655)	(12,148,655)
Balance, December 31, 2013	21,454,380	99,331,585	(86,381,788)	12,949,797
Stock-based compensation issued for services	—	1,055,760	—	1,055,760
Common stock issued for cash, net of offering costs of $1,542,709	8,335,000	18,461,291	—	18,461,291
Common stock issued for option and warrant exercises	1,200,649	1,661,361	—	1,661,361
Net loss for the year	—	—	(10,443,086)	(10,443,086)
Balance, December 31, 2014	30,990,029	$ 120,509,997	$ (96,824,874)	$ 23,685,123

See Accompanying Notes to Financial Statements

Venaxis, Inc.
Statements of Cash Flows
Years ended December 31,

	2014	2013	2012
Cash flows from operating activities:			
Net loss	$ (10,443,086)	$ (12,148,655)	$ (9,212,215)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock-based compensation for services	1,055,760	1,437,865	930,937
Depreciation and amortization	288,751	326,534	430,228
Other noncash charges	—	47,503	44,554
Amortization of license fee	(95,699)	(84,620)	(20,571)
(Gain) loss on equipment disposals	(34,000)	—	1,924
Change in:			
Accounts receivable	18,793	(32,194)	35,016
Prepaid expenses and other current assets	402,206	289,967	407,955
Accounts payable	(342,995)	166,589	32,212
Accrued expenses	(582,332)	265,677	273,649
Accrued compensation	460,495	(303,956)	405,256
Deferred revenue	68,585	305,636	1,182,080
Net cash used in operating activities	(9,203,522)	(9,729,654)	(5,488,975)
Cash flows from investing activities:			
Purchases of short-term investments	(35,552,989)	(24,436,509)	(2,991,644)
Sales of short-term investments	23,196,848	16,956,765	2,831,864
Purchases of property and equipment	(30,142)	(26,316)	(43,692)
Purchases of patent and other assets	(207,537)	(125,430)	(112,646)
Proceeds from sale of equipment	34,000	—	—
Net cash used in investing activities	(12,559,820)	(7,631,490)	(316,118)
Cash flows from financing activities:			
Repayment of notes payable and other obligations	(478,082)	(927,734)	(1,331,437)
Net proceeds from issuance of common stock	20,122,652	12,969,587	15,146,400
Net cash provided by financing activities	19,644,570	12,041,853	13,814,963
Net increase (decrease) in cash and cash equivalents	(2,118,772)	(5,319,291)	8,009,870
Cash and cash equivalents, at beginning of year	5,658,683	10,977,974	2,968,104
Cash and cash equivalents, at end of year	$ 3,539,911	$ 5,658,683	$ 10,977,974
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 106,453	$ 138,754	$ 244,737
Schedule of non-cash investing and financing transactions:			
Acquisitions of assets for installment obligations	$ 318,686	$ 344,689	$ 480,635

See Accompanying Notes to Financial Statements

Note 1. Organization and summary of significant accounting policies:

Nature of operations:

Venaxis, Inc. (the "Company" or "Venaxis") was organized on July 24, 2000, as a Colorado corporation. In December 2012, the Company's name was changed to Venaxis, Inc., from AspenBio Pharma, Inc. Venaxis' business is in the development and commercialization of innovative products that address unmet diagnostic and therapeutic needs. The Company's lead product candidate, the *APPY*1 Test, is designed to be a novel blood-based diagnostic test that is intended to aid, through the test's negative predictive value, in the evaluation of low risk patients initially suspected of having acute appendicitis, thereby helping address the difficult challenge of triaging possible acute appendicitis patients in the hospital emergency department settings.

The Company's research, development and commercial activities are currently focused primarily on a human acute appendicitis blood-based test.

Management's plans and basis of presentation:

The Company has experienced recurring losses and negative cash flows from operations. At December 31, 2014, the Company had approximate balances of cash and liquid investments of $24,539,000, working capital of $23,114,000, total stockholders' equity of $23,685,000 and an accumulated deficit of $96,825,000. To date, the Company has in large part relied on equity financing to fund its operations. The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as product development, regulatory activities, contract consulting and other commercial and product development related expenses are incurred. The Company believes that its current working capital position will be sufficient to meet its estimated cash needs for the remainder of 2015 and into 2016. The Company continues to explore obtaining additional financing. The Company is closely monitoring its cash balances, cash needs and expense levels.

Management's strategic plans include the following:

- evaluating regulatory options for continuing commercialization of the Company's principal product, the *APPY*1 Test;
- pursuing additional capital raising opportunities;
- continuing to explore prospective partnering or licensing opportunities with complementary opportunities and technologies;
- continuing to monitor and implement cost control initiatives to conserve cash;
- continuing to assess and develop the next generation product, "*APPY*2"; and
- exploring other possible strategic options available to the Company.

Cash, cash equivalents and short-term investments:

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. From time to time, the Company's cash account balances exceed the balances as covered by the Federal Deposit Insurance System. The Company has never suffered a loss due to such excess balances.

The Company invests excess cash from time to time in highly-liquid debt and equity investments of highly-rated entities, which are classified as trading securities. The purpose of the investments is to fund research and development, product development, FDA clearance-related activities and general corporate purposes. Such amounts are recorded at market values using Level 1 inputs in determining fair value and are classified as current, as the Company does not intend to hold the investments beyond twelve months. Investment securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term, with the objective of preserving principal and generating profits. These securities are reported at fair value with unrealized gains and losses reported as an element of other (expense) income in current period earnings. The Company's Board of Directors has approved an investment policy covering the investment parameters to be followed with the primary goals being the safety of principal amounts and maintaining liquidity. The policy provides for minimum investment rating requirements as well as limitations on investment duration and concentrations. Based upon market conditions, the investment guidelines have been tightened to increase the minimum acceptable investment ratings required for investments and shorten the maximum investment term. As of December 31, 2014, 6% of the investment portfolio was in cash and cash equivalents, which is presented as such on the accompanying balance sheet, and the remaining funds were invested in short-term marketable securities with none individually representing a material amount of the portfolio. To date, the Company's cumulative realized market loss from the investments has not been significant. For the years ended December 31, 2014, 2013 and 2012, there were approximately $31,000, $19,000 and $6,000, respectively, in management fee expenses.

Fair value of financial instruments:

The Company accounts for financial instruments under Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic (ASC) 820, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and

Level 3 — assets and liabilities whose significant value drivers are unobservable.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment. There were no financial assets or liabilities measured at fair value, with the exception of cash, cash equivalents (level 1) and short-term investments (level 2) as of December 31, 2014 and 2013.

The carrying amounts of the Company's financial instruments (other than cash, cash equivalents and short-term investments as discussed above) approximate fair value because of their variable interest rates and / or short maturities combined with the recent historical interest rate levels.

