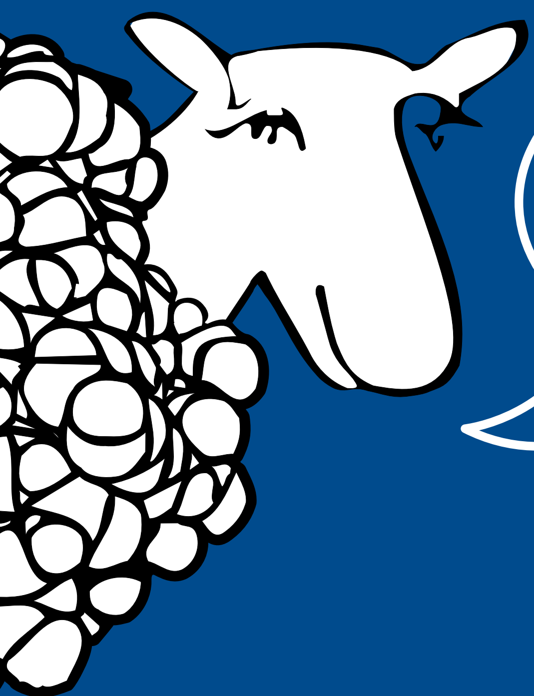
Annual report and accounts

For the year ended 30 June 2007

Our vision is to build the largest online antibody resource in the world while also ensuring that the antibodies are of excellent quality and commercial viability.



Welcome!

My name is Molly, I'm the resident Abcam mascot and appear on all our packaging and branding materials.

A lot of researchers ask where we got the idea for Molly the sheep. It was simply because Dolly the sheep was making headline news at the time, so we created the body out of a molecular space fill model and gave her antibody legs, and thus the molecular Dolly became Abcam's Molly.

Contents

Highlights

26.6%

Sales increased 26.6% to £24.5 million

£5.7M

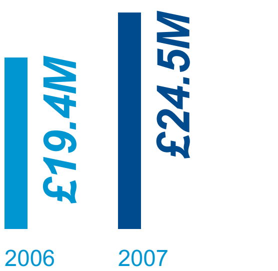
Profit before tax of £5.7 million in the year

33,900

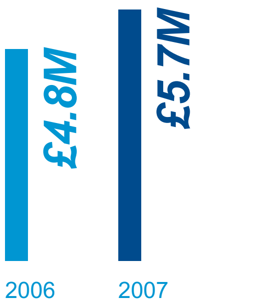
Continued expansion of product range to 33,900 products

- **Sales increased 26.6% to £24.5m (2006: £19.4m), representing a 33.8% increase using constant exchange rates. (Average exchange rate applied to US Sales 2007 £1: $1.92, 2006 £1: $1.77).**
- **Pre-tax profits increased 18.1% to £5.7m (2006: £4.8m).**
- **Product range grew to 33,900 antibodies and related products (2006: 23,200).**
- **Three licensing deals agreed giving Abcam exclusive distribution rights to over 4,000 existing and future complementary products.**
- **High-throughput production (HTP) laboratory built to boost the number of high-margin in-house products. Operations began on schedule and the first antibodies will be ready for sale later this calendar year.**
- **New subsidiary in Tokyo trading well to help Abcam further develop its fast-growing Asia-Pacific business.**
- **Net cash and short term investments at 30 June 2007 of £10.7m (2006: £11.9m).**
- **Dividend policy increased from 25% to 33% of profit after tax.**
- **Final dividend up 60% to 3.19p per share (2006: 2.0p).**
- **Basic EPS of 11.99p per share (2006: 10.73p). The EPS calculation for the year uses the weighted average of 34,572,810 shares (2006: 31,914,845).**

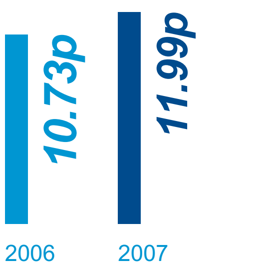
Turnover



Profit



EPS



Our Business at a Glance

Abcam plc is a producer and distributor of research-grade antibodies and associated products.
Our vision is to build the largest online catalogue of the best antibodies in the world.

How we work

1. We source and develop

We produce our own antibodies and source other excellent antibodies from institutes, academic laboratories and primary manufacturers.

Established in 1998, Abcam now has an online catalogue of over 25,000 antibodies and 8,000 related products (such as proteins, peptides and kits). A growing percentage of our products are produced in-house and investment in a new high throughput facility will see this increase substantially in the future. Other products are supplied by more than 200 leading OEM partners and sold under the Abcam brand.

2. We add value

Our scientists have built a catalogue of the best antibodies in the world and they provide technical support on all of our products to help our customers achieve results.

The unique relationship Abcam has with the scientists who use our products means that we can obtain a wide range of testing data from their feedback and enquiries. We publish this information in the form of Abreviews℠, which support the purchasing decisions of researchers looking for reagents. Taken across the catalogue, average unit sales continue to increase the longer they have been in our catalogue, a trend we attribute in part to the sheer quantity of product information we are able to gather and publish over time.

3. We deliver

We distribute Abcam products across the world using our fully automated web-enabled stock-management system. Our size means that we can invest in state-of-the-art storage and handling facilities, which have enabled us to speed up shipping times and increase our output. We are able to operate at high levels of efficiency, with lower handling costs.

Customers can directly access the website to find the status of their orders so they can plan their experiments more effectively.

4. We support

Our products come with an Abpromise, giving customers the reassurance of knowing that:

- Our antibodies are of the highest quality and are backed up by an expert technical team, who are available to assist in initial product selection.
- Customers can, at any time, contact other customers using the same antibody via our unique Abreviews℠ system.
- If, after optimisation, any product does not perform as described on the datasheet, customers can contact our expert team to ask for advice and assistance.
- In the unlikely event that a product is faulty, we will replace or provide a full refund if reported within 120 days of purchase.

Where we operate

Abcam plc is headquartered in Cambridge, UK. We have a US office in Cambridge, Massachusetts, and have recently opened an office in Tokyo, Japan.

In the UK, we recently completed construction of a new high-throughput production (HTP) laboratory that will broaden our portfolio of high-margin products developed in-house. We continue to benefit from close links to the University of Cambridge, from which a large number of our PhD recruits are drawn.

Our US office has made a substantial contribution to sales since it was opened four years ago. Over the last 12 months we have improved service to our US customers by extending opening times and introducing Saturday working.

The opening of our Japanese office in December 2006 reflects our determination to expand in East Asia, one of the fastest-growing antibody markets in the world. With a physical presence in Tokyo, we are radically improving the quality of the service we provide to customers in the region.

3 regions

We operate in the world's three main markets

USA

The US is Abcam's largest market, accounting for over 50% of sales last year. This is the largest market in the world and we have recently launched a new sales and marketing programme to further drive sales growth.

$960M

Estimated US market in 2006

Europe

In Europe our renewed focus on marketing has propelled a 58.8% year-on-year increase in the volume of business. Our virtual offices are promoting the use of French and German so that many European customers can now contact us directly in their own language.

$525M

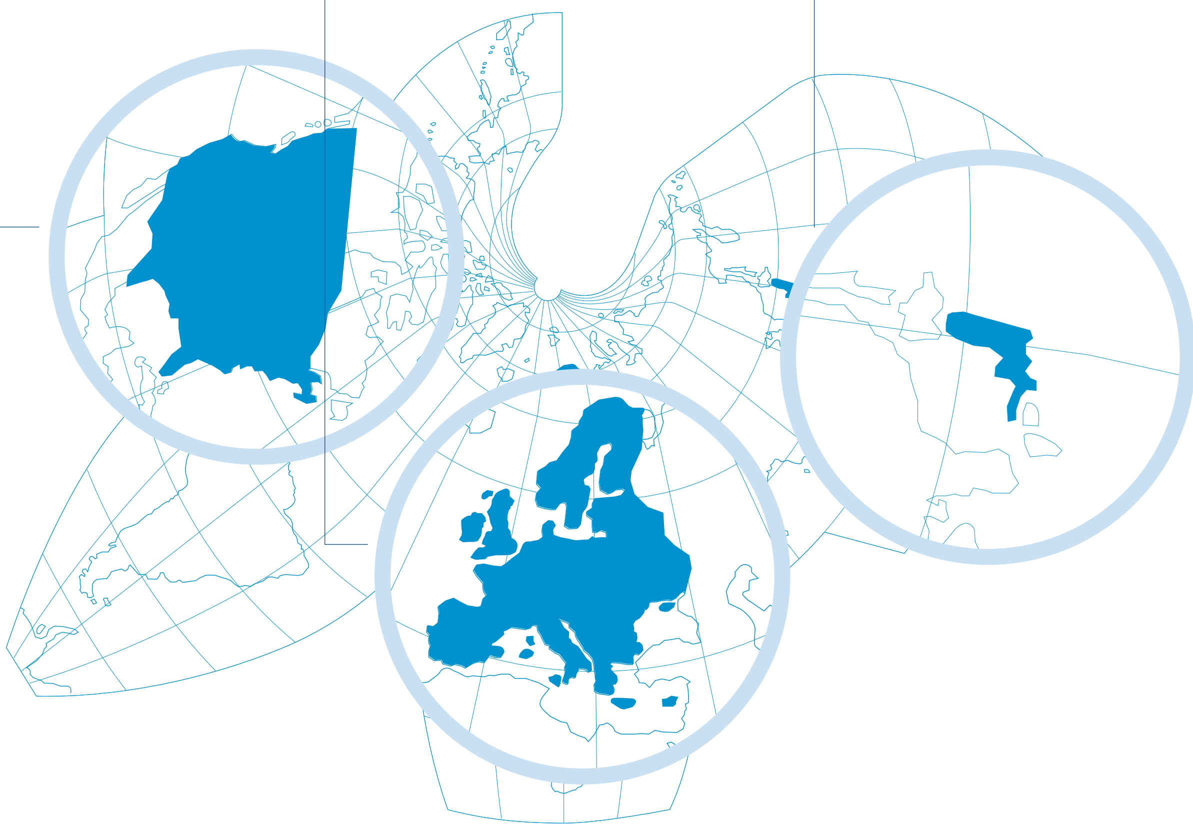
Estimated European market in 2006

Japan

It is still early days for our Japanese business but we are delighted with its performance to date, which saw sales in the second half of the year of ¥160m (£680k). We have also recently launched a Japanese version of our website.