Revenue recognition and accounts receivable:

We recognize sales of goods under the provisions of the Financial Accounting Standards Board ('FASB') Accounting Standards Codification ('ASC') 605 ('ASC 605') and the U.S. Securities and Exchange Commission (SEC) Staff Accounting Bulletin (SAB) 104, *Revenue Recognition*. Future revenue is expected to be generated primarily from the sale of products. Product revenue primarily consists of sales of instrumentation and consumables.

Revenue is recognized when the following four basic criteria have been met: (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred and risk of loss has passed; (iii) the seller's price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured.

In international markets, the Company sells its products to distributors or re-sellers, who subsequently resell the products to hospitals. The Company has an agreement with the distributor which provides that title and risk of loss pass to the distributor upon shipment of the products, FOB to the distributor. Revenue is recognized upon shipment of products to the distributor as the products are shipped based on FOB shipping point terms.

Revenues are recorded less a reserve for estimated product returns and allowances which to date has not been significant. Determination of the reserve for estimated product returns and allowances is based on management's analyses and judgments regarding certain conditions. Should future changes in conditions prove management's conclusions and judgments on previous analyses to be incorrect, revenue recognized for any reporting period could be adversely affected.

The Company extends credit to customers generally without requiring collateral. At December 31, 2014, the Company did not have any accounts receivable. As of December 31, 2013, accounts receivable of $17,000, net of a $15,000 allowance for uncollectible accounts, were included with prepaid expenses and other current assets on the accompanying balance sheet. At December 31, 2013, two customers accounted for 38% and 62% of total accounts receivable. During the year ended December 31, 2014, two European-based customers accounted for total net sales, each representing 89% and 11%, respectively. During the year ended December 31, 2013, three European-based customers accounted for the total net sales, each representing 43%, 35% and 22%, respectively. During the year ended December 31, 2012, three customers accounted for a total of 83% of net sales, each representing 40%, 30% and 13%, respectively.

The Company monitors its exposure for credit losses and maintains allowances for anticipated losses. The Company records an allowance for doubtful accounts when it is probable that the accounts receivable balance will not be collected. When estimating the allowance, the Company takes into consideration such factors as its day-to-day knowledge of the financial position of specific clients, the industry and size of its clients. A financial decline of any one of the Company's large clients could have an adverse and material effect on the collectability of receivables and thus the adequacy of the allowance for doubtful accounts receivable. Increases in the allowance are recorded as charges to bad debt expense and are reflected in other operating expenses in the Company's statements of operations. Write-offs of uncollectible accounts are charged against the allowance.

Property and equipment:

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets, generally twenty-five years for the building, ten years for land improvements, five years for equipment and three years for computer related assets.

Goodwill:

Goodwill arose from the initial formation of the Company and represents the purchase price paid and liabilities assumed in excess of the fair market value of tangible assets acquired. The Company performs a goodwill impairment analysis in the fourth quarter of each year, or whenever there is an indication of impairment. When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation to determine if it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. The Company has determined, based on its qualitative evaluation, that it was not necessary to perform the two-step goodwill impairment test and that no impairment had occurred as of December 31, 2014.

Impairment of long-lived assets:

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Based on its review, including an updated assessment subsequent to year end, management determined that certain costs previously incurred for patents had been impaired during the years ended December 31, 2014 and 2013 and 2012. Approximately $13,000, $33,000 and $45,000 of such patent costs were determined to be impaired during the years ended December 31, 2014, 2013 and 2012, respectively, resulting from management's decisions not to pursue patents based upon a cost benefit analysis of patent expenses and coverage protection in several smaller world markets that were determined to not have the economic or fiscal potential to make the patent pursuit viable. Impairment charges are included in research and development expenses in the accompanying statements of operations.

Research and development:

Research and development costs are charged to expense as incurred.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ significantly from those estimates.

Income taxes:

The Company accounts for income taxes under the asset and liability method, in which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the enactment date. A valuation allowance is required to the extent any deferred tax assets may not be realizable.

The Company does not have an accrual for uncertain tax positions as of December 31, 2014 and 2013. The Company files corporate income tax returns with the Internal Revenue Service and the states where the Company determines it is required to do so, and there are open statutes of limitations for tax authorities to audit the Company's tax returns from 2010 through the current period.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. At December 31, 2014, the Company did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any interest expense recognized during the years ended December 31, 2014, 2013 or 2012.

Stock-based compensation:

Venaxis recognizes the cost of employee services received in exchange for an award of equity instruments in the financial statements and is measured based on the grant date fair value of the award. Stock option compensation expense is recognized over the period during which an employee is required to provide service in exchange for the award (generally the vesting period). The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option pricing model.

Income (loss) per share:

ASC 260, *Earnings Per Share*, requires dual presentation of basic and diluted earnings per share (EPS) with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Basic earnings (loss) per share includes no dilution and is computed by dividing net earnings (loss) available to stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the Company's earnings (loss). The effect of the inclusion of the dilutive shares would have resulted in a decrease in loss per share during the years ended December 31, 2014, 2013 and 2012. Accordingly, the weighted average shares outstanding have not been adjusted for dilutive shares. Outstanding stock options and warrants are not considered in the calculation, as the impact of the potential common shares (totaling approximately 5,310,000, 5,841,000 and 1,306,000 shares for each of the years ended December 31, 2014, 2013 and 2012, respectively) would be to decrease the net loss per share.

In May 2012, the Board of Directors authorized a reverse stock split of the Company's common stock at a ratio of one-for-six, whereby each six shares of common stock were combined into one share of common stock (the "2012 Reverse Stock Split"). All historical references to shares and share amounts in this report have been retroactively revised to reflect the 2012 Reverse Stock Split.

Recently issued and adopted accounting pronouncements:

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In May 2014, FASB issued ASU No. 2014-09 "Revenue from Contracts from Customers," which supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue in a way that depicts the transfer of potential goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to the exchange for those goods or services. ASU 2014-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and is to be applied retrospectively, with early adoption not permitted. The Company is currently evaluating the new standard and assessing the potential impact on its operations and financial statements.

Note 2. Property and equipment:

Property and equipment consisted of the following as of December 31:

	2014	2013
Land and improvements	$ 1,107,508	$ 1,107,508
Building	2,589,231	2,589,231
Building improvements	253,526	253,526
Laboratory equipment	1,112,480	1,220,735
Office and computer equipment	328,299	326,099
	5,391,044	5,497,099
Less accumulated depreciation	3,287,164	3,230,117
	$ 2,103,880	$ 2,266,982

Depreciation expense totaled approximately $193,000, $244,000 and $352,000 for each of years ended December 31, 2014, 2013 and 2012, respectively.