$175M

Estimated Japanese market in 2006



Chairman's Review

Abcam is becoming increasingly visible on the world stage as an important contributor to the field of antibodies and related medical disciplines. Our market reach makes us attractive to suppliers, and our customer base now extends across almost 60 countries, thanks largely to our reputation for reliability and trust in the marketplace.

It gives me great pleasure to report on a second outstanding year for Abcam as a public company. Building on the growth we enjoyed in 2006, we have produced another excellent set of results whilst making some important investments in the year, which will serve as a springboard to even greater success in the future.

First of all, the construction of our HTP facility in Cambridge UK has been completed on schedule and operations have already started. The facility will help Abcam to take advantage of new business opportunities, such as a better Pharma/Biotech offering and potentially diagnostics.

In addition to the HTP facility, we officially opened our new office in Japan in December 2006. Located in a prominent business district of Tokyo, the office gives us a strong foothold in one of the most rapidly growing antibody markets in the world. Having a local presence will greatly improve the quality of the support we can provide to Abcam customers in this region. With this goal in mind we have also enhanced the Japanese version of our website. Whilst these are early days for the Japanese business, we are encouraged by its performance during its first few months.

Although we plan to enlarge our portfolio of antibodies produced in-house, we continue to build relationships with institutes, academic laboratories and primary manufacturers that supply products to be sold under the Abcam brand. Over the last financial year we have also acquired the exclusive rights to distribute new antibody product lines with three companies. In August 2006 we announced an exclusive deal with Triple Point Biologics Inc. for a range of 350 antibodies with the delivery of another 360 antibodies over the next three years. We followed that by signing similar agreements with Assay BioTechnology Company Inc., a US firm that tests, validates and markets research antibodies, and with Diaclone, which is part of the Tepnel Group and develops antibodies and kits in the UK. ABT have already made 500 products available to Abcam on exclusive terms and are committed to adding a further 3,000 to our portfolio over the next five years; Diaclone has made 341 products available with exclusive distribution rights in the Americas and Japan.

Since our last annual report we have continued to attract top-quality staff. We now employ 27 PhDs out of 131 full-time employees and are currently in the midst of a recruitment drive as we increase production at the HTP facility. Last July we announced the appointment of two new Non-Executive Directors: Tim Dye and Mark Webster. Both have proven to be extremely valuable additions to the Board.

After almost eight years as Finance Director, a period including Abcam's successful IPO in 2005, Eddie Powell has indicated his desire to leave the Company to allow him to take a career break and subsequently to be available for consulting positions. We are already well under way in appointing Eddie's successor. Eddie will be stepping down from the Board on 20 November 2007, following which we will retain his services as an adviser. We owe him a debt of gratitude for his valuable contribution to building the Company and wish him well for the future.

Abcam is becoming increasingly visible on the world stage as an important contributor to the field of antibodies and related medical disciplines. Our market reach makes us attractive to suppliers, and our customer base now extends

across almost 60 countries, thanks largely to our reputation for reliability and trust in the marketplace. A recent internally commissioned independent report named Abcam as one of the top five research antibody companies in the world, and in some of our Core Focus Areas (CFAs), such as chromatin research, we believe we are the market leader.

With the landmarks we have reached this year, and the initiatives we have unveiled, Abcam has laid solid foundations for expansion in the future. We remain firmly committed to our mission to build the largest online catalogue of the best antibodies in the world.

Once again I am grateful to all of our staff for their efforts during the year and take the opportunity to thank our customers, suppliers and shareholders for their continued support.

Dividends

The Directors' policy since the IPO in November 2005 has been to distribute 25% of earnings as dividends. However, in view of the continuing strong cashflow and growing success of the Group, the Directors have decided to increase the distribution to 33% of earnings. An interim dividend of 0.8p per share was paid in April 2007 and the Directors are therefore recommending a final dividend of 3.19p per share, making a total for the year of 3.99p. Subject to shareholder approval at the annual general meeting in November, this dividend will be paid on 7 December 2007 to shareholders on the register on 9 November 2007.

Outlook

We are entering the current year with an exciting platform for growth and current trading in the first few months of the year has been strong. The Board is confident of the outlook for 2008.

David Cleevely
Chairman
28 September 2007

06/07 a year in review

June 2007

Over 33,000 products in our catalogue

The number of products available in our catalogue hit 33,900, including more than 25,000 antibodies and 8,000 related products (such as proteins, peptides and kits). New products from Abcam's own development facilities and external suppliers continue to be added on a daily basis to the catalogue, which has grown at a compounded annual rate of 54% since its inception in 2002.

December 2006

New Japanese office

Abcam opened its second overseas office in Tokyo, Japan. The move represents a major push to increase sales in East Asia. It will help Abcam to improve the quality of the technical support it offers customers in the region and speed the delivery of Abcam products to Far East markets.

July 2006

New Cambridge manufacturing facilities

Abcam launched a major project to expand its laboratory and production capabilities. A new development facility in Cambridge, UK, will allow Abcam to significantly boost the production of high-margin antibodies over the next six years.

Ongoing

Core Focus Area initiative

Following an in-depth study of the market Abcam has chosen seven Core Focus Areas (CFAs), each of which represents a research area with high market demand. We have vertically integrated our business development, manufacturing, marketing, sales and technical support teams around these areas and expect to add a further three CFAs by June 2008.

CEO's Review

We are now becoming a leading player in an important and exciting market. We have built a scaleable business based around our state-of-the-art website. In addition, with our large and growing database of users, we can now tailor our marketing activities according to customer interest. We have almost 34,000 products in our online catalogue, up from 23,200 at the end of June 2006. The introduction of new products and the performance of the existing catalogue have driven up sales by more than 26%.

Abcam has enjoyed another impressive year with sales increasing by 26.6% to £24.5m. This growth came despite the weakening dollar, without which sales would have grown by 33.8%. (Average exchange rate applied to US Sales 2007 £1: $1.92, 2006 £1: $1.77.)

This success is due to the introduction of new products and the performance of the existing catalogue. Taken across the catalogue, average unit sales continue to increase the longer a product is listed – a trend we attribute in part to the sheer quantity of product information we are able to gather and publish over time. We should also not underestimate the contribution made by our highly skilled and committed staff, who make Abcam such a dynamic and motivating organisation.

We now have almost 34,000 products in our online catalogue, up from 23,200 at the end of June 2006. As well as listing over 25,000 antibodies, we sell more than 8,000 related products, including proteins, peptides and kits. The rapid expansion of our product portfolio has been fuelled by a growing number of partnerships with leading OEM suppliers worldwide and by our acquisition of the exclusive rights to distribute antibodies developed by some leading international manufacturers over the last financial year.

Major contributions to revenue have come from our US operation, where longer opening hours and a push on sales and marketing activities have helped us to achieve a high rate of growth.

In Europe a similar focus on marketing in the second half of the year has propelled a 58.8% year-on-year increase in the volume of business over the corresponding period last year. Our virtual European offices are promoting the use of French and German so that many European customers can now contact us directly in their own language.

Despite significant investments for the future, profit before taxation increased to £5.7m from £4.8m in 2006. While margins remain strong, overall profitability has been affected by the investment in the new Japanese office, the impact of the weaker US$, increased research and development costs, early-stage costs for the exclusive distribution deals and the full-year effect of the costs of operating as a listed company.

Work on the HTP facility meanwhile was finished in June 2007. The antibodies we develop ourselves have typically been among our best sellers. Whilst only 6% of the products sold under the Abcam brand are produced in-house, these represent 16% of our sales by value and generate proportionately higher margins. We expect that the new facility will allow us to dramatically increase our range of in-house products over the next few years and will lead to increased sales as well as improved gross margins.

Abcam is expert at identifying the areas of research with the most promise and offering products specifically tailored to meet associated demands. These products fall within our Core Focus Areas

(CFAs). Externally we have presented at conferences and run marketing activities around these CFAs, while internally we have vertically integrated our technical service, marketing, business development and sales departments to take full advantage of them. We have found this to be a highly successful strategy for capturing market share by segment, and plan to develop more CFAs in the future.

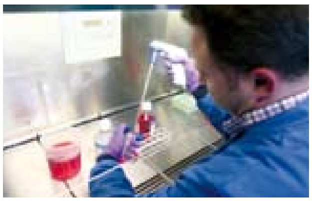
We are now becoming a leading player in an important and exciting market. We have a scaleable business based around our state-of-the-art website. By offering customers access to detailed and up-to-date technical information on our products, much of which is derived from customers' own reviews, we have built a strong reputation for trust and reliability. In addition, with our large and growing database of users, we can now tailor our marketing activities according to customer interest. The investment we have made in systems to link the website to product ordering and accounting has improved our efficiency, and gives us the confidence that we will continue to manage our growth effectively.

Jonathan Milner
CEO
28 September 2007

Our products

33,900 products now in our catalogue





Abcam has almost 34,000 products in its catalogue and the number is still growing.

Our team not only adds new products to our catalogue every day but also regularly modifies the datasheets for our existing products. These modifications are based on our own testing and research in addition to the feedback of our suppliers and customers.

For our customers, all of this means:

- **more antibody targets**
- **more product types**
- **more choice**

Around 6% of products sold under the Abcam brand are manufactured in-house, but these products generate 16% of our revenue and typically generate proportionately higher margins.

Following the construction of a new production facility in Cambridge, UK, we plan to devote substantially more resources to in-house product development. By 2012, we expect 50% of Abcam-branded products to be produced at our sites. This will significantly boost our revenue and gross margins.

Products sold by Abcam but not manufactured on our premises are supplied by more than 200 leading OEM partners around the world.

Product categories

Our products fall into the following treatment categories:

- *cancer*
- *cardiovascular*
- *cell biology*
- *chromatin*
- *isotype/loading controls*
- *lysates/slides/kits*
- *neuroscience*
- *nuclear signalling*
- *secondary antibodies*
- *stem cells*
- *tags and cell markers*

Managing Director's Review

Our high-throughput facility, which is one of the world's most advanced antibody production laboratories, is designed to produce an increasing number of higher margin in-house products to add to our online catalogue.