Note 3. Other long-term assets:

Other long-term assets consisted of the following as of December 31:

	2014	2013
Patents, trademarks and applications, net of accumulated amortization of $507,644 and $422,261	$ 1,336,951	$ 1,214,797
Goodwill	387,239	387,239
Other	-	10,124
	$ 1,724,190	$ 1,612,160

The Company capitalizes legal costs and filing fees associated with obtaining patents on its new discoveries. Once the patents have been issued, the Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. Based upon the current status of the above intangible assets, the aggregate amortization expense is estimated to be approximately $90,000 for each of the next five fiscal years. The Company tests intangible assets with finite lives upon significant changes in the Company's business environment. The testing resulted in approximately $13,000, $33,000, and $45,000 of patent impairment charges during the years ended December 31, 2014, 2013, and 2012, respectively. The impairment charges are related to the Company's ongoing analysis on which specific patents in specific countries the Company intends to continue to pursue.

Note 4. Notes and other obligations:

Notes payable and installment obligations consisted of the following as of December 31:

	2014	2013
Mortgage notes	$ 2,150,608	$ 2,296,919
Other short-term installment obligations	160,375	173,460
	2,310,983	2,470,379
Less current portion	312,934	319,771
	$ 1,998,049	$ 2,150,608

Mortgage notes:

The Company has a mortgage facility on its land and building. The mortgage is held by a commercial bank and includes approximately 32% that is guaranteed by the U. S. Small Business Administration (SBA). The loan is collateralized by the real property and the SBA portion is also personally guaranteed by a former officer of the Company. The commercial bank portion of the mortgage was refinanced with the existing lender in May 2013. The revised terms include a payment schedule based on a fifteen year amortization, with a balloon maturity at five years. The commercial bank portion has the interest rate fixed at 3.95%, and the SBA portion bears interest at the rate of 5.86%. The commercial bank portion of the loan requires total monthly payments of approximately $11,700, which includes approximately $4,000 per month in interest. The SBA portion of the loan requires total monthly payments of approximately $9,000 through July 2023, which currently includes approximately $3,500 per month in interest and fees.

Other short-term installment obligations:

The Company has executed financing agreements for certain of the Company's insurance premiums. At December 31, 2014, these obligations totaled $160,375 all of which are due in 2015.

Future maturities:

The Company's total debt obligations require minimum annual principal payments of approximately $313,000 in 2015, $159,000 in 2016, $166,000 in 2017, $1,268,000 in 2018, $82,000 in 2019 and $323,000 thereafter, through the terms of the applicable debt agreements. The Company's Exclusive License Agreement with The Washington University also requires minimum annual royalty payments of $20,000 per year during its term (Note 7).

Note 5. Stockholders' equity:

2014 Transactions:

In April 2014, the Company completed a public offering of securities consisting of 8,335,000 shares of common stock at an offering price of $2.40 per share, generating approximately $20 million in total proceeds. Fees and other expenses totaled approximately $1,543,000, including a placement fee of 6.5%.

During the year ended December 31, 2014, warrants from the May 2013 public offering, described below, were exercised to purchase 1,161,570 shares of common at $1.36 per share stock resulting in total proceeds of approximately $1,580,000.

During the year ended December 31, 2014, incentive stock options were exercised to purchase 39,079 common shares, resulting in total proceeds of approximately $82,000 and with a total intrinsic value when exercised of approximately $14,000.

2013 Transactions:

In May 2013, the Company completed a public offering of securities consisting of 11,500,000 shares of common stock at an offering price of $1.25 per share, generating approximately $14.4 million in total proceeds. Fees and other expenses totaled approximately $1,405,000, including a placement fee of 7%. Under the terms of the offering, investors received, for each common share purchased, a warrant to purchase 0.35 of a common share, this resulted in the issuance of warrants to purchase a total of 4,025,000 shares of common stock if all warrants are fully exercised. The exercise price of the warrants is $1.36 per share; the warrants were exercisable upon issuance and expire in May 2018. Under the terms of the Underwriting Agreement, the underwriter exercised the option to purchase an additional 15% of the offering amount which is included in the above amounts. The purpose of the offering was to raise funds for working capital, new product development and general corporate purposes.

2012 Transactions:

In June 2012, the Company completed a public offering of securities consisting of 6,100,000 shares of common stock at an offering price of $2.00 per share, generating approximately $12.2 million in total proceeds. Fees and other expenses totaled $1,261,000, including an underwriter's fee of 7%. In connection with the offering, the underwriter received warrants to purchase a total of 305,000 shares of the Company's common stock. The exercise price of the warrants is $2.50 per share; the warrants become exercisable in June 2013 and expire in June 2017.

In November 2012, the Company completed a public offering of securities consisting of 1,946,000 shares of common stock at an offering price of $2.10 per share, generating approximately $3.6 million in total proceeds. Fees and other expenses totaled $445,000, including a underwriter's fee of 7%. In connection with the offering, the underwriter exercised an over-allotment option to purchase 291,900 additional shares of common stock at $2.10 per share generating approximately $566,000 net of expenses of approximately $47,000.

Under the terms of an agreement for investor relations services, the Company issued a total of 8,334 shares of common stock; 4,167 shares of the total were issued in April 2012, at $4.26 per share and the remaining 4,167 shares were issued in June 2012, at $2.88 per share. The issuance resulted in a total of $29,776 of stock-based compensation being recorded.

Note 6. Stock options and warrants:

The Company currently provides stock-based compensation to employees, directors and consultants, both under the Company's 2002 Stock Incentive Plan, as amended (the "Plan") and non-qualified options and warrants issued outside of the Plan. During June 2014, the Company's shareholders approved amendments to the Plan to increase the number of shares reserved under the Plan from 1,912,205 to 3,673,126. The Company estimates the fair value of the share-based awards on the date of grant using the Black-Scholes option-pricing model (the "Black-Scholes model"). Using the Black-Scholes model, the value of the award that is ultimately expected to vest is recognized over the requisite service period in the statement of operations. Option forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company attributes compensation to expense using the straight-line single option method for all options granted.

The Company's determination of the estimated fair value of share-based payment awards on the date of grant is affected by the following variables and assumptions:

- The grant date exercise price – the closing market price of the Company's common stock on the date of the grant;
- Estimated option term – based on historical experience with existing option holders;
- Estimated dividend rates – based on historical and anticipated dividends over the life of the option;
- Term of the option – based on historical experience, grants have lives of approximately 3-5 years;
- Risk-free interest rates – with maturities that approximate the expected life of the options granted;
- Calculated stock price volatility – calculated over the expected life of the options granted, which is calculated based on the daily closing price of the Company's common stock over a period equal to the expected term of the option; and
- Option exercise behaviors – based on actual and projected employee stock option exercises and forfeitures.