The construction of our HTP facility in Cambridge UK was a major project this year, and I am delighted to report it was completed on time and within budget. At this facility we will develop a highly automated monoclonal antibody production system and continue to produce polyclonal antibodies. We expect it to become one of the most advanced antibody production facilities in the world, further proving our commitment to build scaleable business processes and products of the highest standard. The facility is expected to add over 35,000 new quality high-margin monoclonal antibodies to our catalogue over the next five years.

The robotic stock storage and retrieval system that has been so successful in the UK has now been replicated in the US, and it is delivering similar results in terms of the speed and reliability of order delivery. Using leading-edge storage and handling facilities, we have successfully cut our shipping times and increased our rate of output without incurring additional expenditure on staffing and conventional refrigeration systems.

Extended opening times and Saturday working in the US have further improved service levels to customers and we are now trialling a key-account marketing initiative, selling to targeted market areas in the country. In the UK, we recently launched a new service promising same-day delivery of antibodies to scientists based in the Cambridge area at no extra cost.

We have successfully developed and deployed a Japanese-language version of our website to take full advantage of our local presence in our Tokyo office. Priorities in the Far East include improving our technical support and speeding up the delivery of our products to customers. Japan is a challenging market and so far we have been delighted with the performance of the business, which has generated ¥160m (£680k) in revenue in the second half of the year.

We continue to improve the performance of our website in general, focusing on the speed of access to our global market We are now deploying a content caching and delivery solution so that our website can be served locally from over 25,000 servers across 69 countries. This important initiative will help stabilise the website and improve response times for users, supporting the continued expansion of our geographical reach.

Growth of the scale we are achieving relies in large part on the continued commitment of staff. We place strong emphasis on responsibility for and communication with employees. Through a programme of weekly updates, quarterly departmental and annual strategy and budget presentations, we ensure that each employee understands his or her objectives and targets and how these relate to the Group as a whole. The success of the programme is demonstrable in the enthusiasm and creativity which drives the Group.

Jim Warwick
Managing Director
28 September 2007

Our facilities

Major expansion of manufacturing facilities

Abcam is massively expanding its laboratory and production capabilities. Its brand new laboratory in Cambridge, UK, covers 20,000 square feet and includes high throughput antibody purification and characterisation facilities.

The benefits

The facility is expected to add over 35,000 new quality high-margin products to our catalogue over the next five years to complement our existing range from trusted suppliers, giving us the best catalogue in the world. With this development we will be able to improve both the range and the availability of the products we offer our customers and maintain our position as market leader for the provision of antibodies and reagents.

We are now recruiting key staff for the planning, implementation and ongoing management of this exciting new development.

Financial Review

Pre-tax profits have risen 18.1% to £5.7m and Abcam's operating cashflow, at £4.9m, remains strong.

Gross margin
Gross margins reported for the period under review are 59.1% compared with 61.3% for the previous year. The difference results partly from an increased allocation of costs to cost of sales and lower margins in the early stages of the exclusive product distribution deals signed in the year. As sales of products from these deals grow we expect margins to exceed those of the rest of the catalogue.

Part of the remit of our Business Development team is to obtain best terms from our suppliers and price increases in the year have been modest overall. As the Group's sales grow we are buying more from our suppliers and consequently are now able to negotiate some price reductions.

Administrative expenses
Although administrative expenses rose from £6.2m to £7.6m, they fell as a percentage of sales, from 31.9% to 30.9%. The costs for the year include those incurred in relation to the opening of the Japanese office, spending our first full-year as a public company and as explained below, from the application of FRS 20.

The accounting standard FRS 20 on share-based payments has been applied to the Company's accounts for the first time, and this has resulted in a charge of £162,000 for the period. As the first application of this standard is a change of accounting policy, the results for the same period last year have been restated by including a corresponding charge in the expenses for that period of £72,000.

US$ impact
The weakening dollar has had an adverse impact on revenue. Had the rate remained the same as the previous year, sales would have been higher at £25.9m and operating profit would have been £0.4m higher based on an average exchange rate applied to US Sales (2007 £1: $1.92, 2006 £1: $1.77)

Research and Development expenditure
Research and Development expenditure increased to 7.0% of sales from 6.3% in 2006 and this is reflected in the growing number of products which are produced in-house.

Profit
Operating profits increased 15.3% from £4.5m in the year ended June 2006 to £5.2m. The decrease as a percentage of sales from 23.3% to 21.2% reflects the impact of the additional costs outlined above. Interest income rose as the Company benefited from full-year availability of funds raised from the IPO.

Tax
The consolidated tax charge for the year was £1.6m or 27.3% of profit before tax. The effective tax charge for 2006 was 29.1%, reflecting the increased amount of research and development undertaken this year and the consequent tax credits. The tax charge for 2006 has been restated from £1.2m to £1.4m as a result of FRS 20 (see note 22).

Inventories
Inventory levels have increased somewhat faster than sales partly because of inventory purchased as part of the product line agreements that provide Abcam with exclusive distribution rights to certain products and partly because of the increase in the number of Abcam products developed in-house, which involve batch sizes larger than required for immediate sale.

Debtors
The majority of sales continue to be on credit and credit control is a key function. Debtor days have increased slightly to 47 days (2006: 45 days). Historically the Group has experienced a low level of bad debt.

Creditors
Total creditors rose from £3.0m to £3.8m. These now include amounts owing in relation to the deferred settlement arrangements on product line acquisitions concluded during the year. These have been allocated between creditors due within one year and amounts falling due after one year.

Provisions for Liabilities and Charges represent deferred tax balances which have increased due to the level of expenditure during the year on capital equipment relating to the HTP facility.

Cash flow

The Group's cashflow continues to be strong, with £4.9m (2006: £3.5m) generated from trading in the period. Consequently, despite spending £1.8m on acquiring distribution rights and £2.3m on facilities and equipment, the Group's cash and short term investments balances only decreased by £1.2m.

Accounting standards

The results for the period ended 30 June 2007 have been produced on the same basis as the restated statutory accounts at 30 June 2006. These accounts conform with UK Generally Accepted Accounting Principles. Abcam will move to report under International Financial Reporting Standards for the year ending 30 June 2008 but this is not expected to have a material impact on the Group's reported results.

EPS

Whilst post tax profit grew by 21.1%, the growth in basic EPS was only 11.74% reflecting the impact of the significant number of shares which were issued on the Company's IPO in November 2005 (see note 9).

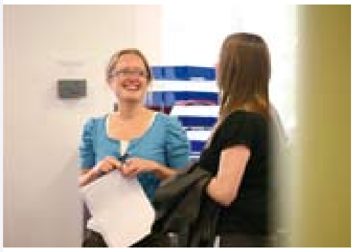
Currency exposure

The Group continues to generate significant amounts of surplus dollars and euros and has hedging arrangements in place to reduce the exposure. During the year to 30 June 2007 the Company had forward exchange contracts in place to sell $9.6m and €3.6m at average rates of £1 to $1.79 and £1 to €1.47 respectively. For the year ending 30 June 2008 the Company has contracts in place to sell forward $7.8m and €6.5m. These contracts are at average rates of £1 to $1.92 and £1 to €1.47.

Eddie Powell
Finance Director
28 September 2007

Our people

Strength through brilliant people



We take enormous pride in the calibre of our employees. Since its launch in 1998, Abcam has had tremendous success in attracting highly skilled people to its business and it now boasts an impressive intellectual capital base.

Abcam now employs 131 full-time staff, 27 of whom have PhDs. In the UK, we are able to draw on our close links with the University of Cambridge from where many of our PhD recruits come.

Abcam remains fully committed to enhancing the abilities of its team members through its programme of staff training and development.

We continue to grow. With the construction of our laboratory in Cambridge, UK, we are now recruiting staff for key roles in the planning, implementation and management of this new business.

The strength our staff bring is demonstrable in the enthusiasm and creativity which drives the Company.

The Board

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1. David Cleevely, PhD, 54
Chairman
David Cleevely is the founder and former Managing Director of Analysys Ltd. After its formation in 1985, he oversaw Analysys' growth into Europe's largest independent consultancy specialising in telecommunications strategy. Analysys was sold in August 2004 and David has no current involvement. David has a first class honours degree in Cybernetics and Instrument Physics with Mathematics and a PhD in 'regional structure in telecoms demand' from Cambridge University. In 1982 he joined The Economist Informatics Intelligence Unit (EIU), becoming Divisional Director. He founded Abcam with Jonathan Milner and Tony Kouzarides in February 1998.

2. Jonathan Milner, PhD, 43
Group Chief Executive
Jonathan Milner has a BSc in Applied Biology from Bath University and a PhD in Molecular Genetics from Leicester University. From 1992 to 1995 he was a research fellow for Pfizer Pharmaceuticals in the laboratory of Professor Tony Rees at the University of Bath, and from 1995 until 1998 he was a research fellow at Cambridge University in the laboratory of Professor Tony Kouzarides, where he studied genes and proteins associated with human cancers. He founded Abcam with David Cleevely and Tony Kouzarides in February 1998.

3. Jim Warwick, BSc, 43
Managing Director
Jim Warwick has a BSc in Computer Science from Cambridge University. From 1986 to 2003 he worked for Analysys Ltd, a Cambridge-based telecommunications consultancy, heading up the IT, software and web development initiatives. During this period he also held a number of non-executive directorships with external organisations, including Workbench Software Ltd, a start-up with a targeted software package for time recording systems, and VBN Ltd, a web-based hosting company specialising in business

cluster and innovation network solutions. He joined Abcam in 2001 as Technical Director, initially working part-time but as a permanent employee from 2003. He has overseen the expansion of Abcam's bespoke web-based systems. Jim was promoted to Managing Director of Abcam Ltd in June 2004.

4. Eddie Powell, PhD, FCA, 59

Finance Director

Eddie Powell has a BSc and a PhD in Chemistry from Cambridge University and qualified in 1976 as a chartered accountant with Peat, Marwick, Mitchell (now KPMG) in London. He then worked for two years as a financial controller in Frankfurt, Germany. After returning to the UK he joined Marconi Instruments, a subsidiary of GEC, as Financial Controller, and later Finance Director. In 1990 he moved to Colt, a privately owned international light-engineering group, as Group Finance Director. He joined Abcam in March 2000 as Finance Director.