The Company recognized stock-based compensation during the years ended December 31, as follows:

	2014	2013	2012
Stock options to employees, officers, and directors	$ 1,055,250	$ 1,436,572	$ 833,351
Stock options to consultants for:			
Investor relations activities	-	-	23,598
*APPY*1 System activities	510	1,293	38,460
Animal health activities	-	-	5,752
Total stock-based compensation	$ 1,055,760	$ 1,437,865	$ 901,161

The above expenses are included in the accompanying Statements of Operations for the years ended December 31, in the following categories:

	2014	2013	2012
Selling, general and administrative expenses	$ 991,088	$ 1,298,942	$ 862,701
Research and development expenses	64,672	138,923	38,460
Total stock-based compensation	$ 1,055,760	$ 1,437,865	$ 901,161

Stock incentive plan options:

The Company currently provides stock-based compensation to employees, directors and consultants under the Plan. The Company utilized assumptions in the estimation of fair value of stock-based compensation for the years ended December 31, as follows:

	2014	2013	2012
Dividend yield	0%	0%	0%
Expected price volatility	94 to 126%	127 to 128%	121 to 127%
Risk free interest rate	1.52 to 1.74%	.65 to .76%	.60 to 1.03%
Expected term	5 years	5 years	5 years

A summary of stock option activity under the Plan for options to employees, officers, directors and consultants, for the year ended December 31, 2014, is presented below:

	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2014	1,218,265	$ 8.70		
Granted	727,100	2.29		
Exercised	(39,079)	2.09		
Forfeited	(52,028)	28.00		
Outstanding at December 31, 2014	1,854,258	$ 5.79	8.1	$ 800
Exercisable at December 31, 2014	1,534,606	$ 6.52	8.0	$ 500

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on December 31, 2014 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on December 31, 2014.

During the year ended December 31, 2014, incentive stock options were exercised to purchase 39,079 common shares, resulting in total proceeds of approximately $82,000 and with a total intrinsic value when exercised of approximately $14,000.

During the year ended December 31, 2014, 221,000 options were issued to non-employee directors under the Plan, exercisable at an average of $2.27 per share. The options expire ten years from the date of grant and vest over one year, based upon 25% on the date of grant, and 25% on each of April 1, 2014, July 1, 2014, and October 1, 2014.

During the year ended December 31, 2014, 506,100 options were issued to officers, employees and a consultant under the Plan, exercisable at an average of $2.29 per share. The options expire ten years from the date of grant. 431,100 vest over two years with 50% vesting upon six month anniversary of grant date and the remaining balance vesting over the following six quarters in arrears, and 75,000 vest annually in arrears over three years from grant date.

During the year ended December 31, 2014, a total of 52,028 options that were granted under the Plan were forfeited, of which 46,978 were vested and 5,050 were unvested. The vested options were exercisable at an average of $30.78 per share and the unvested options were exercisable at an average of $2.15 per share.

During the year ended December 31, 2013, 525,603 options were granted under the Plan to employees, officers, directors and consultants with a weighted average exercise price at grant date of $2.06 per option. Included in the 525,603 options issued, the non-employee directors were granted a total of 209,333 options at an average exercise price of $2.10 per share of which the majority vest quarterly over a one-year period, officers were granted 292,000 options at an average exercise price of $2.04 per share vesting over a twenty-four month period and employees were granted 24,270 options at an average exercise price of $2.02 per share, the majority of which vest over a twenty-four month period following grant. All options were granted under the Company's 2002 Stock Incentive Plan and expire ten years from the grant date.

During the year ended December 31, 2013, a total of 15,278 options that were granted under the Plan to employees were forfeited, 6,086 of which were vested. The options were exercisable at an average of $24.68 per share and were forfeited upon the employees' terminations from the Company or the expiration of the term of the options. During the year ended December 31, 2013, no options were exercised.

During the year ended December 31, 2012, 540,378 options were granted under the Plan to employees, officers, directors and consultants with a weighted average exercise price at grant date of $2.29 per option. Included in the 540,378 options issued, the independent directors were granted a total of 151,992 options at an average exercise price of $2.28 per share; 12,502 of these director options were granted at an exercise price of $4.26 per share, vesting over a three year period annually in arrears and 139,490 director options were granted at an exercise price of $2.10 per share vesting after one year. Officers were granted a total of 301,362 options at an average exercise price of $2.29 per share; 40,668 officer options were granted at an average exercise price of $3.50 per share, vesting over a twelve month period following grant and 260,694 officer options were granted at an exercise price of $2.10 per share, vesting after one year. Employees were granted a total of 62,024 options at an average exercise price of $2.46 per share, 11,142 employee options at an average exercise price of $4.11 per share which vest over a twelve month period following grant and 50,882 options were granted at an exercise price of $2.10 per share, vesting after one year. Substantially all of the grants to officers and employees were awarded as retention incentive options. The Company also issued 25,000 options to a consultant at an exercise price of $1.91 per share, vesting after ninety days. All options granted under the Company's 2002 Stock Incentive Plan expire ten years from the grant date.

During the year ended December 31, 2012, a total of 47,759 options that were granted under the Plan to directors, employees, including an officer, and consultants were forfeited, 23,283 of which were vested and 24,476 were unvested. The options were exercisable at an average of $61.79 per share and were forfeited upon the employees' termination from the Company. During the year ended December 31, 2012, no options were exercised.

The total fair value of stock options granted to employees, directors and consultants that vested and became exercisable during the years ended December 31, 2014, 2013 and 2012, was $1,266,000, $1,963,000 and $1,486,000, respectively. Based upon the Company's experience, approximately 85% of the outstanding stock options, or approximately 272,000 options, are expected to vest in the future, under their terms. A summary of the activity of non-vested options under the Company's Plan to acquire common shares granted to employees, officers, directors and consultants during the year ended December 31, 2014 is presented below:

Nonvested Shares	Nonvested Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2014	200,446	$ 2.92	$ 2.48
Granted	727,100	2.29	1.89
Vested	(602,844)	2.50	2.10
Forfeited	(5,050)	2.15	1.77
Nonvested at December 31, 2014	319,652	$ 2.28	$ 1.85

At December 31, 2014, based upon employee, officer, director and consultant options granted, there was approximately $374,000 additional unrecognized compensation cost related to stock options that will be recorded over a weighted average future period of approximately one year.

Subsequent to December 31, 2014, 334,000 options were issued to non-employee directors under the Plan, exercisable at an average of $1.89 per share. The options expire ten years from the date of grant and vest over one year, based upon 25% on the date of grant, and 25% on each of April 1, 2015, July 1, 2015, and October 1, 2015.