5. Mark Webster, BSc, 45

Commercial Director

Mark Webster has a BSc in Chemistry from Durham University. He joined Abbott Laboratories in 1988 and ran the UK Pharmaceutical and Hospital Divisions before moving to Montreal, Canada in 1997 and then Chicago, USA in 1999, as Vice President of Anti-Virals, US Pharmaceuticals. Here he launched Kaletra for HIV infection, which generated $1bn in revenue. In 2001 he joined Shire Pharmaceuticals as Head of Global Strategic Marketing and Licensing/ Acquisitions and a member of the Executive Committee. He then joined Bayer Healthcare in Germany in 2004 as Senior Vice President, Head of Global Strategic Marketing and Licensing/ Acquisitions and a member of Bayer Pharmaceutical's Management Committee. After joining the Board as a Non-Executive Director in July 2006 he became a full-time Director of Abcam in March 2007. He will revert back to a Non-Executive role in November 2007.

6. Tony Kouzarides, FRS, PhD, 50

Non-Executive Director

Tony Kouzarides has a BSc in Molecular Genetics from Leeds University and a PhD in Virology from Cambridge University. He was subsequently awarded a research fellowship from Fitzwilliam College, Cambridge. From 1986 to 1989 he spent three years working as a research fellow in the laboratory of Professor Ed Ziff at New York University Medical Centre, where he discovered a fundamental principle underlying the association of proteins involved in human cancer. He was awarded a professorship at Cambridge University in 1999 and now oversees a group of scientists studying genes and proteins associated with human cancers. He has played a central role in expanding Abcam's own antibody product range into the Chromatin research area.

7. Peter Keen, BSc, ACA, 50

Non-Executive Director

Peter Keen is a Chartered Accountant with more than 20 years' experience in the financing and management of biotechnology companies. After gaining experience in the agricultural biotechnology and medical diagnostics sectors, he was a co-founder and Finance Director of Chiroscience Group plc. He then helped establish Merlin Biosciences, being responsible for a number of investments including Ark Therapeutics, Cyclacel, ReNeuron and Vectura. More recently, he was Chief Financial Officer of Arakis Ltd until its successful trade sale in 2005. He is a partner with the technology venture firm Esprit Capital Partners LLP and a Non-Executive Director of Ark Therapeutics plc, The Biotech Growth Trust plc and Prelude Trust plc. He also acts as an advisor to various other organisations.

8. Tim Dye, MA, 44

Non-Executive Director

Tim Dye is currently Chairman and Chief Executive of William Ransom & Son plc, an AiM-quoted business specialising in the manufacture, sales and marketing of natural healthcare products. Through a series of successful acquisitions, he has led the transformation of William Ransom into one of the UK's largest natural healthcare groups. Prior to joining Ransom in 1999, and following an early career as a strategy consultant, he founded and ran businesses in automated meter reading, environmental management and property development. He has an MA in Economics from Cambridge University.

Corporate Directory

Directors
Chairman
Dr David Cleevely

CEO
Dr Jonathan Milner

Finance Director
Dr Eddie Powell

Managing Director
Mr Jim Warwick

Commercial Director
Mr Mark Webster

Non-Executive Directors
Mr Tim Dye
Mr Peter Keen
Prof Tony Kouzarides

Company Secretary and Registered Office
Mr Tom McGuire
332 Cambridge Science Park
Cambridge
CB4 0FW

Nominated Advisor and Broker
Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Solicitors to the Company
Eversheds LLP
Senator House
85 Queen Victoria Street
London
EC4V 4JL

Auditors
Deloitte & Touche LLP
Chartered Accountants
126-130 Hills Road
Cambridge
CB2 1RY

Public Relations Advisors
Buchanan Communications Limited
45 Moorfields
London
EC2Y 9AE

Bankers
National Westminster Bank Plc
King's Parade
Cambridge
CB2 3PU

Registrars
Capita IRG Plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Directors' Report

The Director's present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 30 June 2007.

Principal activities and future developments

The Group's activities consist of the development, marketing and selling of antibodies and closely related products. The Group sells through the internet to customers in most countries of the world. The Group operates through its parent Company Abcam plc and through its wholly owned subsidiaries Abcam Inc. and Abcam KK.

The Company is also increasing its own manufacturing capability through investment in a new high-throughput production ('HTP') laboratory.

Future developments are addressed in the Chairman's, CEO'S and Managing Director's reviews at the front of this annual report.

Business review

The Group's management uses key performance indicators (KPIs) to monitor the progress of the business. Important KPIs are:

	30 June 2007	30 June 2006	30 June 2005
Number of products published	**33,900**	23,200	16,500
Sales per employee £000	**203**	223	209
Profit before tax to sales	**23.3%**	24.9%	24.5%
Number of debtor days	**47**	45	47

Sales increased by 26.6% over the previous year (33.8% on a constant exchange rate basis (Actual rate for 2007: £1: $1.92, 2006: £1: £1.77) as a result of the launch of new products and continued increases in sales from the existing catalogue. The Group continued to generate strong margins, and pre-tax profits increased by 18.1%, reflecting the cost of investments made in the year, particularly in connection with acquired product lines, the new Japanese office, higher levels of Research and Development expenditure, the costs of operating as a listed company for the full year and the impact of the weaker US$.

The average number of employees for the year has increased to 121 (2006: 87). In part this is a consequence of investments made for the future, including those staff involved in setting up the HTP facility and the new office in Japan.

The Group's cash and short term deposits remained at a strong level of £10.7 million (2006: £11.9m).

The Directors are confident that the Group has a solid basis for growth. An overview of the business is set out in the Chief Executive Officer's and Managing Director's reviews together with the Financial Review.

Principal risks and uncertainties

The Group faces the competitive and strategic risks that are inherent in a rapidly growing market, and the Group's Board and executive management keep these under regular review.

The Group has an exposure to exchange rates, in particular the strength of sterling relative to the US dollar and the euro. Although there are significant natural hedges in place due to the fact that the Group is able to utilise a large proportion of its dollar and euro income to pay for outgoings in those currencies, the Group still generates surpluses of both currencies. The Board's policy for dealing with these is to sell forward some of the expected surplus currencies at the start of each financial year in order to reduce the short term exposure. However if there are longer term movements in the relative strength of sterling then these will impact the Group's profits. For further details on the use of financial instruments see note 16.

The Group's activities involve importing and exporting its products across many international borders. Any changes to the regulations covering such movements might have an effect on the Group's trading activities.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the reporting period and remain in force at the date of this report.

Research and development

The Group undertakes research and development in areas related to its principal activities and this is discussed in the Chairman's, CEO's and Managing Director's reviews at the front of this annual report.

Post balance sheet events

None to be noted.

Dividends

The Directors propose paying a final dividend of 3.19p (2006: 2.0p) per ordinary share, to be paid on 7 December 2007 to shareholders on the register on 9 November 2007. Together with the interim dividend of 0.8p paid on 9 April 2007, this makes a combined dividend of 3.99p (2006: 5.95p).

Directors' Report continued

Directors

The Directors who held office throughout the year, and their interests in the share capital of the Company at 30 June 2007, other than with respect to share options (which are detailed in the Directors' Remuneration Report), were as follows:

	1p ordinary shares 30 June 2007	1p ordinary shares 30 June 2006
David Cleevely	**4,669,760**	5,054,760
Peter Keen	**8,982**	8,982
Tony Kouzarides	**359,080**	629,080
Tim Dye	**nil**	nil
Jonathan Milner	**9,044,960**	9,744,960
Eddie Powell	**636,240**	726,240
Jim Warwick	**826,200**	860,200
Mark Webster	**nil**	nil

David Cleevely and Jonathan Milner are required to be re-elected at the forthcoming Annual General Meeting.

Supplier payment policy

It is the Group's policy that payments to suppliers are made in accordance with the terms and conditions agreed with them, provided that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

On 30 June 2007, the Group had an average of 32 days of purchases (2006: 32) outstanding in trade creditors.

Charitable and political donations

The Group made charitable donations during the year of £1,020 (2006: £2,646), principally to charities serving the communities in which it operates.

The Group made no political donations during the year (2006: £nil).

Substantial shareholdings

Other than Directors' interests which are set out above, as at 28 September 2007 the Company had been notified that the following shareholders hold 3% or more of the issued share capital of the Company:

Unicorn Asset Management Limited	7.3%
Aviva PLC	6.6%
Standard Life Investments Limited	5.1%
Eaglet Investment Trust PLC	3.2%

Corporate, social and ethical policies

We recognise the importance of balancing the interests of all our key stakeholders – our customers, our shareholders, our employees, our suppliers and the communities in which we operate. Management of the environmental and social issues that play a part in our business is a key factor in our strategy for success and in the practice of good corporate governance.

Going concern

The Directors are satisfied that the Group has adequate resources to continue its operations for the foreseeable future, and for this reason they continue to prepare the financial statements on a going-concern basis.

Auditors

In the case of each of the Directors of the Company at the date on which this report was approved:

- As far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware.
- Each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by

David Cleevely
Chairman
28 September 2007

Corporate Governance

The Directors believe that effective corporate governance, appropriate to the Group considering its size and stage of development, will assist in the delivery of corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long term interests. The Directors are committed therefore, wherever it is reasonably practicable, to ensure that the Group is managed in accordance with the principles set out in the revised Combined Code on Corporate Governance.

The role and composition of the Board

The Board comprises a Non-Executive Chairman, who is not deemed to be independent because of his shareholdings, four full-time Executive Directors and three other Non-Executive Directors, two of whom are deemed to be independent because they have either very few or no shares or share options. Mark Webster moved from being Non-Executive to Executive Director in March 2007 and having successfully redefined and implemented the Company's sales and marketing strategy, particularly in the North American market, will resume his Non-Executive responsibilities from 1 November this year.

The roles of Chairman and Chief Executive are vested in separate individuals, each with clear allocation of accountability and responsibility. The Chairman has prime responsibility for running the Board and the Chief Executive Officer has executive responsibilities for the Company's strategic development, operations and results.