Subsequent to December 31, 2014, 750,500 options were issued to officers and employees under the Plan, exercisable at an average of $1.89 per share. The options expire ten years from the date of grant and vest over two years with 50% vesting upon six month anniversary of grant date and the remaining balance vesting over the following six quarters in arrears.

Subsequent to December 31, 2014, 2,500 options were issued to an employee under the Plan, exercisable at $1.88 per share. The options expire ten years from the date of grant and vest over two years with 50% vesting upon six month anniversary of grant date and the remaining balance vesting over the following six quarters in arrears.

Other common stock purchase options and warrants:

As of December 31, 2014, in addition to the stock options issued under the Plan as discussed above, the Company had outstanding non-qualified options and warrants to acquire 3,455,935 shares of common stock. These options and warrants include those issued in connection with stock offerings, officers' employment inducement awards and investor relations consulting.

During the year ended December 31, 2014, no stock options were granted outside of the Plan. During the year ended December 31, 2013, warrants to acquire 4,025,000 shares of common stock were issued in connection with a public offering. Each warrant issued represents the right to acquire 0.35 of a share of common stock.

The Company utilized assumptions in the estimation of the fair value of stock-based compensation for the years ended December 31, 2012:

	2012
Dividend yield	0%
Expected price volatility	121%
Risk free interest rate	0.74%
Contractual term	5 years

There were no operating expenses related to stock-based compensation for the year ended December 31, 2014. Operating expenses related to stock-based compensation for the years ended December 31, 2013 and 2012, include approximately $22,000 and $71,000, respectively, related to non-qualified options and warrants.

Following is a summary of outstanding options and warrants that were issued outside of the Plan for the year ended December 31, 2014:

	Shares Underlying Options / Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2014	4,622,505	$ 1.82		
Granted	—	—		
Exercised	(1,161,570)	1.36		
Forfeited	(5,000)	30.00		
Outstanding and exercisable at December 31, 2014	3,455,935	$ 1.93	3.3	$ 1,174,000

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on December 31, 2014 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on December 31, 2014.

During the year ended December 31, 2014, warrants from the May 2013 public offering were exercised to purchase 1,161,570 shares of common stock at $1.36 per share resulting in total proceeds of approximately $1,580,000. Included at December 31, 2014 in the 3,455,935 total outstanding options and warrants are 3,435,935 non-compensatory rights granted in connection with public offerings and 20,000 rights issued under compensatory arrangements.

In May 2013, the Company completed a $14.4 million public offering of securities and, in connection with that offering, granted investors in the offering warrants to purchase a total of 4,025,000 shares of common stock at an exercise price of $1.36 per share and expiring in May 2018.

In June 2012, the Company completed a $12.2 million public offering of securities and in connection with that offering, granted the Underwriter warrants to purchase a total of 305,000 shares of common stock. These warrants which are included in the above table were not exercisable until June 2013 at an exercise price of $2.50 per share, and expire in June 2017.

During the year ended December 31, 2012, the Company hired a Senior Vice President and Chief Commercial Officer who previously had a consulting relationship with the Company. As part of the employment arrangement, the Board of Directors approved an employment-inducement grant made outside of the Company's Plan, and granted 20,000 options which are exercisable at $3.42 per share. The options vest as to 50% of the total on the six month anniversary following the grant date and the remaining 50% vesting one-sixth monthly over months seven through twelve following the grant date. The options expire ten years from the grant date. During the year ended December 31, 2012, 2,004 vested options previously granted to an investor relations firm expired.

The total fair value of stock options granted that vested and became exercisable during the years ended December 31, 2014, 2013 and 2012, was zero, $24,000 and $89,000, respectively.

Note 7. Animal Health License Agreements:

Effective May 1, 2004 Washington University in St. Louis (WU) and Venaxis entered into an Exclusive License Agreement (WU License Agreement) which grants Venaxis exclusive license and right to sublicense WU's technology (as defined under the WU License Agreement) for veterinary products worldwide, except where such products are prohibited under U.S. laws for export. The term of the WU License Agreement continues until the expiration of the last of WU's patents (as defined in the WU License Agreement) expire. Venaxis has agreed to pay minimum annual royalties of $20,000 annually during the term of the WU License Agreement and such amounts are creditable against future royalties. Royalties payable to WU under the WU License Agreement for covered product sales by Venaxis carry a mid-single digit royalty rate and for sublicense fees received by Venaxis carry a low double-digit royalty rate. The WU License Agreement contains customary terms for confidentiality, prosecution and infringement provisions for licensed patents, publication rights, indemnification and insurance coverage. The WU License Agreement is cancelable by Venaxis with ninety days advance notice at any time and by WU with sixty days advance notice if Venaxis materially breaches the WU License Agreement and fails to cure such breach.

In July 2012, the Company entered into an Exclusive License Agreement (the "License Agreement") with Ceva Santé Animale S.A. ("Licensee"), under which the Company granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (the "Company's Animal Health Assets"). The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's animal health assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by the Company; or (e) in the Licensee's discretion, if the Company becomes insolvent. The License Agreement is also terminable by the Company if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges the Company's ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by WU. Under the terms of the WU License Agreement, a portion of license fees and royalties Venaxis receives from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at December 31, 2014.

Under the License Agreement, the Licensee obtained a worldwide exclusive license to develop, seek regulatory approval for and offer to sell, market, distribute, import and export luteinizing hormone ('LH') and/or follicle-stimulating hormone ("FSH") products for bovine (cattle), equine and swine in the field of the assistance and facilitation of reproduction in bovine, equine and swine animals. The Company also granted the Licensee an option and right of first refusal to develop additional animal health products outside of the licensed field of use or any diagnostic pregnancy detection tests for non-human mammals.

Under the License Agreement as of December 31, 2014, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- Milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- Potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- Royalties, at low double digit rates, based on sales of licensed products.

Revenue recognition related to the License Agreement and WU License Agreement is based primarily on the Company's consideration of ASC 808-10-45, "*Accounting for Collaborative Arrangements*". For financial reporting purposes, the license fees and milestone payments received from the License Agreement, net of the amounts due to third parties, including WU, have been recorded as deferred revenue and are amortized over the term of the License Agreement. License fees and milestone revenue totaling a net of approximately $1,500,000 commenced being amortized into income upon the July 2012 date of milestone achievement. As of December 31, 2014, deferred revenue of $96,698 has been classified as a current liability and $1,258,713 has been classified as a long-term liability. The current liability represents the next twelve months' portion of the amortizable milestone revenue. During the year ended December 31, 2014, $95,699, was recorded as the amortized license fee revenue arising from the License Agreement. For the years ended December 31, 2013 and 2012, a total of $84,620 and $20,571, respectively, was recorded as the amortized license fee revenue.

A tabular summary of the revenue categories and cumulative amounts of revenue recognition associated with the License Agreement follows:

Category	Totals
License fees and milestone amounts paid / achieved	$ 1,920,000
Third party obligations recorded, including WU	(363,700)
Deferred revenue balance	1,556,300
Revenue amortization to December 31, 2014	(200,889)
Net deferred revenue balance at December 31, 2014	$ 1,355,411
Commencement of license fees revenue recognition	Upon signing or receipt
Commencement of milestone revenue recognition	Upon milestone achievement over then remaining life
Original amortization period	197 months

Note 8. Income taxes:

Income taxes at the federal statutory rate are reconciled to the Company's actual income taxes as follows:

	2014	2013	2012
Federal income tax benefit at 34%	$ (3,551,000)	$ (4,131,000)	$ (3,132,000)
State income tax net of federal tax effect	(313,000)	(364,000)	(276,000)
Permanent items	527,000	535,000	339,000
Other	(147,000)	(72,000)	121,000
Valuation allowance	3,484,000	4,032,000	2,948,000
	$ —	$ —	$ —

As of December 31, 2014, the Company has net operating loss carry forwards of approximately $89 million for federal and state tax purposes, which are available to offset future taxable income, if any, expiring through December 2034. A valuation allowance was recorded at December 31, 2014 due to the uncertainty of realization of deferred tax assets in the future.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and liabilities at December 31, 2014 and 2013 are as follows:

	2014	2013
Deferred tax assets (liabilities):		
Net operating loss carry forwards	$ 32,828,000	$ 29,494,000
Property and equipment	45,000	37,000
Patents and other intangible assets	(34,000)	14,000
Other	27,000	(12,000)
Deferred revenue	—	(39,000)
Research and development credit	1,103,000	991,000
Deferred tax asset	33,969,000	30,485,000
Valuation allowance	(33,969,000)	(30,485,000)
	$ —	$ —

Note 9. Commitments and contingencies:

Employment commitments:

As of December 31, 2014, the Company has employment agreements with three officers providing aggregate annual minimum commitments totaling $873,000. The agreements automatically renew at the end of each contract year unless terminated by either party and contain customary confidentiality and benefit provisions.

Contingencies:

On October 1, 2010, the Company received a complaint, captioned John Wolfe, individually and on behalf of all others similarly situated v. AspenBio Pharma, Inc. (now Venaxis, Inc.) et. al., Case No. CV10 7365 (“Wolfe Suit”). This federal securities purported class action was filed in the U.S. District Court in the Central District of California and subsequently transferred to the U.S. District Court for the District of Colorado, on behalf of all persons, other than the defendants, who purchased common stock of the Company during the period between February 22, 2007 and July 19, 2010, inclusive. As previously disclosed, the complaint named as defendants certain officers and directors of the Company during such period and included allegations of violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and SEC Rule 10b-5, and of Section 20(a) of the Exchange Act, all related to the Company’s blood-based acute appendicitis test in development. On July 11, 2011, the court appointed a lead plaintiff and approved lead counsel. On August 23, 2011, the lead plaintiff filed an amended putative class action complaint, alleging the same class period.

On October 7, 2011, the Company filed a motion to dismiss the amended complaint. On September 13, 2012, the United States District Court for Colorado granted the Company's motion to dismiss, dismissing the plaintiffs’ claims against all defendants without prejudice and the court entered final judgment without prejudice on behalf of all defendants and against all plaintiffs in the Wolfe Suit. The order to dismiss the action found in favor of the Company and all of the individual defendants. On October 12, 2012, the plaintiffs filed a Notice of Appeal of the order granting the motion to dismiss and of the final judgment in the Wolfe Suit. Following oral argument, the Tenth Circuit Court of Appeals took the fully-briefed appeal under submission on September 26, 2013.

On October 17, 2014, the Tenth Circuit Court of Appeals affirmed the district court’s dismissal of the case.

On January 7, 2015, the Company received a complaint, captioned Dr. John F. Bealer, a resident of Arapahoe County, individually v. Venaxis, Inc., a Colorado corporation, Case No. 2015CV30022. This action was filed in the Arapahoe County District Court and subsequently transferred to Douglas County District Court. The complaint includes allegations of breach of contract pertaining to the Assignment and Consulting Agreement between the Company and Dr. Bealer. The Company believes that the allegations in the complaint are without merit and intends to vigorously defend against these claims.

On February 2, 2015, a putative class action complaint was filed against Venaxis and two of its current officers in the United States District Court for the District of Colorado. The action is captioned Boldt v. Venaxis, Inc., et al., District of Colorado Case No.: 1:15-cv-00-222 (“Boldt Action”). The plaintiff in the Boldt Action alleges violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and SEC Rule 10b-5. The Boldt Action plaintiff purports to represent a class of persons who purchased the Company’s publicly traded securities between March 13, 2014, and January 28, 2015. The Boldt Action plaintiff alleges that the Company made false and/or misleading statements regarding *APPY*1. The foregoing is a summary of the allegations in the complaint and is subject to the text of the complaint, which is on file with the Court. Based on a review of the complaint, the Company believes that the allegations are without merit, and intends to vigorously defend against the claims.

In the ordinary course of business and in the general industry in which the Company is engaged, it is not atypical to periodically receive a third party communication which may be in the form of a notice, threat, or “cease and desist” letter concerning certain activities. For example, this can occur in the context of the Company’s pursuit of intellectual property rights. This can also occur in the context of operations such as the using, making, having made, selling, and offering to sell products and services, and in other contexts. The Company makes rational assessments of each situation on a case-by-case basis as such may arise. The Company periodically evaluates its options for trademark positions and considers a full spectrum of alternatives for trademark protection and product branding.

We are not a party to any other legal proceedings, the adverse outcome of which would, in our management’s opinion, have a material adverse effect on our business, financial condition and results of operations.

Note 10. Related Party Transactions:

During 2014 the Company executed services agreements (Phase I and Phase II) with SomaLogic, Inc. ("SomaLogic") for SomaLogic to perform research services for the Company. The research encompassed analyzing biological samples. Under the agreements research services totaling $379,344, were completed and paid in 2014. The agreements provide for additional sample processing totaling approximately $95,000, should the Company elect to do run them. As of December 31, 2014, no amounts were due to SomaLogic. A member of the Company's Board of Directors serves as the Chief Medical Officer for SomaLogic and during the Venaxis Board of Director's consideration of the SomaLogic agreements, that Director recused himself from the considerations and vote.