The structure of the Board and the integrity of each Director ensures that there is no one individual or group dominating the decision making process.

The Board holds full meetings every second month. The principal matters that it considers are as follows:

- Monthly management accounts and performance against budget.
- Regular reviews of R&D, operations and product line acquisition.
- An annual review of strategic objectives and Company priorities.
- The Group budget.
- Reporting including statutory accounts, dividend policy, dividend payments and the AGM.
- Performance of the Board and sub-Committees.
- Reports of the Audit, Nomination and Remuneration Committees.
- An annual review of risk-management strategy and controls and a six-monthly review of the risk register.
- Matters relating to the Company's obligations as a listed company.
- Management of funds and major capital expenditure, including proposals for mergers or acquisitions of other companies or product lines.

In those months when the Board does not meet, members continue to be informed on a formal reporting basis of financial results and key issues. The Board is supplied with information in a timely manner, and in a form and of a quality appropriate to enable it to discharge its duties. Directors receive appropriate induction on joining the Board and regularly update their skills and knowledge.

The Board has a policy to set out which matters are reserved for the decision of the Board, and to clarify those matters which the Executive Directors need not refer for approval.

This policy also identifies those matters regarding which full delegation to a Board Committee is not normally permitted because a final decision on the matter is required to be taken by the whole Board. The terms and conditions for the appointment of Non-Executive Directors are available for inspection. Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees.

The Board has established the following three committees:

- The Audit Committee.
- The Nomination Committee.
- The Remuneration Committee.

Each of the committees is described in more detail below.

The Audit Committee

The Committee is made up of three Non-Executive Directors two of whom are considered to be independent. The Chairman is Peter Keen, who is a Chartered Accountant, with David Cleevely and Tony Kouzarides being the other Directors on the Committee.

The Committee has responsibility for the following matters:

- To review the accounts and the key judgements and policies underlying them in relation to the interim and annual financial statements before they are submitted to the Board for final approval.
- To review the management's reports on internal controls.
- To review the Group's risk-management process, including the adequacy of insurance cover.
- To review the appointment of the external auditors together with the audit fee.
- To monitor the audit and non-audit work of the external auditors, including reviewing any management letters and the Company's response.

As part of its procedures, the Committee discusses the interim and annual financial statements with the external auditors. When appropriate, non-Committee members are invited to attend. During the period the Committee has met twice on a formal basis and a number of times informally. The Committee is expected to continue to meet formally twice a year.

Corporate Governance continued

The Nomination Committee

The Committee is made up of three Non-Executive Directors, one of whom is considered to be independent: David Cleevely (Chairman), Peter Keen and Tony Kouzarides. It is responsible for the following matters:

- To identify and nominate suitable candidates to fill vacancies on the Board.
- To review succession planning for both Directors and the management team.

The Remuneration Committee

The Committee is made up of three Non-Executive Directors, two of whom are deemed to be independent: Peter Keen (Chairman), David Cleevely and Tim Dye.

The Committee is responsible for the following matters:

- Setting the basic pay of Executive Directors and the remuneration of the Chairman.
- Setting a performance-related bonus plan for the Executive Directors, including determining the extent to which they participate in the Company's Profit Share Scheme (PSS).
- Agreeing the allocation and term for the granting of new share options to Executive Directors.
- Determining the Executive Directors' pension contributions.
- Overseeing the overall annual pay review for the Group.

The Committee aims to set levels of remuneration for Executive Directors that are appropriate for the size and complexity of the Group. It aims to see that a significant proportion of their remuneration package is performance-related.

The Committee is also responsible for overseeing the Company's Profit Share Scheme and its share option scheme, both of which are reviewed each year.

Internal control

The Board acknowledges its responsibility for safeguarding the shareholders' investment and the Group's assets. In applying this principle, the Board recognises that it has overall responsibility for ensuring that the Group maintains a system of internal control to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations.

Through the Audit Committee and meetings with the auditors, the Directors have reviewed the effectiveness of the internal controls, and taken steps to ensure that the Group has an appropriate control environment for its size and complexity. The management team will identify, evaluate and monitor risk in order to ensure that the internal control environment develops with the size of the Group.

Such systems, which are designed to manage rather than eliminate the risk of failure to achieve business objectives, will provide reasonable, though not absolute, assurance against material loss or misstatement.

Dialogue with shareholders

The Board believes it is important to have open communications with shareholders. To this end, the CEO and Finance Director, working in consultation with the Company's corporate and PR advisors, make themselves available to, and expect to meet with, shareholders at least twice a year. The Board intends to give a presentation on progress within the Group at the AGM.

Directors' Remuneration Report

Unaudited information

Remuneration report

The Group has a Remuneration Committee ('the Committee') which, wherever possible, is constituted in accordance with the recommendations of the Combined Code.

In considering the Executive Directors' remuneration for the year, the Committee consulted the CEO about its proposals and reviewed executive compensation packages in the UK for A*i*M-listed companies of comparable size. It also referred to a number of specialist studies on executive remuneration.

Remuneration policy

The four main elements of the remuneration package for the Executive Directors are as follows:

- Basic annual salary.
- The Abcam Profit Share Scheme (PSS) and individual performance-related targets, which, if targets are met, amount to 50% of basic salary paid in cash.
- Share-option incentives.
- Pension arrangements.

The Group's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance-related.

Basic salary

An Executive Director's basic salary is determined by the Committee at the beginning of each financial year. Salaries were reviewed in June 2007, with increases taking effect from 1 July 2007. Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the AGM.

Performance-related payments

The Group operates a PSS whereby an amount is allocated to all employees, including the Executive Directors, on a points-based system. For the year under review the amount allocated was based on the achievement of a ratio of profit to sales, and increased or decreased depending on whether the target ratio was hit. For the year ending 30 June 2008, the amount to be paid through PSS is dependent on the level of pre-tax profit achieved. The amount allocated will vary depending on the level of profitability.

The basis of performance-related pay for Executive Directors for the year ending 30 June 2008 incorporates performance criteria related to the objectives for that particular individual, which are directly related to defined strategic objectives. If the Company achieves the budgeted pre-tax profit, and an Executive Director achieves all of his personal objectives, he may earn 50% of his basic salary as performance-related pay, 40% from the PSS and 10% from the individual bonus. The PSS payment is not capped, and so if the Company exceeds its targets additional payments may be made. Payments on account from the PSS are made each quarter, although at no stage will they exceed 85% of the amount due until the audited accounts are approved.

The PSS scheme for all staff, including Executive Directors, is pensionable. The performance-related bonuses are non-pensionable.

Share options

It is the intention to grant additional options on a regular basis to the Executive Directors under the Abcam plc 2005 plan. While the value of such options may vary, it is the current plan to issue options on an annual basis with a value equivalent to 100% of basic salary and with performance conditions which comply with guidelines and best practice governing the grant of share-based incentives in a listed company, to the extent to which the Committee considers such practice to be appropriate to the Group. Options will be granted to the Executive Directors on this basis, i.e. at 100% of base salary calculated on the market price at the date of grant.

For the next grant the performance conditions will be based on out-performance of the FTSE A*i*M index measured on the third anniversary of the date of grant. If the target is achieved, then options will be exercisable during the next seven years, subject to the rules of the scheme. If the target is not met at the third anniversary, then it will be monitored on certain dates over the next 12 months. If the target is met on any of those dates, then the options become exercisable. If the target is not met on any of those dates, the options will lapse on the fourth anniversary.

The Company has also established a non-discretionary Inland Revenue-approved SAYE scheme in which the Executive Directors may participate. Under this scheme, employees can contract to save any amount, up to a maximum of £250 per month, of their post-tax earnings for a period of either three or five years. At the time of entering the contract the Company will offer the employee the option to acquire shares, using the money that has been saved over the life of the contract. The price at which the shares can be purchased will be the market value of the shares on the date immediately preceding the offer at a discount of 20%.

In the period since listing on A*i*M, no share options have been granted to Non-Executive Directors. There are no plans for any such grants in the future.

Pension arrangements

In the UK, all employees, including Executive Directors, are invited to participate in the Group Personal Pension Plan, which is money-purchase in nature. The pensionable element of

Directors' Remuneration Report continued

remuneration is basic salary plus on-target earnings from the PSS. During the year, the Group contributed 6% of on-target earnings, excluding the individual performance bonus, to a Group personal pension scheme in the name of each Executive Director.

Executive Directors also have the option to take a further element of their remuneration as pension contributions and a flexible benefits scheme was introduced on 1 July 2007 for all employees of the Company, including Executive Directors.

Audited information:

Remuneration details

	Basic salary £000	Allowances £000	Performance payments £000	Employer's pension contributions £000	Notional gain on options exercised £000	2007 total £000	2006 total £000
David Cleevely	57	–	–	–	–	57	74
Peter Keen	33	–	–	–	–	33	18
Tony Kouzarides	25	–	–	–	–	25	66
Tim Dye	25	–	–	–	–	25	nil
Jonathan Milner	97	–	95	77	–	269	252
Eddie Powell	106	–	70	17	–	193	204
Jim Warwick	73	–	75	61	92	301	204
Mark Webster	67	3	24	3	–	97	nil

The notional gain on options exercised is the market value of the shares at date of exercise less the exercise price payable. The notional gain is before taking account of any tax liability that may arise.

Directors had the following interests in options over 1p ordinary shares in the Company:

	Share options at 30 June 2006	Number of options granted in the year	Number of options exercised in the year	Share options at 30 June 2007	Exercise price	Exercise period
David Cleevely	40,000	–	–	40,000	125p	31/01/06 to 29/09/15
Peter Keen	60,000	–	–	60,000	150p	31/01/06 to 26/10/15
Tony Kouzarides	40,000	–	–	40,000	125p	31/01/06 to 29/09/15
Jonathan Milner	40,000	–	–	40,000	62.5p	27/07/07 to 29/09/15
	–	53,571(1)	–	53,571	280p	08/09/09 to 06/09/16
Eddie Powell	40,000	–	–	40,000	62.5p	27/07/07 to 29/09/15
	–	39,642(1)	–	39,642	280p	08/09/09 to 06/09/16
	–	4,218(2)	–	4,218	224p	08/09/09 to 06/09/16
Jim Warwick	36,000	–	(36,000)	–	25p	
	32,000	–	–	32,000	37.5p	16/06/07 to 15/06/13
	32,000	–	–	32,000	50p	16/06/08 to 15/06/13
	40,000	–	–	40,000	62.5p	27/07/07 to 29/09/15
	–	42,142(1)	–	42,142	280p	08/09/09 to 06/09/16
	–	4,218(2)	–	4,218	224p	01/11/09 to 01/05/10
Mark Webster	–	167,230(3)	–	167,230	296p	01/11/07 to 01/01/08

(1) These options were granted under the Abcam plc 2005 plan and are subject to the performance condition that the share price outperforms the FTSE A*i*M Index at the third anniversary of grant. If this is not the case performance will be tested on certain dates over the next 12 months and if the target is not met on any of those dates, the options will lapse on the fourth anniversary.
(2) These options are granted under the Save As You Earn Scheme. Options under the Scheme are not subject to performance conditions.
(3) Mark Webster will become a Non-Executive Director with effect from 1 November 2007. These options are not subject to performance conditions and have a two month exercise period ending on 1 January 2008.

Directors’ contracts

The notice periods for Directors are as follows:

	Date of contract	Notice period (months)
David Cleevely	24 July 2007	1
Peter Keen	27 October 2005	1
Tony Kouzarides	24 July 2007	1
Tim Dye	26 May 2006	1
Jonathan Milner	10 June 2000	6
Eddie Powell	11 August 2000	1[(1)]
Jim Warwick	1 September 2001	6
Mark Webster	12 March 2007	1[(2)]

(1) Eddie Powell will be stepping down as Finance Director on 20 November 2007, following which he will remain as an adviser to the Company. Consequently his notice period has been reduced to one month.
(2) Mark Webster will become a Non-Executive Director with effect from 1 November 2007, at which point his notice period will become one month.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditors' Report to the Members of Abcam plc

We have audited the Group and parent Company financial statements (the 'financial statements') of Abcam plc for the year ended 30 June 2007, which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Review, the CEO's review, the Managing Director's Review, and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 30 June 2007 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge, UK
28 September 2007

Consolidated Profit and Loss Account

Year ended 30 June 2007

	Note	**Year to 30/6/07** £000	**Year to 30/6/07** £000	Year to 30/6/06 Restated* £000	Year to 30/6/06 Restated* £000
Turnover	2		**24,519**		19,362
Cost of sales			**(10,020)**		(7,485)
Gross profit			**14,499**		11,877
Expenses					
Administrative expenses		**(7,584)**		(6,178)	
Research and development expenses		**(1,709)**		(1,226)	
			(9,293)		(7,404)
			5,206		4,473
Other operating income			**–**		42
Operating profit	4		**5,206**		4,515
Interest receivable and similar income			**495**		313
Profit on ordinary activities before taxation			**5,701**		4,828
Tax on profit on ordinary activities	6		**(1,554)**		(1,403)
Profit on ordinary activities after taxation	20		**4,147**		3,425
Earnings per share					
Basic earnings per share	9		**11.99p**		10.73p
Diluted earnings per share	9		**11.67p**		10.36p
Dividends paid per share	8		**3.99p**		5.95p

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

All activities derive from continuing operations.

The statement of movements on reserves is shown in note 20.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 30 June 2007

	Year to 30/6/07 £000	Year to 30/6/06 £000
Profit for the financial year (before restatement*)	**4,147**	3,679
Currency translation differences on foreign currency net investments	**(28)**	(24)
Total recognised gains and losses relating to the year	**4,119**	3,655
Prior year adjustment (see note 22)	**(254)**	
Total recognised gains and losses recognised since last annual report	**3,865**	

* Restated for the effects of FRS 20 ‘Share based payment’ as explained in note 22.

Consolidated Balance Sheet

30 June 2007

	Note	30/6/07 £000	30/6/06 Restated* £000
Fixed assets			
Intangible assets	10	**1,691**	77
Tangible assets	11	**2,832**	1,094
		4,523	1,171
Current assets			
Stocks	13	**3,102**	2,358
Debtors	14	**4,327**	2,762
Short term investments	16	**8,500**	11,000
Cash at bank and in hand	16	**2,209**	884
		18,138	17,004
Creditors: amounts falling due within one year	15	**(3,404)**	(3,023)
Net current assets		**14,734**	13,981
Total assets less current liabilities		**19,257**	15,152
Creditors: amounts falling due after more than one year	15	**(386)**	–
Provisions for liabilities and charges	18	**(444)**	(85)
Net assets		**18,427**	15,067
Capital and reserves			
Called up share capital	19	**346**	345
Share premium account	20	**10,619**	10,573
Other reserves	20	**251**	89
Foreign exchange reserve	20	**(36)**	(8)
Profit and loss account	20	**7,247**	4,068
Total shareholders' funds	21	**18,427**	15,067

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2007.

Signed on behalf of the Board of Directors.

Dr E W Powell
Finance Director

Company Balance Sheet
30 June 2007

	Note	30/6/07 £000	30/6/06 Restated* £000
Fixed assets			
Intangible assets	10	**1,691**	77
Tangible assets	11	**2,459**	901
Investments	12	**16**	16
		4,166	994
Current assets			
Stocks	13	**3,089**	2,348
Debtors	14	**4,572**	2,676
Short term investments		**8,500**	11,000
Cash at bank and in hand		**1,555**	312
		17,716	16,336
Creditors: amounts falling due within one year	15	**(3,218)**	(2,705)
Net current assets		**14,498**	13,631
Total assets less current liabilities		**18,664**	14,625
Creditors: amounts falling due after more than one year	15	**(386)**	–
Provisions for liabilities and charges	18	**(444)**	(77)
Net assets		**17,834**	14,548
Capital and reserves			
Called up share capital	19	**346**	345
Share premium account	20	**10,619**	10,573
Other reserves	20	**251**	89
Profit and loss account	20	**6,618**	3,541
Total equity shareholders' funds		**17,834**	14,548

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2007.

Signed on behalf of the Board of Directors.

Dr E W Powell
Finance Director

Consolidated Cash Flow Statement

Year ended 30 June 2007

	Note	**Year to 30/6/07** £000	**Year to 30/6/07** £000	Year to 30/6/06 Restated* £000	Year to 30/6/06 Restated* £000
Net cash inflow from operating activities	A		**4,898**		3,547
Returns on investments and servicing of finance					
Net interest received		**495**		313	
Net cash inflow from returns on investments and servicing of finance			**495**		313
Taxation					
Corporation tax paid		**(1,473)**		(954)	
Tax paid			**(1,473)**		(954)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		**(2,316)**		(597)	
Payments to acquire intangible fixed assets		**(1,848)**		(100)	
Receipts from sales of tangible fixed assets		**2**		6	
Net cash outflow from capital expenditure and financial investment			**(4,162)**		(691)
Equity dividends paid			**(968)**		(1,153)
Net cash outflow before management of liquid resources and financing			**(1,210)**		1,062
Management of liquid resources					
Decrease/(increase) in short term deposits		**2,500**		(10,000)	
Net cash inflow/(outflow) from management of liquid resources			**2,500**		(10,000)
Financing					
Issue of ordinary share capital		**47**		9,322	
Net cash inflow from financing			**47**		9,322
Increase in cash	B/C		**1,337**		384

* Restated for the effects of FRS 20 ‘Share based payment’ as explained in note 22.

Notes to the Consolidated Cash Flow Statement

Year ended 30 June 2007

A Reconciliation of operating profit to net cash inflow from operating activities

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Operating profit	**5,206**	4,515
Depreciation and amortisation	**795**	355
Profit on sale of tangible fixed assets	**–**	(3)
Movement on share based compensation reserve	**162**	72
Increase in stocks	**(745)**	(1,171)
Increase in debtors	**(1,565)**	(850)
Increase in creditors	**1,045**	629
Net cash inflow from operating activities	**4,898**	3,547

B Analysis of net funds

	At 01/07/06 £000	Cash flow £000	Exchange movement £000	**At 30/06/07 £000**
Cash in hand and at bank	884	1,337	(12)	**2,209**
Current asset investments	11,000	(2,500)	–	**8,500**
Total	11,884	(1,163)	(12)	**10,709**

C Reconciliation of net cash flow to movement in net funds

	30/6/07 £000	**30/6/07 £000**	30/6/06 £000	30/6/06 £000
Increase in cash in the year	**1,337**		384	
Cash (inflow)/outflow from (increase)/decrease in liquid resources	**(2,500)**		10,000	
Change in net funds resulting from cash flows		**(1,163)**		10,384
Translation difference		**(12)**		(10)
Movement in net funds in the year		**(1,175)**		10,374
Net funds at start of year		**11,884**		1,510
Net funds at end of year		**10,709**		11,884

* Restated for the effects of FRS 20 ‘Share based payment’ as explained in note 22.

Notes to the Accounts
Year ended 30 June 2007

1 Accounting policies
The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies, which have been applied consistently, are described below.

Accounting convention
The financial statements are prepared under the historical cost convention.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings Abcam Inc., Abcam KK and Camgene Ltd.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at cost in equal instalments over the estimated lives of the fixed assets.

The depreciation rates generally used are shown below:

Office equipment, fixtures and fittings	20% per annum
Laboratory equipment	20% per annum
Computer equipment	33% per annum

Depreciation is accelerated if assets are deemed to have been impaired or there is a change in the residual economic life.

Intangible assets
Payments made to acquire distribution rights from certain suppliers are capitalised and are amortised over the period of the agreement.

The Group acquires hybridomas for generating monoclonal antibodies either by licensing them in or by developing them itself. The up-front fees paid for licensing in hybridomas and the cost of developing hybridomas are capitalised in line with FRS 10 and SSAP 13 respectively. They are then amortised over their estimated minimum useful lives of three years.

Investments
Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks
Stocks are stated at the lower of cost and net realisable value.

The cost of Abcam own manufactured stock includes material, direct labour and an attributable portion of production overheads based on normal levels of activity. Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation
Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which represent an obligation at the balance sheet date to pay more tax or a right to pay less tax at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

1 Accounting policies continued

Pensions

The Group operates a defined contribution pension scheme in the UK, which is open to all employees and Directors of the Company.

The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year, and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

The amount included in the profit and loss account in the year in respect of the pension scheme was £253,000 (2006: £105,000). The amounts included in creditors at 30 June 2007 in relation to the defined contribution pension scheme is £38,000 (2006: £10,000).

Research and development

Research and development expenditure, other than the development costs for internally produced hybridomas (see intangible assets above), is charged to the profit and loss account as incurred.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date or, if appropriate, at the forward contract rate.

These translation differences are dealt with in the profit and loss account.

The results of the operations of the Company's overseas subsidiaries, Abcam Inc and Abcam KK, are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Government grants

Amounts receivable under government grants are credited to the profit and loss account as the related expenditure is incurred, and is included in other operating income. £nil has been recognised in the profit and loss account in the year (2006: £42,000) in relation to a grant for the Epitron project, which is for the research and technological development of an epigenetic treatment for neoplastic disease.

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax.

Revenue is recognised on despatch to the customer.

Notes to the Accounts continued

Year ended 30 June 2007

3 Information regarding employees

Group

	Year to 30/6/07 Number	Year to 30/6/06 Number
Average monthly number of employees (including Executive Directors):		
Administrative, marketing and distribution	**101**	74
Laboratory	**20**	13
	121	87

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Staff costs during the year (including Directors)		
Wages and salaries	**4,369**	3,122
Social security costs	**466**	351
Pension costs	**253**	105
Charge in respect of share options granted	**162**	72
	5,250	3,650

Company

	Year to 30/6/07 Number	Year to 30/6/06 Number
Average monthly number of employees (including Executive Directors):		
Administrative, marketing and distribution	**69**	54
Laboratory	**20**	13
	89	67

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Staff costs during the year (including Directors)		
Wages and salaries	**3,511**	2,434
Social security costs	**359**	279
Pension costs	**233**	88
Charge in respect of share options granted	**162**	72
	4,265	2,873

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

4 Operating profit

Operating profit is after charging/(crediting):

	Year to 30/6/07 £000	Year to 30/6/06 £000
Depreciation – owned assets	**561**	332
Profit on disposal of fixed assets	**–**	(3)
Amortisation of intangible assets	**234**	23
Auditors remuneration:		
Fees payable to the Group's auditors for the audit of the annual accounts	**79**	51
Fees payable to the Group's auditors for other services to the Group, being tax services	**73**	84
R&D expenditure	**1,709**	1,226
Rentals under operating leases:		
Land and buildings	**237**	246

5 Segmental reporting

Geographical segmental analysis:

	30/6/07 UK £000	**30/6/07 US £000**	**30/6/07 Japan £000**	30/6/06 UK £000	30/6/06 US £000
Net assets/(liabilities)	**17,834**	**676**	**(83)**	14,548	519

The Company operates only one class of business.

An analysis of turnover and profit before tax by class of business and geographical location is not presented as in the opinion of the directors such disclosure would be prejudicial to the interests of the Group.

6 Tax on profit on ordinary activities

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Current tax		
UK corporation tax at 30% (2006: 30%)	**871**	1,146
Foreign tax	**324**	256
Adjustments in respect of prior periods – UK tax	**–**	(9)
Total current tax	**1,195**	1,393
Deferred tax		
Timing differences origination and reversal – UK tax	**366**	7
Timing differences origination and reversal – foreign tax	**(7)**	3
Total deferred tax	**359**	10
	1,554	1,403

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

Notes to the accounts continued

Year ended 30 June 2007

6 Tax on profit on ordinary activities continued

The standard rate of current tax for the year is 30% (2006: 30%). The current tax charge for the year reconciles to the standard rate as follows:

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Profit on ordinary activities before tax	**5,701**	4,828
Tax on profit on ordinary activities at standard rate of 30%	**1,710**	1,448
Factors affecting charge for the year:		
Capital allowances for year in excess of depreciation	**(411)**	(23)
Other timing differences	**13**	5
Expenses not deductible for tax purposes	**8**	51
Revenue items capitalised	**(2)**	(2)
R&D tax credit uplift	**(199)**	(120)
Deduction for exercise of share options	**(35)**	(22)
Adjustment in respect of prior years	**–**	(9)
Losses in foreign subsidiary not subject to tax	**27**	–
Differences in tax rates	**84**	65
Current tax charge for the year	**1,195**	1,393

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation has been substantively enacted in June 2007. In future any deferred tax balances will be stated at 28% of those amounts.

The effective tax rate for the year to 30 June 2008 is expected to reduce accordingly.

7 Profit attributable to the Company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The parent's profit for the financial year before dividends amounted to £3,776,000 (2006: £3,029,000).

8 Dividends

	Year to 30/6/07 £000	Year to 30/6/06 £000
Final dividend for the year ended 30 June 2006 of 2.0p (2006 first interim: 3.25p) per share	**691**	912
Interim dividend for the year ended 30 June 2007 of 0.80p (2006 second interim: 0.70p) per share	**277**	241
	968	1,153
Proposed final dividend for the year ended 30 June 2007 of 3.19p (2006: 2.0p)	**1,105**	689

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9 Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	Year to 30/6/07 £000	Year to 30/6/06 Restated* £000
Profit for the financial year	**4,147**	3,425

	Number of shares	Number of shares
Weighted average number of shares:		
Basic earnings per share	34,572,810	31,914,845
Assumed exercise of share options	943,674	1,135,585
Fully diluted earnings per share	35,516,484	33,050,430

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

10 Intangible assets

Group and Company

	Development costs and up-front licence fees for monoclonal antibodies £000	Distribution rights £000	Total £000
Cost			
As at 1 July 2006	100	–	100
Additions in the year	50	1,798	1,848
At 30 June 2007	**150**	**1,798**	**1,948**
Accumulated amortisation			
As at 1 July 2006	23	–	23
Charge for the year	45	189	234
At 30 June 2007	**68**	**189**	**257**
Net book value			
At 30 June 2007	**82**	**1,609**	**1,691**
At 30 June 2006	77	–	77

Notes to the accounts continued

Year ended 30 June 2007

11 Tangible fixed assets

	Computer equipment £000	Laboratory and operations equipment £000	Office equipment, fixtures and fittings £000	Total £000
Group				
Cost				
At 1 July 2006	251	717	674	1,642
Additions in year	207	1,824	285	2,316
Disposals in year	(1)	(1)	–	(2)
Exchange difference	(3)	(9)	(11)	(23)
At 30 June 2007	**454**	**2,531**	**948**	**3,933**
Accumulated depreciation				
At 1 July 2006	136	134	278	548
Charge for the year	85	214	262	561
Disposals in year	–	(1)	–	(1)
Exchange difference	(3)	(1)	(3)	(7)
At 30 June 2007	**218**	**346**	**537**	**1,101**
Net book value				
At 30 June 2007	**236**	**2,185**	**411**	**2,832**
At 30 June 2006	115	583	396	1,094
Company				
Cost				
At 1 July 2006	206	599	579	1,384
Additions in year	139	1,690	171	2,000
Disposals in year	(1)	(3)	–	(4)
At 30 June 2007	**344**	**2,286**	**750**	**3,380**
Accumulated depreciation				
At 1 July 2006	115	123	245	483
Charge for the year	65	170	204	439
Disposals in year	–	(1)	–	(1)
At 30 June 2007	**180**	**292**	**449**	**921**
Net book value				
At 30 June 2007	**164**	**1,994**	**301**	**2,459**
At 30 June 2006	91	476	334	901

12 Fixed asset investments

The Company's subsidiaries at 30 June 2007 are:

	Nature of business	Country of incorporation	Proportion of shares owned	Proportion of voting power held
Abcam Inc	Sale and distribution of antibodies	USA	100%	100%
Abcam KK	Sale and distribution of antibodies	Japan	100%	100%
Camgene	Dormant	UK	100%	100%

As at 30 June 2007 the called up share capital and reserves of Camgene were £10 (2006: £10). The company is dormant.

13 Stocks

	Group 30/6/07 £000	**Company 30/6/07 £000**	Group 30/6/06 £000	Company 30/6/06 £000
Goods for resale	**3,102**	**3,089**	2,308	2,298
Work in progress	**–**	**–**	50	50
	3,102	**3,089**	2,358	2,348

14 Debtors

	Group 30/6/07 £000	**Company 30/6/07 £000**	Group 30/6/06 £000	Company 30/6/06 £000
Trade debtors	**3,315**	**1,708**	2,386	1,164
Owed by subsidiary undertaking	**–**	**1,461**	–	1,165
Other debtors and prepayments	**1,012**	**1,403**	376	347
	4,327	**4,572**	2,762	2,676

All amounts are due within one year.

15. Creditors

Amounts falling due within one year

	Group 30/6/07 £000	**Company 30/6/07 £000**	Group 30/6/06 £000	Company 30/6/06 £000
Trade creditors	**1,382**	**1,324**	1,160	1,133
Corporation tax	**284**	**279**	562	411
Other taxes and social security	**124**	**124**	89	89
Other creditors	**337**	**321**	127	98
Accruals and deferred income	**1,277**	**1,170**	1,085	974
	3,404	**3,218**	3,023	2,705

Notes to the accounts continued

Year ended 30 June 2007

15. Creditors continued

Amounts falling due after more than one year

	Group 30/6/07 £000	**Company 30/6/07 £000**	Group 30/6/06 £000	Company 30/6/06 £000
Other creditors	**386**	**386**	–	–

16 Financial instruments

The Group does not undertake any speculative trading in financial instruments. Financial instruments comprise cash and short term investments together with debtors, creditors and accruals. The risks that arise from these instruments are currency exposure, interest rate and liquidity, and the policies followed throughout the year are as follows:

Currency risk

The Group trades in US dollars and euros as well as in sterling, having both income and expenses in all of these currencies, and this trading results in a surplus of dollars and euros. The Group hedges these surpluses at the start of each financial year in order to minimise the impact on that year's trading from exchange rate fluctuations. This is done by arranging forward exchange contracts month by month to sell a portion of the expected surpluses.

Interest rate risk

The Group places most of its liquid assets on deposit for periods of between one and six months. These deposits are with recognised UK high street banks. During the year the average interest rate received on these deposits was 5.12% (2006: 4.45%).

Liquidity risk

Liquidity is maintained by placing cash on deposit having regard to the Group's liquidity requirements which are assessed on a regular basis.

At 30 June the Group held the following liquid assets:

	30/6/07 £000	30/6/06 £000
Sterling cash deposits	**8,500**	11,000
Cash – sterling	**1,017**	205
Cash – US dollars	**697**	610
Cash – euros	**40**	59
Cash – yen	**455**	10
	10,709	11,884

At the balance sheet date Abcam plc was contracted to sell $7,750,000 (2006: $9,624,000) and €6,450,000 (2006: €3,577,000). The Directors consider there to be no material difference between the book value and the fair value of the Group's financial assets as at the balance sheet date.

Credit risk

Credit risk is primarily attributable to the Groups's trade debtors. The average credit period taken on sales goods is 47 days. An allowance has been made for potential bad debts in arriving at the amounts stated in the balance sheet. The Group has no significant concentration of credit risk in its debtors as the exposure is spread over a very wide range of customers.

17 Financial commitments

Operating lease commitments

At 30 June 2007 the following payments were committed to be paid during the next year in respect of operating leases:

	30/6/07 Land and buildings £000	30/6/06 Land and buildings £000
Group		
Leases which expire:		
Within 12 months	**197**	66
Within two to five years	**631**	–
After five years	**–**	209
	828	275
Company		
Leases which expire:		
Within 12 months	**197**	66
Within two to five years	**631**	–
After five years	**–**	209
	828	275

18 Deferred tax

Company and Group

Deferred taxation provided is as follows:

	Group		Company	
	30/6/07 £000	30/6/06 Restated* £000	**30/6/07 £000**	30/6/06 Restated* £000
Accelerated capital allowances	**549**	152	**534**	110
Other timing differences	**(105)**	(67)	**(90)**	(33)
Deferred tax liability	**444**	85	**444**	77

	30/6/07 £000
Group	
At 1 July 2006 (Restated*)	**85**
Charge in year	**359**
At 30 June 2007	**444**

* Restated for the effects of FRS 20 ‘Share based payment’ as explained in note 22.

Notes to the accounts continued

Year ended 30 June 2007

18 Deferred tax continued

	30/6/07 £000
Company	
At 1 July 2006 (Restated*)	**77**
Charge in year	**367**
At 30 June 2007	**444**

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

19 Called up share capital

	30/6/07 £000	30/6/06 £000
Authorised		
100,000,000 (2006: 100,000,000) ordinary shares of 1p each	**1,000**	1,000
Called up, allotted and fully paid		
34,623,384 (2006: 34,464,584) ordinary shares of 1p each	**346**	345

The Company operates a number of share option schemes for certain employees of the Group. The share based compensation charge is made up from option awards from the EMI plan, unapproved share option plan, the US employees share option plan and the SAYE plan. Information is shown for these schemes in aggregate.

The vesting period is from 1–3 years other than for those options with performance criteria, which vest when the criteria are met. If the options remain unexercised after a period of 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	2007 No. of share options	Weighted average exercise price Pence	2006 No. of share options	Weighted average exercise price Pence
Outstanding at beginning of period	**1,085,160**	**47.4**	1,176,080	12.5
Granted during the period	**651,393**	**280**	612,520	53
Forfeited during the period	**79,851**	**280**	31,600	12.5
Exercised during the period	**158,800**	**30**	671,840	14
Outstanding at the end of the period	**1,497,902**	**144**	1,085,160	47.4
Exercisable at end of period	**162,080**	**35.75**	419,400	34.12

19 Called up share capital continued

Under the Company's Enterprise Management Incentive Scheme employees of Abcam plc held options at 30 June 2007 for 966,191 unissued 1p ordinary shares (2006: 728,480). During the year options for 117,440 1p ordinary shares were exercised and 37,089 1p ordinary shares lapsed. The options outstanding at the end of the year were as follows:

Date of grant	Number of 1p shares	Option price per share	Date of vesting
April 2003	8,280	12.5p	April 2005
June 2003	64,000	25.0p to 50.0p	June 2007
July 2004	61,920	25.0p	November 2005
December 2004	220,000	25.0p	November 2007
July 2005	196,840	62.5p	July 2007
September 2005	60,000	62.5p	September 2007
September 2006	321,368	280.0p	September 2009
March 2007	33,783	296.0p	March 2010

Employees of Abcam plc also held options under an unapproved scheme at 30 June 2007 for 427,504 unissued ordinary shares (2006: 261,360) at exercise prices of 62.5p to 296p per share. 1,360 options for 1p ordinary shares were exercised during the year, 742 options for 1p ordinary shares lapsed and 168,246 options for 1p ordinary shares were granted. The options vest over the period January 2006 to March 2010.

Employees of Abcam Inc held options under an unapproved scheme at 30 June 2007 for 104,207 unissued 1p ordinary shares (2006: 55,320) at an exercise price between $1.125 and $5.26. During the year 42,020 options for 1p ordinary shares lapsed and 90,907 options for 1p ordinary shares were granted. The options vest over the period July 2007 and September 2009.

An option for 40,000 1p ordinary shares granted to a scientific advisor in 2003 was exercised in July 2006 at a price of 25p per share.

During the year the Company issued 1p ordinary shares as follows:

Date issued	Exercise Number of shares	Total price £	paid £
July 2006	40,000	0.25	10,000
September 2006	20,000	0.25	5,000
September 2006	36,000	0.25	9,000
September 2006	3,360	0.25	840
September 2006	4,320	0.25	1,080
November 2006	20,000	0.25	5,000
March 2007	1,360	0.625	850
March 2007	2,160	0.625	1,350
March 2007	1,960	0.625	1,225
April 2007	4,320	0.25	1,080
May 2007	2,160	0.625	1,350
May 2007	4,000	0.25	1,000
May 2007	6,720	0.625	4,200
June 2007	5,200	0.625	3,250
June 2007	3,240	0.625	2,025
June 2007	4,000	0.25	1,000
	158,800		48,250

Notes to the accounts continued

Year ended 30 June 2007

19 Called up share capital continued

Fair value calculation:

The fair value of the options schemes has been calculated using the Trinomial model, other than those options with market based perfomance criteria. The inputs into the Trinomial model are as follows:

	30/6/07	30/6/06
Weighted average share price	**£2.74**	£1.82
Weighted average exercise price	**£0.90**	£0.60
Expected volatility	**30%–40%**	30%
Expected life	**2–5 years**	3 years
Expected dividend yield	**1.10%**	1.10%
Risk free rate	**3.97%–5.08%**	4.31–4.72%

The fair value of options issued in September 2006 with market based performance criteria, are calculated using the Monte Carlo model.

The inputs into the Monte Carlo model are as follows:

	30/6/07	30/6/06
Weighted average share price	**£2.80**	–
Weighted average exercise price	**£2.80**	–
Expected volatility	**12%–30%**	–
Expected life	**3 years**	–
Expected dividend yield	**1.10%**	–
Risk free rate	**4.57%**	–

20 Statement of movements on reserves

	Share premium account £000	Other reserves Restated* £000	Foreign exchange reserve £000	Profit and loss account Restated* £000
Group				
As at 1 July 2006	10,573	89	(8)	4,068
Retained profit for the year	–	–	–	4,147
Dividends paid (note 8)	–	–	–	(968)
Premium on shares issued	46	–	–	–
Share based compensation charge	–	162	–	–
Currency translation difference on foreign currency net investments	–	–	(28)	–
At 30 June 2007	**10,619**	**251**	**(36)**	**7,247**

* Restated for the effects of FRS 20 ‘Share based payment’ as explained in note 22.

20 Statement of movements on reserves continued

	Share premium account £000	Other reserves Restated* £000	Profit and loss account Restated* £000
Company			
As at 1 July 2006	10,573	89	3,541
Retained profit for the year	–	–	3,776
Dividends paid (note 8)	–	–	(968)
Dividend received	–	–	269
Share based compensation charge	–	162	–
Premium on shares issued	46	–	–
At 30 June 2007	**10,619**	**251**	**6,618**

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

21 Reconciliation of movements in Group shareholders' funds

	2007 £000	2006 Restated* £000
Profit for the year	**4,147**	3,425
Other recognised gains and losses relating to the year (net)	**(28)**	(24)
	4,119	3,401
Dividends paid	**(968)**	(1,153)
Current tax charge on share based compensation charge	**–**	204
Share based compensation reserve	**162**	89
Issue of shares net of issuing costs	**47**	9,322
Net addition to shareholders' funds	**3,360**	11,863
Opening shareholders' funds	**15,067**	3,204
Closing shareholders' funds	**18,427**	15,067

* Restated for the effects of FRS 20 'Share based payment' as explained in note 22.

Notes to the accounts continued

Year ended 30 June 2007

22 Prior year adjustment

The Group adopted FRS 20 ‘Share based payment’ for the year ended 30 June 2007. This resulted in a prior period adjustment to expense the fair value of the options granted being £162,000 for the year ended 30 June 2006 and £89,000 for the prior periods.

The effects of this change is summarised below:

	Group and Company 2006 £000
Profit and loss account:	
Administrative expenses as previously stated	6,106
Share based compensation charge	72
Administrative expenses as restated	6,178
Taxation as previously stated	(1,221)
Share based compensation charge	(182)
Taxation as restated	(1,403)
Balance sheet:	
Provisions for liabilities and charges as previously stated	(112)
Deferred tax on share based compensation charge	27
Provisions for liabilities and charges as restated	(85)

23 Post balance sheet events

There were no Post Balance Sheet events that are considered relevant for the purposes of these accounts.

24 Ultimate controlling party

There was no ultimate controlling party in either year.

25 Related party transactions

Until September 2005 Dr E W Powell was a director of Cambridge Theranostics Ltd. which, during the year, purchased products from Abcam to a value of nil (2006: £4,274). During the year £19,000 (2006: nil) was paid to a relative of David Cleevely for consultancy work. Under a New Product Development agreement with a laboratory associated with Tony Kouzarides, Abcam provided products from its catalogue free of charge, with a resale value of £14,000 (2006: £22,000) and paid £23,000 in royalties (2006: £17,000). £5,000 of these royalties were outstanding at the year end (2006: £4,000).

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