Note 11. Supplemental data: Selected quarterly financial information (unaudited)

	March 31,	June 30,	September 30,	December 31,
Fiscal 2014 quarters ended:				
Total revenues	$ 52,000	$ —	$ 36,000	$ 79,000
Gross margin	$ 20,000	$ —	$ 24,000	$ 51,000
Net loss	$ (2,948,000)	$ (2,592,000)	$ (2,533,000)	$ (2,370,000)
Loss per share - Basic and diluted	$ (0.14)	$ (0.08)	$ (0.08)	$ (0.08)
Market price of common stock				
High	$ 3.29	$ 2.77	$ 2.36	$ 1.85
Low	$ 2.27	$ 1.88	$ 1.58	$ 1.19
Fiscal 2013 quarters ended:				
Total revenues	$ —	$ —	$ 56,000	$ —
Gross margin	$ —	$ —	$ 35,000	$ —
Net loss	$ (2,802,000)	$ (3,145,000)	$ (3,072,000)	$ (3,130,000)
Loss per share - Basic and diluted	$ (0.28)	$ (0.21)	$ (0.14)	$ (0.15)
Market price of common stock				
High	$ 2.74	$ 2.13	$ 2.16	$ 2.14
Low	$ 1.99	$ 1.20	$ 1.26	$ 1.57

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no disagreements between the Company and its independent accountants on any matter of accounting principles or practices, or financial statement disclosure.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to management, including the principal executive and financial officer as appropriate, to allow timely decisions regarding required disclosures. The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of disclosure controls and procedures as of December 31, 2014, pursuant to Rule 13a-15(b) under the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective. A system of controls, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) under the Exchange Act. The Exchange Act defines internal control over financial reporting as a process designed by, or under the supervision of, our executive and principal financial officers and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on our assessment, we determined that, as of December 31, 2013, our internal control over financial reporting was effective based on those criteria.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCK HOLDER MATTERS.

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this Item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

No.	Exhibit
3.1	Articles of Incorporation filed July 24, 2000 (Incorporated by reference from the Registrant's Registration Statement on Form S-1 (File No. 333-86190), filed April 12, 2002).
3.1.1	Articles of Amendment to the Articles of Incorporation filed December 26, 2001 (Incorporated by reference from the Registrant's Registration Statement on Form S-1 (File No. 333-86190), filed April 12, 2002).
3.1.2	Articles of Amendment to the Articles of Incorporation filed November 9, 2005 (Incorporated by reference from the Registrant's Report on Form 10-QSB for the quarter ended October 31, 2005, filed November 10, 2005).
3.1.3	Articles of Amendment to the Articles of Incorporation filed July 29, 2011 (Incorporated by reference from the Registrant's Report on Form 8-K, dated and filed July 29, 2011).
3.1.4	Addendum to Articles of Amendment to the Articles of Incorporation filed June 19, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated June 19, 2012 and filed June 20, 2012).
3.1.5	Articles of Amendment to the Articles of Incorporation, as amended, of Registrant, dated and filed December 12, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated December 11, 2012 and filed December 13, 2012).
3.1.6	Articles of Amendment to the Articles of Incorporation, as amended, of Registrant, dated and filed June 13, 2013 (Incorporated by reference from the Registrant's Report on Form 8-K dated June 11, 2013, filed on June 13, 2013).
3.2	Amended and Restated Bylaws, effective March 27, 2008 (Incorporated by reference from the Registrant's Report on Form 10-Q for the quarter ended March 31, 2008 filed on May 15, 2008).
4.1	Specimen Certificate of Common Stock (Incorporated by reference from the Registrant's Report on Form 8-K, dated and filed June 25, 2012).
1.2	Form of Warrant between the Company and each of the investors signatories to the Securities Purchase Agreement dated December 23, 2011 (Incorporated by reference from the Registrant's Report on Form 8-K, dated December 23, 2011 and filed December 28, 2011).
4.3	Form of Warrant between the Registrant and the underwriter under each of an Underwriting Agreement dated June 19, 2012, November 14, 2012 and November 15, 2012, respectively (Incorporated by reference to Exhibit A-13 of the Underwriting Agreement from the Registrant's Report on Form 8-K, dated June 19, 2012 and filed June 20, 2012).
4.4	Common Stock Purchase Warrant Agreement by and between Registrant and Corporate Stock Transfer, Inc. dated May 30, 2013 (Incorporated by reference from the Registrant's Report on Form 8-K dated May 30, 2013, filed on May 30, 2013).
10.1	2002 Stock Incentive Plan, as amended and restated effective July 1, 2007 (Incorporated by reference from the Registrant's Registration Statement on Form S-8, filed June 22, 2007).
10.1.1	Amendment to 2002 Stock Incentive Plan, effective June 9, 2008 (Incorporated by reference from the Registrant's Report on Form 10-K for the year ended December 31, 2009, filed March 9, 2010).
10.1.2	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective November 20, 2009 (Incorporated by reference from the Registrant's Report on Form 10-K for the year ended December 31, 2009, filed March 9, 2010).
10.1.3	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective November 22, 2010 (Incorporated by reference from the Registrant's Report on Form 8-K, effective November 22, 2010 and filed November 29, 2010).
10.1.4	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective July 8, 2011 (Incorporated by reference from the Registrant's Report on Form 8-K, effective July 8, 2011 and filed July 13, 2011).
10.1.5	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective May 22, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated May 22, 2012 and filed May 24, 2012).

No.	Exhibit
10.1.6	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective December 11, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated December 11, 2012 and filed December 13, 2012).
10.1.7	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective June 11, 2013 (Incorporated by reference from the Registrant's Report on Form 8-K dated June 11, 2013, filed on June 13, 2013).
10.1.8	Amendment to Amended and Restated 2002 Stock Incentive Plan, effective June 25, 2014 (Incorporated by reference from the Registrant's Report on Form 8-K dated June 25, 2014, filed on June 26, 2014).
10.2	Exclusive License Agreement between Registrant and The Washington University, dated May 1, 2004 as amended (Incorporated by reference from the Registrant's Report on Form 10-Q for the quarter ended June 30, 2010, filed August 5, 2010).
10.3	Debt Modification Agreement with FirstBank of Tech Center, dated June 13, 2003 (Incorporated by reference from the Registrant's Report on Form 10-KSB/A for the year ended December 31, 2004, filed March 29, 2004).
10.3.1	Loan Agreement between Registrant and Front Range Regional Economic Development Corporation, dated June 13, 2003 for $1,300,000 regarding loan for physical plant or capital equipment acquisitions (Incorporated by reference from the Registrant's Report on Form 10-KSB/A for the year ended December 31, 2004, filed March 29, 2004).
10.3.2	Promissory Note by Registrant to Front Range Regional Economic Development Corporation in principal amount of $1,300,000, dated June 13, 2003 (Incorporated by reference from the Registrant's Report on Form 10-KSB/A for the year ended December 31, 2004, filed March 29, 2004).
10.3.3	Unconditional Guarantee by Registrant to Front Range Regional Economic Development Corporation in principal amount of $1,300,000, dated June 13, 2003 (Incorporated by reference from the Registrant's Report on Form 10-KSB/A for the year ended December 31, 2004, filed March 29, 2004).
10.3.4	Debt Modification Agreement between Registrant and FirstBank executed May 9, 2013, and effective as of April 8, 2013 (Incorporated by reference from the Registrant's Report on Form 8-K dated May 9, 2013, filed on May 9, 2013).
10.4	Executive Employment Agreement between Registrant and Jeffrey McGonegal, effective as of February 10, 2009 (Incorporated by reference from the Registrant's Report on Form 8-K dated February 10, 2009, filed on February 17, 2009).
10.5	Assignment and Consultation Agreement between Registrant and John Bealer, M.D., dated May 29, 2003 (Incorporated by reference from the Registrant's Report on Form 10-K for the year ended December 31, 2008, filed March 16, 2009).
10.6	Executive Employment Agreement between Registrant and Stephen T. Lundy, effective as of March 24, 2010 (Incorporated by reference from the Registrant's Report on Form 8-K dated March 24, 2010, filed March 26, 2010).
10.7	Form of Stock Option Agreement under the 2002 Stock Incentive Plan, as amended and restated and amended (Incorporated by reference from the Registrant's Report on Form 10-K for the year ended December 31, 2009, filed March 9, 2010).
10.8	Non-Employee Director Compensation. *
10.9	Executive Employment Agreement between Registrant and Donald Hurd, dated May 23, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated May 23, 2012 and filed May 24, 2012).
10.9.1	Separation and Release Agreement between the Registrant and Donald Hurd, dated February 23, 2015 (Incorporated by reference from the Registrant's Report on Form 8-K, dated February 11, 2015 and filed February 18, 2015).
10.10	Exclusive License Agreement between Ceva Santé Animale S.A. and Registrant, dated July 25, 2012 (Incorporated by reference from the Registrant's Report on Form 8-K, dated July 25, 2012 and filed July 30, 2012).
10.11	Purchase Agreement by and between Registrant and Piper Jaffray & Co., dated May 23, 2013 (Incorporated by reference from the Registrant's Report on Form 8-K dated May 30, 2013, filed on May 30, 2013).
10.12	Form of Exclusive Distributor Agreement (Incorporated by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013 and filed March 28, 2014).
10.13	Underwriting Agreement, dated April 3, 2014 between the Registrant and Canaccord Genuity Inc. (Incorporated by reference to the Registrant's Report on Form 8-K, dated April 3, 2014 and filed on April 3, 2014).

No.	Exhibit
14	Registrant's Code of Ethics (Incorporated by reference from the Registrant's Report on Form 10-K for the year ended December 31, 2012, filed March 26, 2013).
23	Consent of GHP Horwath, P.C. *
31.1	Rule 13a-14(a)/15d-14(a) - Certification of Chief Executive Officer *
31.2	Rule 13a-14(a)/15d-14(a) - Certification of Chief Financial Officer. *
32	Section 1350 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Balance Sheets, (ii) the Statements of Operations, (iii) Statements of Stockholders Equity, (iv) the Statement of Cash Flows and (v) the Notes to the Financial Statements *

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* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf on March 30, 2015 by the undersigned thereunto duly authorized.

VENAXIS, INC.

/s/ Stephen T. Lundy
Stephen T. Lundy,
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Stephen T. Lundy and Jeffrey G. McGonegal as true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for them and in their name, place and stead, in any and all capacities, to sign any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission (the "SEC"), and generally to do all such things in their names and behalf in their capacities as officers and directors to enable the Company to comply with the provisions of the Securities Exchange Act of 1934 and all requirements of the SEC, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, ratifying and confirming all that said attorney-in-fact and agent, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant on March 30, 2015 in the capacities indicated.

.

/s/ Stephen T. Lundy
Stephen T. Lundy,
Chief Executive Officer and Director (principal executive officer)

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal, Chief Financial Officer (principal financial officer and principal accounting officer)

/s/ Gail S. Schoettler
Gail S. Schoettler, Non-Executive Chair and Director

/s/ Daryl J. Faulkner
Daryl J. Faulkner, Director

/s/ David E. Welch
David E. Welch, Director

/s/ John H. Landon
John H. Landon, Director

/s/ Susan A. Evans
Susan A. Evans, Director

/s/ Stephen A. Williams
Stephen A. Williams, Director

Exhibit 10.8

Venaxis, Inc.

Non-Employee Director Compensation

Type of Compensation	**Amount**
Monthly Cash Retainer for Non-Employee Directors	$ 1,000
Stock Option Awards	(1)
Other Compensation	(2)

_____

(1) Non-employee directors typically receive a stock option award upon joining the Board, that is two times the annual grant, and then typically receive annual grants, which may be pro-rated in the first year after joining the Board. In 2014 the annual grant was stock options to acquire 34,000 shares of common stock. The non-executive Chair of the Board typically receives an annual grant that is 150% of the non-employee director annual grant.

(2) Directors are reimbursed for out-of-pocket expenses.

Exhibit 23.1

CONSENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-201014) and Form S-8 (Nos. 333-143959, 333-165841, 333-171251, 333-183133, 333-187537, 333-189606 and 333-198054) of Venaxis, Inc. of our report dated March 30, 2015, on the financial statements of Venaxis, Inc., which report appears in this Annual Report on Form 10-K for the year ended December 31, 2014.

/s/ GHP Horwath P.C.
GHP Horwath, P.C.

Denver, Colorado
March 30, 2015

Exhibit 31.1

CERTIFICATION

I, Stephen T. Lundy certify that:

1. I have reviewed this annual report on Form 10-K of Venaxis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 30, 2015

/s/ Stephen T. Lundy

Stephen T. Lundy,
Chief Executive Officer and President
PRINCIPAL EXECUTIVE OFFICER

Exhibit 31.2

CERTIFICATION

I, Jeffrey G. McGonegal certify that:

1. I have reviewed this annual report on Form 10-K of Venaxis, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 30, 2015

/s/ Jeffrey G. McGonegal

Jeffrey G. McGonegal,
Chief Financial Officer
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Venaxis, Inc. (the "Company") on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Stephen T. Lundy and Jeffrey G. McGonegal, hereby certifies, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 30, 2015

/s/ Stephen T. Lundy
Stephen T. Lundy,
Chief Executive Officer and President
PRINCIPAL EXECUTIVE OFFICER

March 30, 2015

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal,
Chief Financial Officer
PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER