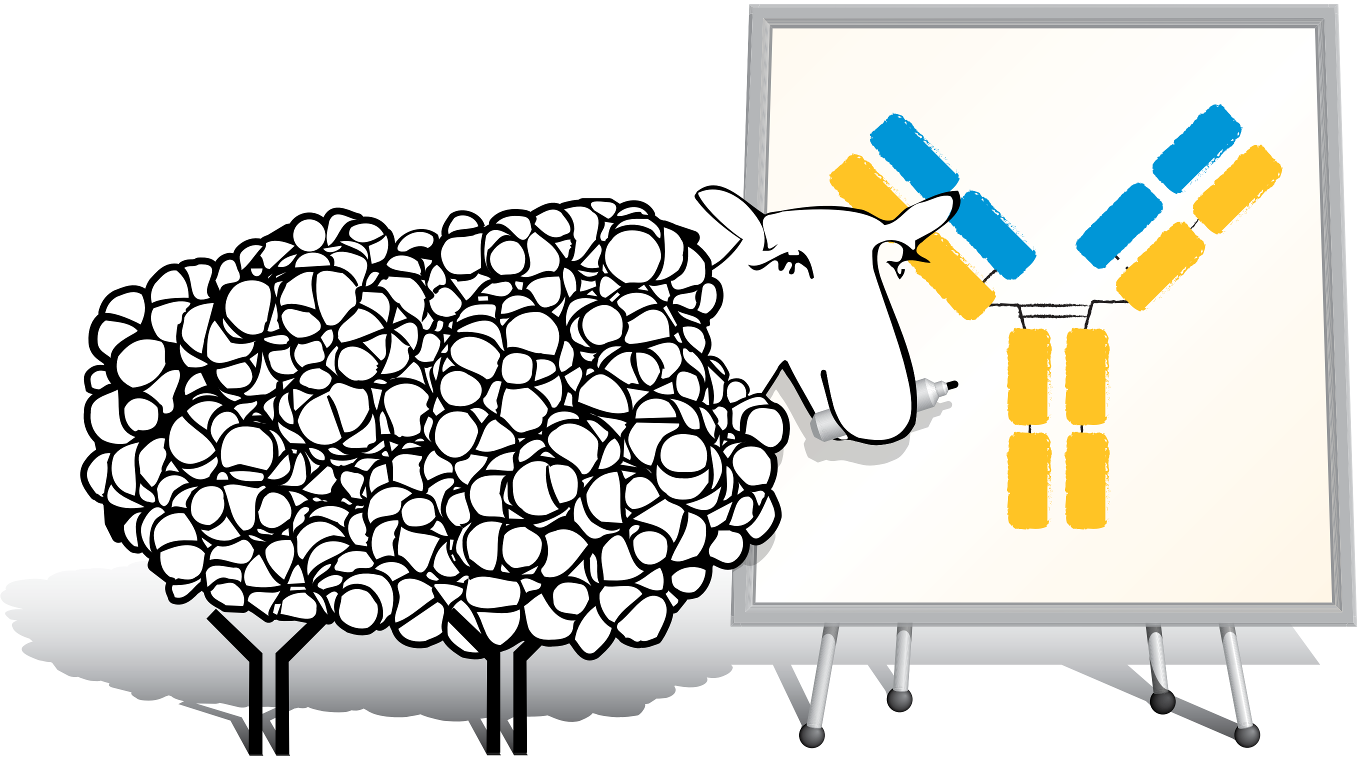
Abcam Annual Report and Accounts 2009

Annual Report and Accounts

Year ended 30 June 2009



A producer and distributor of research-grade antibodies

Our vision is to build the largest online catalogue of the best antibodies in the world.

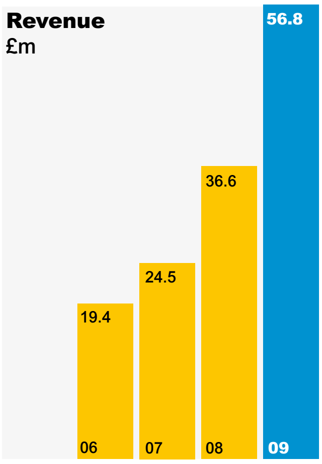
Directors' Report

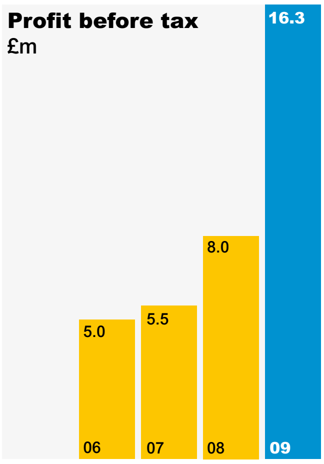
Financials

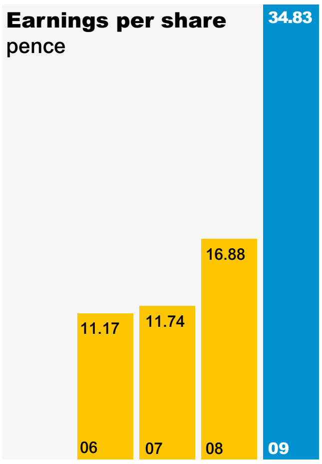
Highlights

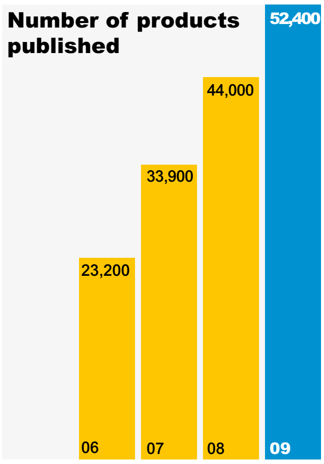
Abcam was established 11 years ago to meet the needs of the research scientist for reliable, validated antibodies for protein detection, a central function of life science research. Since then we have been dedicated to assisting global research through investment in the extension of our product catalogue and increased and improved validation of our products across an expanded range of applications.

David Cleevely Chairman









52,400
Number of products up 19.1%

£56.8m
Revenue increased 55.2%

£16.3m
Profit before tax increased 105%

- Revenue increased by 55.2% to £56.8m and by 27.8% on a constant currency basis
- Pre-tax profits increased by 105.0% to £16.3m
- Product range grew by 19.1% to approximately 52,400 antibodies and related products
- Net cash increased by £11.0m to £25.5m
- EPS increased by 106.3% to 34.83p per share
- Proposed final dividend of 9.40p per share giving increase of 116.2% in total dividend for the year to 12.11p
- Successful completion of office moves in the UK and Japan to accommodate further growth

At a glance

Abcam produces and distributes research-grade antibodies and related products.

No.1

Ranked Number 1 for best experience in terms of product quality and customer service*

237

employees

* Source: The Market for Antibodies: Keys to Success for Commercial Suppliers, Vol. 3, May 2009 (BioInformatics).

Our products

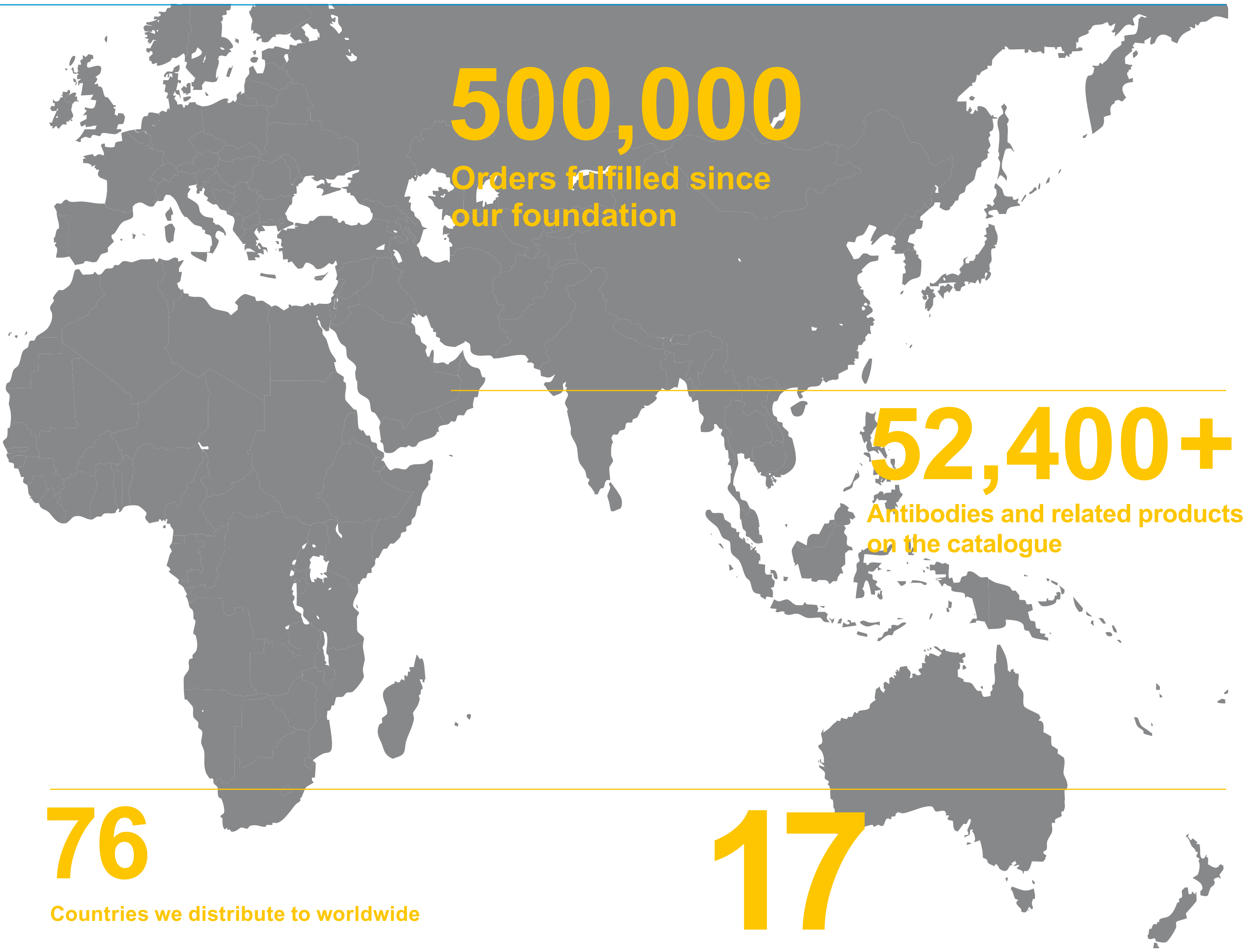
We have an online catalogue of over 52,400 antibodies and related products such as proteins, peptides and kits. Our aim is to provide high quality antibodies against as many protein targets as possible and to test each one in as many applications and species as we can. We believe that honesty is the best policy so publish as much information as we can about each of our products on our website.

Our team not only adds new products to our catalogue every day, but also regularly updates the data for our existing products. Within the year we have also initiated a project involving the use of a third party to accelerate the rate of characterisation information on products in the catalogue.

Our distribution

We process orders quickly and accurately and we ship across the globe using our fully automated web-based stock management system. We have invested in state-of-the-art storage and handling facilities which allow us to operate at high levels of efficiency and with low handling costs.

We have made an investment in the year to enable us to ship products at sub-zero temperatures. We therefore now have the capability to extend our range beyond antibodies to products which must remain frozen during transportation.



500,000

Orders fulfilled since our foundation

52,400+

Antibodies and related products on the catalogue

76

Countries we distribute to worldwide

17

Conferences organised in the year

Our market

The US is Abcam's largest market, accounting for over 40% of revenue in the last year. We are focused on gaining market share in the most mature and competitive market in the world by extending our opening times and continuing to target regions where we have lower market penetration.

Our European virtual offices allow European customers to contact us directly in their own languages, which has supported an increase of over 25% in revenues derived from this region during the year.

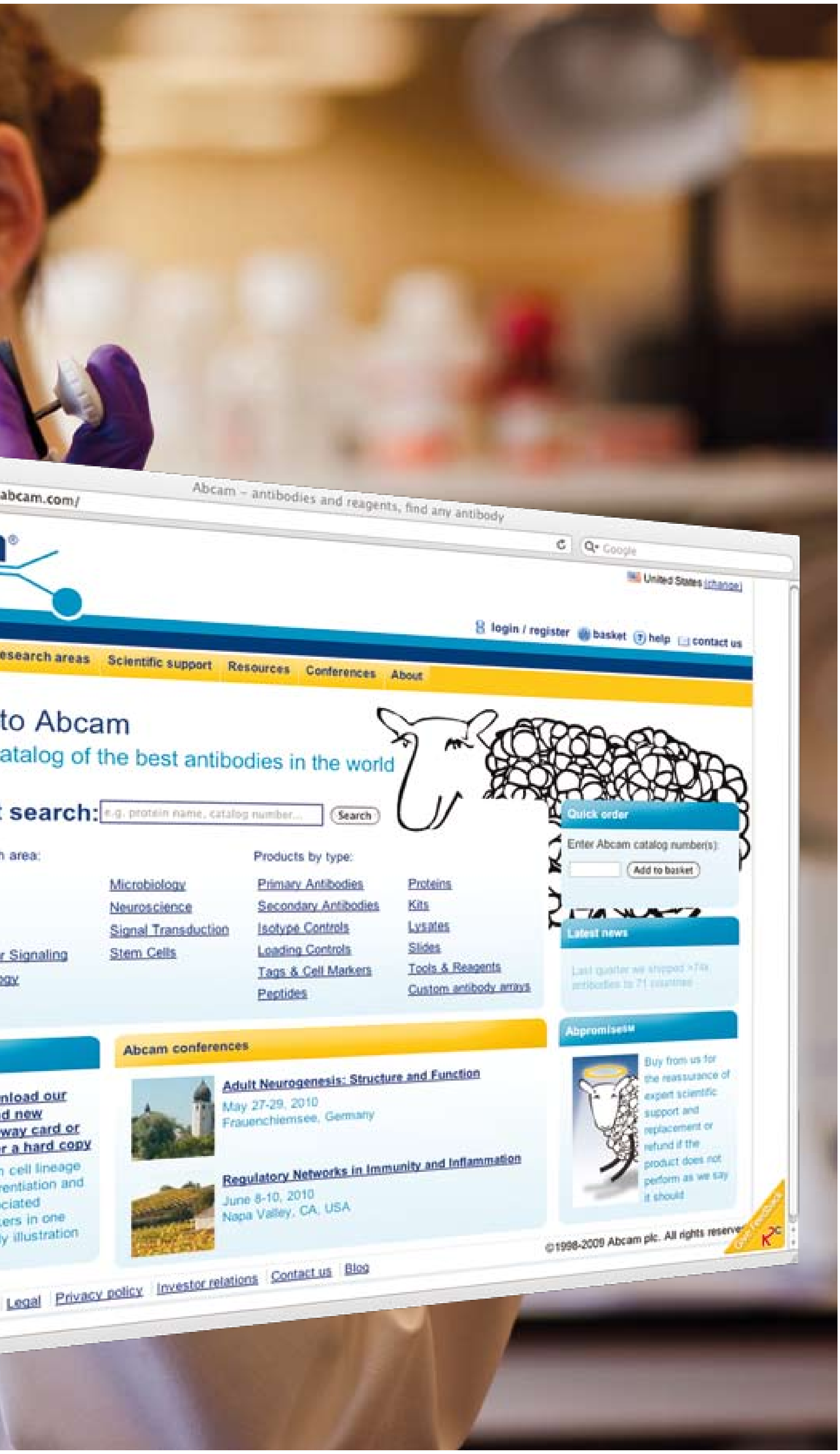
The contribution from our Japanese office has grown considerably, by over 50% in the year. However, the growing Asian market still represents an under-exploited opportunity for us. We are in the process of opening a sales and marketing office in Hong Kong to serve the local market and mainland China and we continue to build our distributor network in order to improve our geographic reach.

Our customers

A cornerstone of Abcam's development has been building and retaining a close relationship with our customers. The recent establishment of our own in-house customer research capability means we are able to build an ever closer understanding of the scientific research market.

We organise world-class conferences which serve to create a forum for scientists to discuss and present their work, often leading to ground-breaking discoveries. It allows us to stay at the cutting edge of research so we can make the most relevant new antibodies and also to stay in touch with our customers, learning how we can best improve our products.

We source and produce



We strive to offer our customers the best antibodies in the world regardless of their source.

8,400

New products added to the catalogue this year

300+

Partners supplying products

Our own laboratory in Cambridge, UK covers over 17,500 sq ft providing world leading antibody purification and characterisation facilities. As well as polyclonal antibody production, we are focusing on targeted production of a range of high selling monoclonal antibodies.

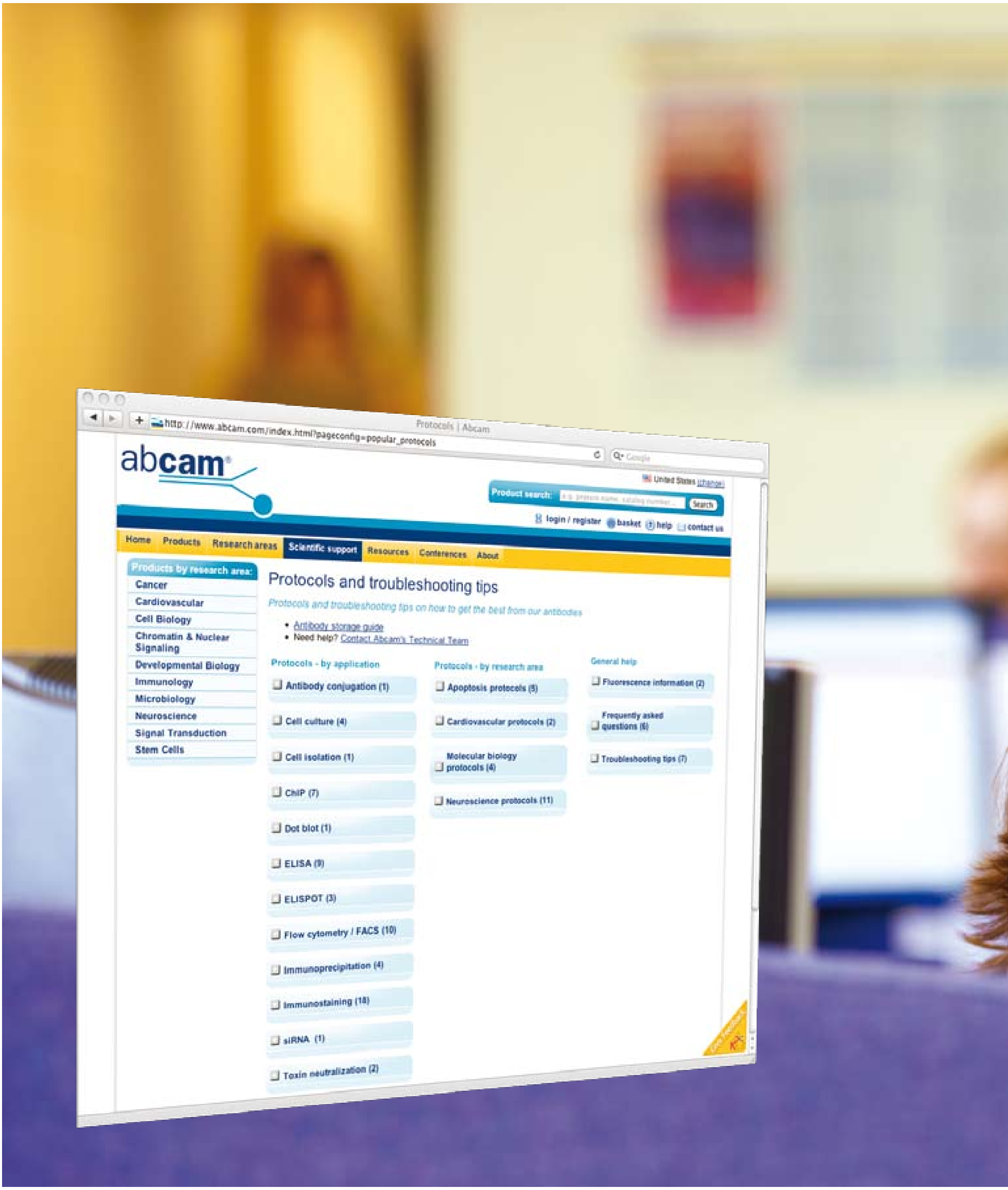
We also source other high quality antibodies from over 300 partners, including leading academic laboratories, primary manufacturers and other suppliers. We achieve this through a network of collaborators, licensing activities and customer suggestions.

Research areas

We focus our efforts on specific areas of research with high market demand and dedicate integrated teams to work on improving our product portfolio for each one. Each focus area has its own resource page on our website (an 'Abwire'):

- Cancer
- Cardiovascular
- Chromatin and Nuclear Signalling
- Immunology
- Neuroscience
- Stem Cells

We add value with customer support



Abcam's customer service and scientific support staff aim to provide the best pre- and post-sales support.

74.3%

Orders fulfilled directly from stock

40+

PhDs in-house providing leading edge support

Abreviews

We value both positive and negative feedback about how our antibodies are performing. Our Abreviews® system allows customers to share with us their experience of our products. By making this information available on our website, we also provide other scientists with useful data to help them select the best-suited products for their needs before making a purchase. We believe that the quality of this information contributes significantly to the continued increase in average sales of products that we observe over time.

Abpromise

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 scientific support team;
- they can contact other customers of the same antibody via our unique Abreviews® system;
- if, after optimisation, any product does not perform as described on the datasheet, our scientific support team will be on hand to provide expert advice; and
- we will replace or refund any faulty products if reported within 120 days of purchase.

We distribute internationally

We ship across the globe using our fully automated web-based stock management system.

76

Countries we distribute to worldwide

24

Hours delivery for US and Europe

We have invested in state-of-the-art storage and handling facilities which allow us to operate at high levels of efficiency and with low handling costs. We have a global reach, currently shipping to 76 countries, with next day delivery for the US and Europe for in-stock orders. Our customers can directly access the website to monitor the status of their orders so they can plan their experiments more effectively.

We distribute our antibodies in insulated packaging validated to last 48 hours. This ensures optimal conditions during transit and extends the shelf life of the product in our customers' hands. This year, we have invested in developing the capability to ship products in a frozen state on dry ice. This gives us the opportunity for future product portfolio expansion to new products that are highly temperature sensitive such as active proteins.

Another year of continued growth

Over the past 11 years Abcam has built a strong, trusted brand associated with high quality products and is well positioned for further strong growth.

Oct 1998 – Abcam opens for business

From the outset Abcam was clear about its market proposition: it would sell the best antibodies in the world with the most comprehensive, honest and up-to-date datasheets, coupled to fast delivery and exemplary customer service and technical support.

Aug 2002 – Automated web-based ordering facility

A new automated system was developed that allowed Abcam's customers to benefit from a faster, more streamlined order processing system. Abcam was able to increase shipping capacity by more than 300% without the need for additional manpower.

Apr 2005 – Queen's Award at first attempt

The Queen's Award for Enterprise has been running since 1966 and is widely recognised as the premier award for outstanding business performance in the UK. At its first attempt, Abcam was just one of 135 companies across the UK to win one of these coveted awards. The award is positive proof of the Company's outstanding success as an international business.

THE QUEEN'S AWARDS FOR ENTERPRISE 2005

May 2000 – 10th employee hired

May 2003 – First overseas office established

Abcam established its first permanent foothold outside the UK with the opening of an office in Cambridge, Massachusetts. The move reflected the growing importance of overseas trade to the Company and the rapid expansion of its international customer base.

Oct 2004 – First place in Deloitte's Fast 50

Abcam's winning ways reached new heights after it secured two awards in the space of a month. Appearing in Deloitte's Regional Technology Fast 50 league table for the third consecutive year, Abcam topped the table on the strength of sales that grew 7,200% between 1999 and 2003. Less than a month previously, Abcam had, for the second year, been ranked as one of Britain's fastest growing technology companies in the Sunday Times Microsoft Tech Track 100.

Nov 2005 – IPO on AIM

Abcam's flotation on the AIM market of the London Stock Exchange raised £10m to fund further growth opportunities including the expansion of our online catalogue, the broadening of the customer base, and the penetration of new geographic markets.

May 2006 – Leading edge storage and handling facilities

A new storage and retrieval system was introduced, greatly increasing our stock storage density and enabling further improvement to the speed and reliability of order delivery.

Dec 2006 – Japan office opens

The opening of Abcam's Japanese office reflects the determination to expand in East Asia, one of the fastest-growing antibody markets in the world. Technical support and customer service are top priorities for the office, supported by marketing and web development staff, greatly improving the quality of the technical support we can provide to customers in this region.

Jul 2007 – New world leading antibody facility

The facility, which is one of the world's most advanced antibody production laboratories, is designed to produce an increasing number of products, enhancing the quality, range and availability of products offered to Abcam's customers and maintaining Abcam's position as one of the market leaders in the provision of antibodies and reagents.

Jul 2008 – 200th employee hired

Mar 2009 – Catalogue grows to over 50,000 products

Jun 2009 – Abcam's expansion continues

Abcam opened its new global headquarters at 330 Cambridge Science Park, Cambridge, UK, providing 25,000 sq ft of office and storage space, double the size of the previous building. Jim Warwick, Abcam's Chief Operating Officer, commented: "This move marks another important milestone in the growth of Abcam. It represents the fourth time that we have relocated to bigger premises on the Science Park and underlines our optimism for the future."

Jul 2009 – Market capitalisation reaches £250m

Chairman's Review

David Cleevely Chairman

It gives me particular pleasure to be reporting on an outstanding performance and the excellent progress made during the year.

Trading has begun well in the new financial year, reflecting the robust and defensive nature of our markets.

We are presenting our results for the 2009 financial year against a backdrop of one of the most challenging global economic environments for many years. It therefore gives me particular pleasure to be reporting on an outstanding performance and the excellent progress made during the year. Abcam was established 11 years ago to meet the needs of the research scientist for reliable, validated antibodies for protein detection, a central function of life science research. Since then we have been dedicated to assisting global research through investment in the extension of our product catalogue and increased and improved validation of our products across an expanded range of applications. Throughout that time, the central tenets of our business have been to build an infrastructure such that our expansion is controlled and sustainable, and, critically, to stay in close communication with our customer base so that we can better serve them and anticipate their future requirements.

We are proud to have built a global business that is characterised by a rapidly increasing demand for its products, and a strong customer base, located across the world. We have fulfilled over half a million orders since our foundation and have a huge and growing volume of information on our antibodies. This information, much of which is available on our website, is provided from our own in-house facility, from our customers and suppliers, and via articles (which are now running at over 2,000 per quarter) in independent scientific publications. Our strong customer focus extends into the continued development of our e-commerce platform, which provides easy access to detailed information relating to our products, and extensive follow-up technical support, all aimed at improving the experience of, and assisting, the researcher.

Sales in the year increased by 55.2% to £56.8m and we benefited significantly from the weakness of Sterling, which had a positive impact on reported sales. Within that figure, underlying sales growth at constant currency rates was still very strong at 27.8% and we made significant progress in each of our main markets.

Our aim is to deliver sustainable growth through continued investment in the business. This year we have continued to develop the website, to optimise the user experience and, as part of our continued focus on being close to the markets and our customers, we now have our own in-house customer survey capability, which will play an important role in guiding new developments.

Our North American and Japanese offices have both had excellent years and grown significantly. Asia represents an opportunity for us which is as yet relatively untapped. We are therefore in the process of opening a sales and marketing office in Hong Kong to serve the local market and mainland China. As with the opening of our Japanese office in 2006, this will initially be on a small scale, as we look to develop our market penetration and provide improved customer service levels. Elsewhere, our distributor network has been further enhanced with the addition of three new distributors and we now have coverage over several countries in South America.

As indicated in the announcement accompanying our interim results in March, we have taken steps to refocus our monoclonal manufacturing resource towards more targeted production of a narrower range of high selling monoclonal antibodies, which we will supplement with the selective sourcing of monoclonal antibodies from third parties. Our aim is to leverage our excellent market position and knowledge to focus on areas of high demand, as we

currently do with our polyclonal production. As a consequence, we are taking an impairment charge of £1.1m in the year, relating to assets which are no longer utilised as a result of the decision to refocus strategy away from the higher-volume production processes.

Our customers are the lifeblood of our business and are central to its operation. I would like to extend thanks to them for their continued support, to our suppliers who serve us so well, and to our shareholders.

Growth at the levels we are reporting requires dedicated and capable staff and I am delighted to say that we have continued to attract people of the highest calibre at all levels across the business. We thank them for their continued commitment, creativity and attention to detail which makes our success possible.

Dividends

The Board's policy for the past two years has been to distribute 33% of post-tax earnings. In light of the continued strong cash flow and success of the Group, the Directors are recommending that the distribution ratio for this year be increased to 35%. An interim dividend of 2.71p per share was paid in April 2009 and the Directors are therefore recommending a final dividend of 9.40p per share, making a total of 12.11p for the year, an increase of 116.2% on that paid last year. Subject to shareholder approval at the Annual General Meeting ('AGM') in November, the final dividend will be paid on 27 November 2009 to shareholders on the register on 6 November 2009.

Outlook

The potential impact of the global recession on our business is difficult to assess but trading has begun well in the new financial year. The robust and defensive nature of our markets, particularly from centrally funded research, has been well demonstrated during the past year. Nevertheless, the current economic circumstances demand a degree of caution.

Since the Company was founded, our philosophy has been market led, focusing on the provision of the best quality products in the most relevant and meaningful way for the research scientist. This requires an integrated approach, across all areas of the business, and guides all that we do. Our track record demonstrates the strength of this philosophy, which I am sure will continue to serve the Company well in the future.

I was particularly pleased to welcome Mike Redmond to the Board as Deputy Chairman earlier in the year. As I indicated in the announcement of his appointment, after 11 years it is my intention to step down from the Board and I will be doing so at the AGM in early November. I am very proud of our achievements, the strength of the Company which has been built and the quality of the staff we have been able to attract. I am sure that under Mike Redmond's guidance and leadership as Chairman, Abcam will continue to thrive.

David Cleevely, FREng
Chairman
7 September 2009

Chief Executive Officer's Review

Jonathan Milner CEO

We continue to validate the strength of our business model and gain market share through our high quality, highly specified antibodies, breadth of catalogue and high levels of service and support.

It gives me a huge amount of pleasure to report on another very successful year for Abcam. With sales growth of 55.2% to £56.8m (27.8% on a constant currency basis), we continue to validate the strength of our business model and gain market share. Our high quality, highly specified antibodies and breadth of catalogue continue to attract new customers and the high levels of service and support we provide ensure strong levels of customer retention.

It is important that we continue to invest in the business whilst delivering profitable growth and as described below, we have done so again this year. Profit before tax increased by 118.5% from £8.0m to £17.4m (before a £1.1m charge associated with the restructuring at the production facility in the 2009 financial year).

Sales in North America grew by 23.6% to $41.8m (£26.2m) as we continued to gain market share in the biggest, most mature and competitive market in the world. We are extending our opening times in order to improve service levels on the West Coast and continue to target regions where we have lower market penetration.

Our virtual office approach to European markets and targeted marketing initiatives, based out of our Cambridge UK office, but enabling European customers to contact us directly in their own languages, has continued to be successful and sales to Europe grew by 27.7% to €18.9m (£16.3m).

In Japan, the transition away from using our original distributor to dealing exclusively with sub-dealers was completed during the year. This has been a major exercise and means that we are now able to be closer to the customer, which is a key part of our strategy and enables us to trade at improved margins. Sales in Japan grew by 52.4% to ¥704m (£4.6m).

We enjoyed strong growth in the UK as sales grew by 17.7% to £4.9m and, with the expansion of our distributor network, sales in the rest of the world grew by 51.0%.

Included in the rest of the world figure are sales in the Hong Kong and Chinese markets, which together accounted for 3.0% of our sales this year. We believe that we are under-represented in those markets and consequently are in the process of opening a small sales and marketing office in Hong Kong to help capitalise on this opportunity.

We have increased the number of products in the catalogue by 19.1% during the year to approximately 52,400, further extending our product range. New products added during the year contributed £2.7m of sales. As information is gathered on these products we expect sales to increase over time, as is the case with other products in the catalogue.

As our market reach grows we continue to attract new suppliers of quality products in what is still a relatively fragmented market. In addition, we enjoy the benefit of the product development activities of existing suppliers with whom we have more established relationships, and who continue to introduce new products to us. We are also looking to expand the breadth of antibody-related reagents we offer, further to which we made an investment during the year to enable us to ship products on dry ice. This now gives us the capability to extend our range to products which, unlike antibodies, must remain frozen during delivery.

We have completed the restructuring of our production facility following the switch to more targeted monoclonal production. The decision to do this was taken because in the view of the Board the

development of the high-volume monoclonal production process had the potential to absorb significant financial and management resources for an uncertain outcome. We will now look to supplement supply on a selective basis from third parties to ensure we have access to high quality monoclonal antibodies in order to meet market demand. Following the reorganisation, our polyclonal production activities have benefited from the additional development resources made available and are producing at record volumes. Having identified that a key driver of our growth is the amount of characterisation data available to scientists on the products in our catalogue, I am particularly pleased with the improvement both in throughput and breadth of applications that the characterisation team in our production facility can cover. There has been a significant increase in the amount of information added in the year and we have supplemented this for the first time by bringing a third party into our characterisation programme to help increase the volume and breadth of tests undertaken.

A cornerstone of Abcam's development has been building and retaining a close relationship with our customers. We do this in part by categorising the research market using our Core Focus Areas, which target researchers at the most exciting and cutting-edge frontiers of science. As part of this strategy we also continue to run world-class conferences where ground-breaking discoveries are announced, often with Abcam products as the enabling technology in those discoveries. We organised 17 conferences in the year, including our first in Asia. The recent establishment of our own in-house customer research capability means we are able to build ever closer relationships with the scientific community.

This year has seen an increase in resources applied to our newly formed dedicated e-commerce team, a particular focus of which has been improved and targeted e-mail marketing. We have also improved response times on the website and are attracting traffic to the site at increasing rates.

We look to build our business in a way which is scalable, to accommodate future growth. It is important that as we do this we continue to focus on economies of scale in order to optimise the return from our activities, hence our end-to-end internal system development, which links the public website to our key operating systems. This year we completed a major move of our head office to a new site on the Cambridge Science Park, and also moved offices in Japan following the change in distribution channels. Both moves were undertaken to accommodate further growth and were completed on time, with minimal disruption.

As previously announced, David Cleevely will be stepping down from the Board later this year. David was instrumental in the founding of Abcam in 1998 and I would like to express my thanks to David for all he has done for the Company over that time and the support he has provided to me personally. He has made a huge contribution and without him Abcam would not be the great Company it is today and perhaps would not have existed at all. We wish him well and are very much looking forward to working with Mike Redmond, who will be replacing David as Chairman.

Abcam has a proven business model, dedicated staff, continuing strong underlying growth and significant potential. We have created a brand that is trusted by our customers through our focus on antibodies, on product quality and on customer service. We intend to continue to grow the number of antibodies in our catalogue and will consider adding related products to assist researchers in their quest to uncover the secrets of the cell. These are exciting times for Abcam, which is at the forefront of enabling life science research.

Jonathan Milner
Chief Executive Officer
7 September 2009

Financial Review

Jeff Iliffe Chief Financial Officer

Revenues increased by 55.2% to £56.8m, or 27.8% on a constant currency basis.

Cash flow continues to be strong, with cash generated from operating activities of £14.8m.

EPS growth of 106.3% to 34.83p.

Revenue
Revenue increased in the year by 55.2% to £56.8m, or 27.8% on a constant currency basis (i.e. if foreign currency exchange rates had remained unchanged from 2008). The weighted average exchange rates applied to sales in the year were £1 : $1.595, €1.160, ¥151.880; (2008: £1 : $1.993, €1.355, ¥218.246).

Gross margin
Gross margins reported for the period under review were 65.8%, compared with 60.7% for the previous year. The weakness of Sterling has contributed to this rise through an increase in Sterling-translated average unit selling prices. Whilst a relatively high percentage of the cost of sale is US Dollar denominated, the increase in Sterling-translated cost arising from the impact of exchange rate movements during the year has been mitigated by the impact of sales of products acquired when the Sterling exchange rate was stronger.

On a constant currency basis, gross margins increased by 2.1% through increases in underlying average selling prices, the effective management of costs and improvement in the margins for products sold under Product Line Acquisition agreements.

Administration and management expenses
Administration and management expenses rose from £12.4m to £17.4m in the year, before a non-recurring impairment charge of £1.1m, which is discussed further below. The main increases relate to:
- a 29% increase in average headcount, in particular to increase staff resources in the Company's IT and customer support areas and in pursuit of the Company's Core Focus Area strategies;
- an increase in profit-related pay to employees, following the substantial increase in profit during the year;
- an increase in costs associated with the remaking of previously developed products to meet additional and expected demand;
- additional costs arising from the new leases for the larger premises now occupied in Cambridge, UK and Japan, together with the costs of those office moves; and
- costs arising from the commencement of an initiative involving the use of a third party to accelerate the rate of addition of characterisation information on products in the catalogue.

The bad debt provision decreased in the year from £0.59m to £0.31m. Previously provided net debts of £0.24m were written off against the provision, £0.04m was charged to reserves to reflect movements in exchange rates, and £0.08m was credited back to profit and loss, since a lower provision was required following the success in cash collection during the year.

Impairment of tangible assets
An impairment charge of £1.1m was taken during the year relating to fixed assets associated with the high-volume production processes which will not now be used in the business.

Research and development expenditure
Research and development ('R&D') expenditure relates to the development of new polyclonal and monoclonal products. R&D expenditure increased by 27.3% to £3.1m, reflecting the increased investment in these areas. Whilst the level of expenditure will not increase at the rate previously planned, following the move away from high throughput monoclonal development, it will rise in line with the introduction of new own manufactured polyclonal antibodies and as the new strategy for monoclonal antibody development is pursued.

Profit
After adding back the impairment charge of £1.1m in the 2009 financial year referred to above and the ongoing share based

payments charge, operating profit expressed as a percentage of sales was 30.7% (2008: 20.7%), despite the impact of the additional administrative and R&D costs outlined above.

Investment revenue fell in the year, despite strong cash generation, reflecting the much reduced returns in the market on cash deposits.

Tax

The consolidated tax charge for the year was £4.0m or 24.6% of profit before tax, reflecting the tax credits arising from the increased amount of R&D undertaken and the increase in the R&D tax benefit from 50% to 75% of expenditure since August 2008.

Inventories

The Group has strong inventory management systems which operate at the individual product level and are aimed at maintaining high stock availability for customers whilst minimising the levels of stock held to achieve this. As a result, stock levels have increased slightly less than the growth in sales during the course of the year. Over time, the Company expects the levels of stock to increase relative to sales, since Abcam products developed in house may involve batch sizes larger than are required for immediate sale, and as more stock is built up overseas to enable higher levels of service in local markets.

Debtors

The strong debtor control processes introduced last year have continued to operate effectively and debtor days at the year end were 32.0 (2008: 34.4). The majority of sales continue to be on credit and we would expect some increase in debtor days over time in line with practice in local markets as the geographic spread of sales widens.

Creditors

Current liabilities rose from £4.7m to £8.6m. This figure includes deferred income of £1.3m (2008: £0.1m), including £1.0m of the cash incentive of £1.1m received on entering into a new lease for the head office (2008: £nil), which is to be credited to profit and loss over the life of the lease. Excluding this deferred income, trade and other payables increased by 33.1% which is slightly less than the rate of increase in overall costs. Current tax liabilities increased to £1.9m (2008: £0.4m), reflecting the increase in taxable profit during the year.

Cash flow

The Group's cash flow continues to be strong, with cash generated from operating activities of £14.8m (2008: £7.1m), including the receipt of £1.1m in cash referred to above, which is included in deferred income (2008: £nil). Consequently, despite spending £1.8m on property, plant and equipment and £0.3m on acquiring computer software and distribution rights, the Group's cash and short-term investment balances increased during the year by £11.0m.

Accounting standards

This year is the first following the adoption of IFRIC 13 Customer Loyalty Programmes, which applies to the Abpoints scheme operated by the Company. This has resulted in a reduction in revenue and administration and management expenses of £96,000 in the year ended 30 June 2008. The effect on the comparative balance sheet was to increase trade and other payables by £96,000, with a corresponding decrease in provisions. There is no overall impact on results or net assets.

EPS

The number of shares issued during the year for the exercise of share options and for shares issued into the employee benefit trust, was relatively small at 458,669 (2008: 443,397), meaning that as post-tax profit grew by 108.7% (2008: 45.0%) the growth in basic EPS was 106.3% (2008: 43.8%) and in diluted EPS was 106.3% (2008: 44.9%).

Currency exposure

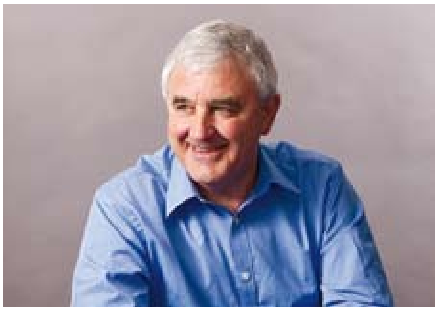
The Group continues to generate significant amounts of US Dollars, Euros and Japanese Yen in excess of payments in these currencies, and has arrangements in place to reduce the exposure to currency fluctuations. During the year to 30 June 2009 the Group had forward exchange contracts which matured to sell $14.1m and €11.4m at average rates of £1 to $1.760 and £1 to €1.246 respectively. For the year ending 30 June 2010 the Group has forward exchange contracts in place to sell $15.9m, €14.2m and ¥300.0m at average rates of £1 to $1.496, €1.138 and ¥157.09, of which $1.5m and €1.5m were marked to market rates at 30 June 2009, the balance being treated as hedged contracts. The Group also has contracts in place maturing in the year ending 30 June 2011 of $4.2m, €4.2m and ¥75.0m at average rates of £1 : $1.510, €1.138, ¥156.30 respectively.

Jeff Iliffe
Chief Financial Officer
7 September 2009

Board of Directors

David Cleevely, FREng, Chairman

David Cleevely is an entrepreneur and business angel who has founded a series of companies and acted as government advisor. His business and internet expertise were central to the formation of Abcam, which he co-founded in 1998. He is the founding director of the Centre for Science and Policy at the University of Cambridge. He is chairman of CRFS Ltd, the spectrum monitoring company, which he co-founded in July 2007, and the founder and former chairman of telecoms consultancy Analysys Ltd (acquired by Datatec International Ltd in 2004). In late 2004 he co-founded the 3G pico base station company, 3Way Networks Ltd, which was sold to Airvana Inc in April 2007. He joined the board of Trutap Ltd (formerly Hotxt Ltd) a mobile phone social networking provider in October 2005 and joined the board of Ionscope Ltd in 2007, becoming chairman in May 2008. He has been a prime mover behind Cambridge Network Ltd, co-founder of Cambridge Wireless Ltd, co-founder and member of the board of Cambridge Angels Ltd and is a member of the IET Telecoms Sector Panel. For eight years until March 2009 he was a member of the Ofcom Spectrum Advisory Board, and recently held an Industrial Fellowship at the University of Cambridge Computer Laboratory.



Mike Redmond, Non-Executive Deputy Chairman

Michael Redmond, who joined Abcam in February 2009, has substantial international experience in the pharmaceutical industry gained in both executive and non-executive capacities at businesses ranging from multinational organisations to start-up companies. He is currently chairman of Dechra Pharmaceuticals plc and his recent chairmanships include Synexus Clinical Research plc, Arakis Ltd and Microscience Ltd. His executive career began at Glaxo Group plc in 1967 and he has held senior executive positions in marketing and management at companies including Schering Plough Corporation and Fisons plc.

Jonathan Milner, PhD, Chief Executive Officer

Jonathan Milner is a highly experienced entrepreneur and business leader with a background in genetic research. He gained his doctorate in Molecular Genetics at Leicester University after graduating in Applied Biology at Bath University. From 1992 to 1995 he was a research fellow for Pfizer Pharmaceuticals at Bath University, following which he was a research fellow at the University of Cambridge in the laboratory of Professor Tony Kouzarides, studying genes and proteins associated with human cancers. Whilst working in research he identified the potential market opportunity in supplying high quality antibodies to support protein interaction studies. He founded Abcam, with David Cleevely and Professor Tony Kouzarides, in February 1998 as an internet-based business to supply this rapidly growing market. He is an active member of the Cambridge business community and is chairman of Cambridge Temperature Concepts Ltd, a privately held medical device company developing a reliable system for ovulation monitoring.

Jim Warwick, MA, Chief Operating Officer

Jim Warwick has an MA in Computer Science from the University of Cambridge. 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 VBN Ltd, a web-based hosting company specialising in business cluster and innovation network solutions. Jim joined Abcam in 2001 as Technical Director, focusing on the development of the website and the systems integral to support it, and took over operational management of the UK office as Managing Director in June 2004. In this capacity he worked on both cost-saving and efficiency improvement projects, including the bar-coding and automation of inventory handling within the Group. Jim is responsible for building infrastructure on a scalable basis, and he has overseen the strategy and implementation of Abcam's overseas office expansion in Japan, which has been instrumental in delivering improved volumes and margins to the business. In 2009, Jim took on the role of Chief Operating Officer, with operational responsibility for the Group as a whole.

Jeff Iliffe, ACA, **Chief Financial Officer**
Jeff Iliffe is a qualified accountant who was appointed as Abcam's Chief Financial Officer in November 2007, having previously worked for the Company as a financial consultant. He has extensive relevant experience of the City, industry and internet-based business. Jeff was a corporate financier in life sciences at Panmure Gordon & Co between 1989 and 1996. He then moved into industry, holding a number of financial positions at companies including the environmental consultancy Enviros Group Ltd and the biotechnology company Plethora Solutions plc. Prior to joining Abcam, he was chief financial officer at the e-commerce company St Minver Ltd.

Mark Webster, **Non-Executive Director**
Mark Webster is an experienced pharmaceutical marketeer who joined Abcam's Board as a non-executive director in July 2006. He is a Chemistry graduate from Durham University who has worked at a number of international pharmaceutical companies including Abbott Laboratories Ltd, Shire Pharmaceuticals Group plc, Bayer AG and ProStrakan Group plc, where as head of global marketing and North America he was responsible for setting up ProStrakan's US business. At Bayer he held the position of senior vice president global marketing and licensing/acquisitions and was also a member of Bayer Pharmaceutical's management committee. As vice president of anti-virals, US pharmaceuticals at Abbott he launched the HIV drug Kaletra, which generated more than $1bn in revenue.

Tony Kouzarides, PhD, **Non-Executive Director**
Tony Kouzarides is a co-founder of Abcam and has played a key role in expanding Abcam's antibody product range into the chromatin research area. Professor Kouzarides holds the Royal Society Napier Professorship in Cancer Biology at the University of Cambridge, UK, where he leads a laboratory that investigates the basic cellular role of chromatin-modifying enzymes and their role in human cancer. He is a co-founder of Chroma Therapeutics Ltd, which identifies drugs against cancer, and is the founder and director of cancer charity Conquer Cancer, operating in Spain.

Peter Keen, ACA, **Non-Executive and Senior Independent Director**
Peter Keen is a chartered accountant with more than 24 years' experience in the financing and management of biotechnology companies. He joined Abcam's Board in October 2005, prior to the Company's IPO. He is currently corporate development and finance director of the private biotechnology company Serentis Ltd and a non-executive director of Ark Therapeutics plc and of The Biotech Growth Trust plc. Peter has a notable track record in the UK biotechnology sector. He was co-founder and finance director of Chiroscience Group plc after which he helped establish Merlin Biosciences Ltd, where he was responsible for a number of investments including Ark Therapeutics plc, Cyclacel Ltd, ReNeuron plc and Vectura Group plc. More recently, he was chief financial officer of Arakis Ltd, until its successful trade sale in 2005, and a partner with the technology venture firm DFJ Esprit LLP.

Tim Dye, MA, **Non-Executive Director**
Tim Dye is a former chief executive of William Ransom & Son plc, a position he held until January 2008. Through a series of acquisitions, he 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 the University of Cambridge.

Corporate Directory

Registered office
330 Cambridge Science Park
Milton Road
Cambridge
CB4 0FL

Registered number
3509322

Company secretary
Tom McGuire

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

Solicitor
Eversheds LLP
1 Wood Street
London
EC2V 7WS

Auditor
Deloitte LLP
Chartered Accountants
Cambridge, UK

Public relations advisor
Buchanan Communications Limited
45 Moorfields
London
EC2Y 9AE

Banker
National Westminster Bank plc
King's Parade
Cambridge
CB2 3PU

Registrar
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

Report on Affairs of the Group

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and Auditors' Report, for the year ended 30 June 2009.

Principal activities and future developments

The Group's activities consist of the development, marketing and selling of antibodies and 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.

Antibodies are sourced from over 250 of the world's largest primary manufacturers, as well as academic laboratories and institutes, and the Group also produces its own antibodies in its production facility in Cambridge, UK. During the year, the restructuring of the production facility was completed following the switch to more targeted monoclonal production and the Group will now look to supplement supply on a selected basis from third parties to ensure it has access to high quality monoclonal antibodies in order to meet market demand. Following the reorganisation, the Group's polyclonal production activities have benefited from the additional development resources made available and are producing at record volumes.

Further future developments are addressed in the Chairman's Review, Chief Executive Officer's Review and Financial Review on pages 12 to 17.

Business review

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

	30 June 2009	30 June 2008	30 June 2007
Number of products published	**52,400**	44,000	33,900
Number of publications referencing Abcam products[1]	**8,224**	3,639	2,771
Revenue per employee	**£265,000**	£220,000	£203,000
Profit before tax to revenue	**30.6%**[2]	21.72%	22.6%
Number of debtor days at year end	**32**	34	44
Orders fulfilled directly from stock	**74.3%**	68.5%	70.9%

Sales increased by 55.2% in the year (27.8% on a constant exchange rate basis) as a result of continued increases in sales from the existing catalogue, as well as the launch of new products. The Group continued to generate strong margins, and pre-tax profits for the year increased to £17.4m[2] (2008: £8.0m).

Cash generation remained strong throughout the year, with the Group's closing cash and short-term deposits standing at £25.5m (2008: £14.5m).

Further analysis of the year's results, as well as the outlook for the coming year is set out in the Chairman's Review, the Chief Executive Officer's Review and the Financial Review on pages 12 to 17.

1 Source: Thomson ISI Web of Knowledge (http://isiwebofknowledge.com).
2 After adding back £1.1m impairment of tangible assets associated with the higher volume production processes which will not now be implemented.

Principal risks and uncertainties

The Group faces the competitive and strategic risks that are inherent in a rapidly growing market, and the Board and executive management regularly review the future strategy of the business.

The Group has an exposure to exchange rate fluctuation, in particular the strength of Sterling relative to the US Dollar, Euro and Japanese Yen. Although there are natural hedges in place due to the fact that the Group is able to utilise a proportion of its income in foreign currencies, in particular the Dollar, to pay for outgoings in those currencies, the Group generates surpluses of each currency. The Board's policy is to sell forward some of the expected surplus in order to reduce the short-term exposure. However, longer-term movements in the relative strength of Sterling will impact the Group's profits. For further details of the Group's risk management strategy see note 25.

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.

Directors' indemnities

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 R&D in areas related to its principal activities and this is discussed in the Financial Review on pages 16 to 17. During the year the Group spent £3.1m (2008: £2.4m) on R&D.

Dividends

The Directors have taken the decision to increase the total annual dividend to 12.11p (2008: 5.60p). This represents a distribution of 35% of profit after tax, compared with the previous policy of a 33% annual distribution.

The Directors therefore propose paying a final dividend of 9.40p (2008: 4.56p) per ordinary share, to be paid on 27 November 2009 to shareholders on the register on 6 November 2009. Together with the interim dividend of 2.71p paid on 17 April 2009, this makes a combined dividend for the year of 12.11p (2008: 5.60p).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in notes 26 and 27. The Company has one class of ordinary shares which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation.

With regard to the appointment and replacement of Directors, the Company is governed by the Articles of Association, the Companies Act and related legislation, and although not obliged to do so as an

AIM listed company, has chosen to follow the principles set out in the Combined Code on Corporate Governance wherever possible.

Directors

The interests of the Directors in the share capital of the Company at 30 June 2009, other than with respect to share based options and awards and shares conditionally awarded through the Share Incentive Plan (which are detailed in the Directors' Remuneration Report on page 33), were as follows:

	1p ordinary shares on 30 June 2009	1p ordinary shares on 30 June 2008
David Cleevely	**2,559,760**	3,569,760
Mike Redmond	**–**	–
Jonathan Milner	**7,085,280**	8,044,960
Jim Warwick	**853,520**	836,200
Jeff Iliffe	**320**	–
Mark Webster	**–**	–
Tony Kouzarides	**114,244**	114,244
Peter Keen	**8,982**	8,982
Tim Dye	**–**	–

There have been no changes in the Directors' interests in shares of the Company between 30 June 2009 and 7 September 2009.

In line with the principles set out in the Combined Code on Corporate Governance, which state that a non-executive director should stand for re-election annually when his length of service exceeds nine years, Tony Kouzarides, who has been a Director of the Company since April 1998, will offer himself for re-election at the forthcoming AGM. Peter Keen, Tim Dye and Mark Webster will retire from the Board by rotation and offer themselves for re-election. Mike Redmond, having been appointed by the Directors during the year, will offer himself for election at the AGM. Following formal performance evaluation, the Chairman has determined that each individual continues to demonstrate commitment to his role and to display unremitting effective performance; he is therefore recommending re-election of all non-executive directors standing at this year's AGM.

As previously announced, David Cleevely has made the decision to step down from the Board before the end of 2009. He has decided to retire following completion of the AGM and accordingly is not seeking re-election.

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. At 30 June 2009, the Group had an average of 19 days of purchases (2008: 17 days) outstanding in trade creditors.

Charitable and political donations and community support

Abcam participates actively in the community of entrepreneurial businesses clustered around Cambridge. Abcam supports the Cambridge Network, the University of Cambridge and the Judge Business School both by giving talks and presentations on our business as well as hosting projects for MBA students. Abcam takes students from secondary education on work experience programmes as well as occasional international exchange students on placement.

The Group encourages employees to get involved in local charitable activities; a maximum of 0.1% of the previous year's pre-tax profit is allocated for charitable donations, which are split between the US, UK and Japanese offices. These are allocated by a committee of staff volunteers working within guidelines set down by the Directors.

The Group made no political donations (2008: nil) and made charitable donations in the year of £4,113 (2008: £4,272) principally to children's and local charities serving the communities in which the Group operates.

Substantial shareholdings

Other than Directors' interests which are set out above, at 18 August 2009 shareholders with a greater than 3% interest in the issued share capital of the Company were:

	Number of ordinary shares held	Percentage of issued share capital
Standard Life Investments	3,265,747	9.19%
BlackRock Investment Management	2,529,619	7.12%
Artemis Investment Management	2,134,819	6.01%
Fidelity Investments	1,977,039	5.56%
Baillie Gifford	1,814,576	5.11%
Wasatch Advisors	1,355,083	3.81%
UBS Private Banking	1,194,500	3.36%

Corporate, social and ethical policies

Abcam recognises the importance of balancing the interests of all its key stakeholders – its customers, shareholders, employees, suppliers and the communities in which it operates. Management of the environmental and social issues that play a part in the business is a key factor in the Group's strategy for success and in the practice of good corporate governance.

The Group places considerable value on the involvement of its employees and has continued to keep them informed of the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Equity-based or similar incentives are currently made available to all employees of the Group. In addition, there is a profit-sharing scheme based on the overall profitability of the Group.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees. The Group needs highly-qualified staff and does not see age, colour, disability, ethnic origin, gender, or political or other opinion as a barrier to employment.

The Group aspires to carry out its business to the highest of ethical standards, treating employees, suppliers and customers in a professional, courteous and honest manner. The Group has an ethical policy which is reviewed by the Board and which is applied to its products. This includes reviewing and, where appropriate, visiting our suppliers to check the standards they follow in their products and services.

Health and safety and environment

Abcam seeks to provide and maintain safe and healthy working conditions, equipment and systems for all employees as far as is reasonably practicable and to provide such information, training and supervision as may be needed for this purpose.

The Group complies with legislation, however where best practice demands higher standards, it endeavours to apply these wherever reasonably practicable.

Health and safety ('H&S') in the Group is ultimately the responsibility of the Chief Executive Officer and is run by an H&S coordinator who is the chairman of the H&S committee; this committee uses appropriate advice from external specialist consultants.

Abcam seeks wherever possible to minimise its impact on the environment for the benefit of its staff and the public at large. The Group is committed to complying with environmental regulations and encourages and supports staff in waste recycling within its offices.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review, the Chief Executive Officer's Review and the Financial Review on pages 12 to 17. Notes 21, 24 and 25 include a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources and through a diverse customer base is exposed not only to the Western economies but also Japan, China and, to a lesser extent, South America. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

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

Directors' statement as to disclosure of information to 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 of which the Company's auditors are unaware; and
- 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 s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

David Cleevely, FREng
Chairman
7 September 2009

Corporate Governance Statement

Although not required to do so by the AIM listing rules, the Directors have chosen to provide selected corporate governance disclosures with this report, which they consider valuable to the reader.

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 Code').

The role and composition of the Board

The Board comprises the Chairman, Deputy Chairman, three full-time executive directors and four non-executive directors. Brief biographical details of all members of the Board are set out on pages 18 and 19.

The Board considers Mike Redmond, Tim Dye and Peter Keen to be independent within the meaning of the Code. Tony Kouzarides is also considered by the Board to be independent, notwithstanding the fact that he has served on the Board for more than nine years, since he demonstrates a continuous independence in character and judgement in all Board matters. David Cleevely is not deemed to be independent because of his shareholding. Mark Webster is not deemed to be independent because he has been employed by the Company in an executive capacity during the last five years. Peter Keen has been identified as the senior independent director.

The roles of Chairman and Chief Executive Officer 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 month, with attendance required in person one month and via telephone the next month. The principal matters that it considers are as follows:

- monthly management accounts, key performance indicators and performance against budget;
- regular reviews of R&D, operations and product sourcing;
- regular reviews of strategic objectives and Group priorities;
- the annual Group budget and revised forecasts;
- 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; and
- management of funds and major capital expenditure, including proposals for mergers or acquisitions of other companies or product lines.

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 those to 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 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.

Summary of Board meeting attendance in 2008/09

Twelve Board meetings were held in 2008/09. Attendance was as follows:

	Meetings attended
David Cleevely	10(12)
Mike Redmond	3(4)
Jonathan Milner	12(12)
Jim Warwick	12(12)
Jeff Iliffe	12(12)
Mark Webster	11(12)
Tony Kouzarides	11(12)
Peter Keen	12(12)
Tim Dye	11(12)

Figures in brackets denote the maximum number of meetings that could have been attended.

Board Committees

The Board has established three Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

Summary of Committee membership

	Audit Committee	Nomination Committee	Remuneration Committee
David Cleevely	Yes	Yes	Yes
Tim Dye	–	Chairman	Yes
Peter Keen	Chairman	Yes	Chairman
Tony Kouzarides	Yes	Yes	–
Mark Webster	–	–	–

On the resignation of David Cleevely following the forthcoming AGM, Mike Redmond will be appointed to replace him on the same sub-Committees.

Summary of Committee meeting attendance in 2008/09

	Audit Committee	Nomination Committee	Remuneration Committee
David Cleevely	2(2)	1(2)	2(2)
Tim Dye	–	2(2)	2(2)
Peter Keen	2(2)	2(2)	2(2)
Tony Kouzarides	2(2)	2(2)	–

Figures in brackets denote the maximum number of meetings that could have been attended.

The role of each Committee is described in more detail below.

The Audit Committee

The Committee has responsibility for the following matters:

- reviewing 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;
- reviewing the management's reports on internal controls;
- reviewing the Group's risk-management process, including the adequacy of insurance cover;
- reviewing the appointment of the external auditors together with the audit fee;
- monitoring the audit and non-audit work of the external auditors, including reviewing any management letters and the Company's response; and
- reviewing the arrangements by which staff may, in confidence, raise concerns about possible improprieties.

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 under review 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.

The Nomination Committee

The Committee is responsible for the following matters:

- reviewing the size and composition of the Board;
- identifying and nominating suitable candidates to fill vacancies on the Board; and
- reviewing succession planning for both Directors and the management team.

The process adopted by the Committee to identify a candidate for a specific vacancy is, in the first instance, to determine whether any individuals known to the Board would be suitable for the role. If no candidates can be identified through this process then an external search consultancy will be approached. Short-listed candidates are interviewed by all members of the Committee and other executive and non-executive directors as the Committee deems appropriate. Once a suitable candidate has been identified and references taken, the Chairman of the Committee will recommend to the Board that the Company make a formal offer of employment to the candidate.

Mike Redmond, Deputy Chairman was appointed to the Board during the year following a selection process managed by an external search consultancy.

All Directors are subject to election by shareholders at the first AGM after their appointment, and to re-election thereafter at intervals of no more than three years.

The terms of appointment of all non-executive directors will be available for inspection at the forthcoming AGM in November 2009.

The Remuneration Committee

The Committee is responsible for the following matters:

- setting the basic pay of executive directors and the remuneration of the Chairman;
- the operation of the performance-related bonus plan for the executive directors;
- agreeing the allocation and term for the granting of share based incentives to executive directors;
- determining the executive directors' pension contributions;
- overseeing the overall annual pay review for the Group; and
- agreeing the allocation and term for the granting of share based incentives to executive directors.

The Group has a formal and transparent procedure for developing policy on Directors' remuneration. No Director is involved in deciding his own remuneration.

The Committee aims to set levels of remuneration for executive directors that are sufficient to attract, retain and motivate directors of the quality required, without paying more than necessary, and that are appropriate for the size and complexity of the Group. It aims to see that a significant proportion of each executive director's remuneration package is performance-related.

The Committee is also responsible for overseeing the Company's profit share and its equity-based incentive schemes, 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 an ongoing system of internal control to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations. This has been in place for the year under review and up to the date of approval of the Annual Report.

The Audit Committee reviews the need for an internal audit function on an annual basis and has concluded that, due to the current size and structure of the Group and the level of control exercised by the management team, an internal audit function is neither necessary nor cost effective at this time. 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 ensure that the internal control environment develops with the size of the Company, with respect to the identification, evaluation and monitoring of risk.

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.

The Board is committed to transparency in financial reporting including the preparation of the Annual Report, internal control and external audit as demonstrated, amongst other things, by its reviewing of the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in these areas, which are formalised in a 'whistle-blowing' policy circulated to all employees, and through the adoption of its policies and procedures for financial reporting.

Board performance evaluation

During 2008 the Board undertook a formal evaluation of its own performance. The review involved detailed interviews with each Director and the Company Secretary and covered the functioning of the Board as a whole, and the operation of each of the Committees. The review confirmed the high level of commitment and professionalism exercised by the Board in the strategic and commercial leadership of the Group. It also concluded that the Board and its individual members continue to perform effectively and operate within a framework of sound governance and practices, which wherever it is reasonably practicable, are consistent with the principles set out in the Code.

The Board also undertakes an ongoing informal evaluation of its own performance via debrief discussions following each Board meeting.

The Company provides the Board with a regular programme of training opportunities, including training provided by external advisers, in order to ensure Directors remain appropriately informed of their roles and responsibilities. Regular updates on corporate governance are also provided to the Board by the Group's advisors.

Dialogue with shareholders

The Board believes it is important to have open communications with shareholders. To this end, the Chief Executive Officer and Chief Financial Officer, working in consultation with the Company's corporate and PR advisors, make themselves available and expect to meet with shareholders at least twice a year. The Board intends to give a presentation on the Group's progress at the forthcoming AGM on 2 November 2009.

Directors' Remuneration Report

Unaudited information:

Remuneration Report

Although not required by the AIM listing rules, the Directors have chosen to provide Directors' remuneration disclosures in this report which they consider valuable to the reader.

The Group has a Remuneration Committee ('the Committee'), chaired by Peter Keen, which wherever possible follows the principles of the recommendations of the Code, consisting of two independent non-executive directors as well as the Company Chairman.

During 2007/08, independent consultants were retained to advise on remuneration policy and to benchmark the executive directors' remuneration against that of a comparator group of companies with similar characteristics to Abcam in terms of their size, nature of operations, historic growth achieved and market capitalisation. These consultants have continued to advise the Company throughout the year and have updated the comparator group of companies to ensure appropriate benchmarks are maintained.

The recommendations on salary and bonus arrangements were implemented with effect from 1 July 2008. Following consultation with major shareholders, a long-term incentive plan for senior management, including the executive directors, was proposed and approved at the 2008 AGM. Following the approval, awards were made in November 2008 and further awards will be made later this year.

Remuneration policy

The Group's policy is that a substantial proportion of the remuneration of the executive directors should be performance-related. The four main elements of the remuneration package for the executive directors during the year were as follows:

- basic annual salary;
- a performance-based bonus;
- equity-based incentives; and
- pension contributions.

For future years the Committee will ensure that:

- it maintains a competitive package of total compensation, commensurate with comparable packages available in similar companies; and
- the interests of the executive directors are closely aligned with those of the Company's shareholders through the provision of share based incentives.

Where appropriate, independent advice will be sought to confirm these objectives are being met.

Basic salary

An executive director's basic salary is determined by the Committee and normally reviewed on 1 July each year. Executive directors' service contracts, which include details of remuneration, will be available for inspection at the AGM.

Performance-related payments

The bonus payable to executive directors is based on the financial performance of the Group and the achievement of individual performance targets related to the strategic objectives for each individual. Bonus payments are made in cash in a single payment once the audited financial statements have been approved.

In the year under review the total 'on target' bonus for executive directors was set at 37.5% of basic salary, capped at a maximum of 75% of basic salary; none of the bonus is pensionable. 80% of the bonus is based on the achievement of a target profit figure and 20% on achievement of individual strategic objectives. No payment is due under the profit-based bonus if profit is less than 90% of target and the maximum payment is due at 105% of target. As stated in the Chairman's Review, the year has been one of outstanding performance and excellent progress. As a result, all financial and personal performance targets were met and the bonus for 2008/09 will therefore be payable in full.

In 2009/10, the parameters for the bonus will be set at the same percentages of salary, based on revised profit targets and individual objectives. If the maximum part of the target profit element of the performance bonus is paid, then to reward exceptional performance, the Committee may at its discretion award bonuses of up to an additional 25% of salary, i.e. the maximum bonus that could be payable will be capped at 100% of salary. The criteria for the payment of such a bonus include additional revenue growth targets and the successful launch of suitable initiatives to sustain the longer-term growth strategy of the business.

In prior years, the financial performance-based element was paid under the Abcam Profit Share Scheme ('PSS'). Under this scheme an amount is allocated to employees on a points-based system, with the payment being dependent on the level of pre-tax profit achieved, the amount allocated varying depending on the level of profitability. The PSS payment was not capped, and payments on account from the PSS were made each quarter, although at no stage did they exceed 85% of the amount due until the audited financial statements were approved.

The scheme applied to all staff, including executive directors, and bonuses were pensionable up to the 'on target' profit level. If financial and personal targets were met the bonus payable to executive directors was 50% of basic salary, paid in cash.

Although the executive directors no longer participate in the PSS scheme, it still remains in place for all other employees of the Group, although the amount payable under PSS is no longer pensionable.

Equity-based incentives

Equity-based incentives are issued to the executive directors on a regular basis. In the period since listing on AIM, no equity-based incentives have been granted to non-executive directors and there are no plans for any such grants in the future.

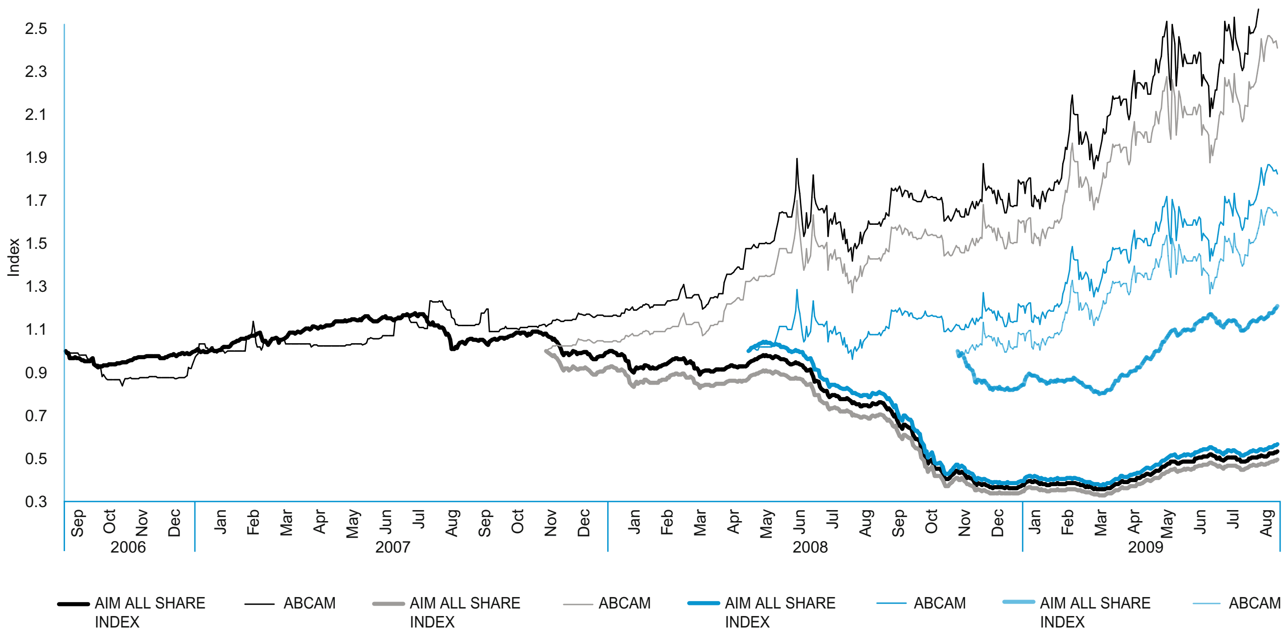
Existing arrangements

The Abcam plc 2005 Plan

The principal form of equity-based incentive used by the Group since its flotation in November 2005 has been the Abcam plc 2005 plan ('the Plan') which, following approval at the AGM in November 2008, was amended to make it more tax efficient for US-based employees. All options granted under the Plan since flotation have been based on out-performance of the FTSE AIM All Share 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.

In the year under review no options were granted under the Plan to the executive directors.

The following graph shows the performance against the FTSE AIM All Share index for the options issued since flotation which have not been forfeited subsequently. If all the options had crystallised at 10 August 2009 then all performance conditions in relation to the options would have been met. Details of these options are set out in note 31 to the financial statements.



SAYE scheme

The Company has also established a non-discretionary HMRC-approved SAYE scheme in which all employees, including the executive directors, can participate. Under this scheme, employees 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 offers 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 could be purchased will be the market value of the shares on the date immediately preceding the offer at a discount of 20%. The recent take-up under the scheme has not been high since many employees are already at the allowable investment limits and it is currently proposed not to make any further offers to employees under this scheme; no options were granted in the year under review.

Long-Term Incentive Plan ('LTIP')
The 2008/09 financial year saw the first awards to senior executives, including the executive directors, under the LTIP. The LTIP includes 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. The maximum level of award (being the aggregate market value of shares subject to the award at the date of grant) that can be granted to an eligible employee under the LTIP in any financial year is limited to 150% of that employee's salary.

Under the LTIP, performance share awards made in 2008/09 took the form of nil cost options and are subject to achievement over three years of two separate conditions, the first conditions applying to 50% of the shares subject to each award and the second condition applying to the remaining 50%.

The Total Shareholder Return ('TSR') condition
In respect of the first 50% of each award ('the TSR Awards'), the number of shares that will vest will depend on the Company's TSR performance as compared to a comparator group of companies ('the Comparator Group'):

- Where the Company's TSR is below the 50th percentile, none of the TSR Awards will vest.
- Where the Company's TSR is at or above the 70th percentile of the Comparator Group, all of the TSR Awards will vest.
- Where the Company's TSR is between the 50th and the 70th percentile, the proportion of the TSR Awards that will vest will be calculated on a straight-line basis from 30% at the 50th percentile and rising to 100% at the 70th percentile.

The Earnings Per Share ('EPS') condition
In respect of the second 50% of each award ('the EPS Awards'), the number of shares that vest will depend on the EPS growth of the Company over the vesting period:

- At an average of less than 25% growth per annum, equating to 95.3% growth over the period, none of the EPS Awards will vest.
- At average growth per annum of 33%, equating to total growth of 135.3%, the EPS Awards will vest in full.
- At growth rates between these two figures, the EPS Awards will vest proportionately.

The Company regularly monitors its performance against these conditions. If the awards had crystallised as at 30 June 2009, all performance conditions had been met, and therefore all TSR and EPS Awards would have vested in full.

For the LTIPs to be granted in 2009/10, it is proposed that the TSR condition remains unchanged; however the EPS condition will be amended. EPS has increased by 106.3% in the year under review, part of which is due to large, favourable foreign currency exchange rate movements which are unlikely to be repeated. The Remuneration Committee therefore considered that, in order for the LTIPs to be a realistic incentive, it would be appropriate to revise future years' target growth rates to reflect this much higher starting point. It is proposed that at an average of less than 15% growth per annum, equating to 52.1% growth over the period, none of the EPS Awards will vest; at average growth per annum of 20%, equating to 72.8% growth over the period, the EPS Awards will vest in full, and at growth rates between these two figures, the EPS Awards will vest proportionately.

2008/09 has been a very successful year for the Group and in order to maintain appropriate incentive to the executive directors to continue performance at the highest level, it is proposed that the level of award for the coming year be increased to 120% of salary, compared to 100% awarded during 2008/09.

Share Incentive Plan ('SIP')
An HMRC-approved SIP was introduced in October 2008 for all UK employees. Under the SIP, awards are made as follows:

Share awards
Annual awards are made to UK-based staff, with a market value of up to £3,000 each. Awards take the form of a conditional entitlement to shares and will vest after three years' continuous employment with the Company.

Partnership Shares
All UK-based employees are given the opportunity to invest up to £1,500 per annum to acquire new shares in the Company at market value. If these shares are held for three years and the employee remains employed by the Company during that time then they will also receive an additional share for each share acquired.

New arrangements
It is the Company's intention to grant additional equity based incentives in the coming year to executive directors under the existing SIP and LTIP as set out above. In addition, a new arrangement is being proposed.

The Abcam 2009 Company Share Option Plan ('CSOP')
For the 2009/10 financial year for those employees not participating in the LTIP, it is proposed that an HMRC-approved CSOP be introduced for UK-based employees of the Company, with a maximum value of £30,000 of market value options granted per employee. It is the current intention that the vesting of these options will be subject to the same performance conditions as applied to options granted under the Abcam plc 2005 Plan (see details above).

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 remuneration in the year under review was basic salary. During the year, the Group contributed 12% of basic salary, excluding the individual performance bonus, to a Group personal pension plan in the name of each executive director.

The Company operates a flexible benefits scheme for all UK-based employees, including executive directors, under which the option to sacrifice an element of basic pay and purchase additional pension contributions or other benefits is available. As a result of the salary sacrificed and used to purchase additional pension contributions, the Company's National Insurance liability is reduced. The benefit of this reduction is added as an additional contribution to each employee's pension fund, and for Directors this amount is included within the employer's pension contribution figures disclosed in the table of remuneration details below.

Terms of appointment
The details of Directors' contracts are summarised below:

	Date of contract	Notice period (months)
Executive		
Jonathan Milner	10 June 2000	6
Jeff Iliffe	6 November 2007	6
Jim Warwick	1 September 2001	6
Non-executive		
David Cleevely	24 July 2007	1
Peter Keen	27 October 2005	1
Tony Kouzarides	24 July 2007	1
Tim Dye	26 May 2006	1
Mark Webster	10 July 2007	1
Mike Redmond	1 March 2009	1

Audited information:
Remuneration details

	Basic salary[1] £000	Benefits in kind £000	Performance payments £000	Employer's pension contributions[1] £000	**Total 2009 £000**	Total 2008 £000
Executive						
Jonathan Milner	38	2	158	219	**417**	352
Jim Warwick	65	2	131	145	**343**	298
Jeff Iliffe (appointed 20 November 2007)	54	17[2]	116	131	**318**	183
Mark Webster[3]	–	–	–	–	**–**	81
Eddie Powell (retired 20 November 2007)	–	–	–	–	**–**	119
Non-executive						
David Cleevely	67	–	–	–	**67**	65
Peter Keen	40	–	–	–	**40**	37
Tony Kouzarides	32	–	–	–	**32**	29
Tim Dye	33	–	–	–	**33**	27
Mark Webster[3]	27	–	–	–	**27**	17
Mike Redmond (appointed 1 March 2009)	16	–	–	–	**16**	–
	372	21	405	495	**1,293**	1,208

1 The Directors are remunerated through the Company's flexible benefits scheme under which they can elect to switch basic salary into pension contributions and other benefits. The basic salary entitlement of each executive director during the year was: Jonathan Milner £210,000, Jim Warwick £175,000 and Jeff Iliffe £154,000.
2 Allowances paid to Jeff Iliffe in respect of relocation expenses.
3 Mark Webster joined the Board as non-executive director on 1 July 2006. From 14 March 2007 to 30 October 2007 he served as an executive director before moving back to serve in a non-executive capacity.

Jonathan Milner has agreed to waive future emoluments totalling £18,400, being the approved increase in his basic salary effective from 1 July 2009, in respect of services to be provided in the year ended 30 June 2010.

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options exercised during the year are as follows:

Name of Director	Number of options	Exercise price p	Market price at exercise date p	**Gain on exercise 2009 £**	Gain on exercise 2008 £
Jim Warwick	32,000	50.00	482.0	**138,240**	188,200
David Cleevely	40,000	125.0	475.0	**140,000**	–
Jonathan Milner	40,000	62.5	475.0	**165,000**	–
Eddie Powell	–	–	–	**–**	101,000
				443,240	289,200

Share options

Details of options and awards over 1p ordinary shares in the Company for Directors who served during the year are as follows:

Name of Director	Number of options/ awards at 30 June 2008	Granted	Exercised	**Number of options/ awards at 30 June 2009**	Exercise price p	Date from which exercisable	Expiry date
David Cleevely	40,000	–	(40,000)	**–**	125.0	31 Jan 06	29 Sep 15
Peter Keen	60,000	–	–	**60,000**	150.0	31 Jan 06	26 Oct 15
Tony Kouzarides	40,000	–	–	**40,000**	125.0	31 Jan 06	29 Sep 15
Jeff Iliffe	89,743[1]	–	–	**89,743**	312.0	8 Nov 10	7 Nov 17
Jonathan Milner	40,000	–	(40,000)	**–**	62.5	27 Jul 07	29 Sep 15
	53,571[1]	–	–	**53,571**	280.0	8 Sep 09	6 Sep 16
	46,004[1]	–	–	**46,004**	413.0	8 May 11	7 May 18
	139,575	–	(40,000)	**99,575**			
Jim Warwick	32,000	–	(32,000)	**–**	50.0	16 Jun 08	15 Jun 13
	42,142[1]	–	–	**42,142**	280.0	8 Sep 09	6 Sep 16
	4,218[2]	–	–	**4,218**	224.0	1 Nov 09	1 May 10
	41,602[1]	–	–	**41,602**	312.0	8 Nov 10	7 Nov 17
	119,962	–	(32,000)	**87,962**			
	489,280	–	(112,000)	**377,280**			

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 AIM All Share index at the third anniversary of grant. If this is not the case, performance will be tested on certain dates over the following 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 SAYE scheme. Options under this scheme are not subject to performance conditions.

LTIP awards

The following table sets out the grants made under the LTIP. Full details of the operation of the LTIP, including performance conditions are set out above, in the unaudited information contained within the Directors' Remuneration Report.

Executive director	Date of award	Date of release	Share price at date of grant p	Value of conditional award £000	Percentage of salary at date of award	Number awarded during the period
Jonathan Milner	6 Nov 08	5 Nov 11	462.0	210	100%	45,454
Jim Warwick	6 Nov 08	5 Nov 11	462.0	175	100%	37,878
Jeff Iliffe	6 Nov 08	5 Nov 11	462.0	154	100%	33,333

SIP

The following table sets out the shares purchased and awarded under the SIP in respect of the executive directors. Full details of the operation of the SIP are set out above, in the unaudited information contained within the Directors' Remuneration Report.

Executive director	Date of award	Date of release	Share price at date of purchase of Partnership Shares and award of Matching Shares £	Free shares conditionally awarded during the period	Partnership Shares purchased during the period	Matching Shares conditionally awarded during the period	Dividend shares acquired during the period	**Number as at 30 June 2009**
Jonathan Milner	7 Nov 08	8 Nov 11	462.0	649	–	–	–	**649**
	27 Nov 08	28 Nov 11	485.0	–	309	309	–	**618**
	8 Dec 08	9 Dec 11	475.0	–	–	–	6	**6**
	29 Apr 09	30 Apr 12	660.0	–	–	–	5	**5**
Total				**649**	**309**	**309**	**11**	**1,278**
Jim Warwick	7 Nov 08	8 Nov 11	462.0	649	–	–	–	**649**
	27 Nov 08	28 Nov 11	485.0	–	309	309	–	**618**
	8 Dec 08	9 Dec 11	475.0	–	–	–	6	**6**
	29 Apr 09	30 Apr 12	660.0	–	–	–	5	**5**
Total				**649**	**309**	**309**	**11**	**1,278**
Jeff Iliffe	7 Nov 08	8 Nov 11	462.0	649	–	–	–	**649**
	27 Nov 08	28 Nov 11	485.0	–	309	309	–	**618**
	8 Dec 08	9 Dec 11	475.0	–	–	–	6	**6**
	29 Apr 09	30 Apr 12	660.0	–	–	–	5	**5**
Total				**649**	**309**	**309**	**11**	**1,278**

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRSs') and have also chosen to prepare financial statements for the Company in accordance with IFRSs. Company law requires the Directors to prepare such financial information in accordance with IFRSs, the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

David Cleevely, FREng
Chairman
7 September 2009

Jeff Iliffe
Chief Financial Officer
7 September 2009

Independent Auditors' Report

to the Members of Abcam plc

We have audited the financial statements of Abcam plc for the year ended 30 June 2009 which comprise the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Parent Company Statement of Recognised Income and Expense and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 June 2009 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 3 to the financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board ('IASB').

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the Company a quoted company; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the 2008 FRC Combined Code. We reviewed:

- the Directors' statement contained within the Report on Affairs of the Group in the Directors' Report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2008 Combined Code specified for our review.

Stuart Henderson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, UK
7 September 2009

Consolidated Income Statement

For the year ended 30 June 2009

	Notes	Year ended 30/06/09 £000	Year ended 30/06/08 restated* £000
Continuing operations			
Revenue	6	**56,801**	36,598
Cost of sales		**(19,420)**	(14,389)
Gross profit		**37,381**	22,209
Administration and management expenses excluding share based compensation charge and impairment of property, plant and equipment		**(16,985)**	(12,248)
Share based compensation charge	31	**(374)**	(173)
Impairment of property, plant and equipment	18	**(1,074)**	–
Total administration and management expenses		**(18,433)**	(12,421)
R&D expenses excluding share based compensation charge		**(2,986)**	(2,398)
Share based compensation charge	31	**(90)**	(19)
Total R&D expenses		**(3,076)**	(2,417)
Operating profit		**15,872**	7,371
Investment revenue	11	**431**	581
Profit before tax		**16,303**	7,952
Tax	14	**(4,012)**	(2,062)
Profit for the year attributable to shareholders	8, 29	**12,291**	5,890
Earnings per share from continuing operations			
Basic	16	**34.83p**	16.88p
Diluted	16	**34.17p**	16.56p

*Restated to reflect the adoption of IFRIC 13 as per note 2.

Consolidated Statement of Recognised Income and Expense

For the year ended 30 June 2009

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Gains/(losses) on cash flow hedges	**1,296**	(168)
Exchange differences on translation of foreign operations	**245**	3
Tax on items taken directly to equity	**247**	502
Net income recognised directly in equity	**1,788**	337
Profit for the year	**12,291**	5,890
Total recognised income and expense for the year	**14,079**	6,227

Consolidated Balance Sheet

At 30 June 2009

	Notes	30/06/09 £000	30/06/08 restated* £000
Non-current assets			
Intangible assets	17	**793**	994
Property, plant and equipment	18	**3,541**	4,204
Deferred tax asset	23	**335**	–
Derivative financial instruments	22	**326**	–
		4,995	5,198
Current assets			
Inventories	20	**6,796**	4,506
Trade and other receivables	21	**6,486**	4,860
Cash and cash equivalents	21	**25,501**	13,473
Short-term deposits	21	**–**	1,020
Derivative financial instruments	22	**1,338**	–
		40,121	23,859
Total assets		**45,116**	29,057
Current liabilities			
Trade and other payables	24	**(6,694)**	(4,169)
Current tax liabilities		**(1,871)**	(382)
Derivative financial instruments	22	**–**	(197)
		(8,565)	(4,748)
Net current assets		**31,556**	19,111
Non-current liabilities			
Deferred tax liabilities	23	**–**	(78)
Deferred creditor	24	**(83)**	(109)
		(83)	(187)
Total liabilities		**(8,648)**	(4,935)
Net assets		**36,468**	24,122
Equity			
Share capital	26	**355**	351
Share premium account	27	**11,558**	10,871
Own shares	28	**(301)**	–
Translation reserve	29	**197**	(33)
Share based compensation reserve	29	**962**	483
Hedging reserve	29	**933**	–
Deferred tax reserve	29	**1,368**	758
Retained earnings	29	**21,396**	11,692
Total equity attributable to shareholders		**36,468**	24,122

*Restated to reflect the adoption of IFRIC 13 as per note 2.

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2009.

They were signed on its behalf by:

Jeff Iliffe
Director

Company Balance Sheet

At 30 June 2009

	Notes	30/06/09 £000	30/06/08 restated* £000
Non-current assets			
Intangible assets	17	**792**	994
Property, plant and equipment	18	**3,054**	3,976
Investments	19	**105**	45
Deferred tax asset	23	**159**	–
Derivative financial instruments	22	**326**	–
		4,436	5,015
Current assets			
Inventories	20	**6,783**	4,501
Trade and other receivables	21	**6,579**	5,144
Cash and cash equivalents	21	**24,090**	11,918
Short-term deposits	21	**–**	1,020
Derivative financial instruments	22	**1,338**	–
		38,790	22,583
Total assets		**43,226**	27,598
Current liabilities			
Trade and other payables	24	**(6,193)**	(3,719)
Current tax liabilities		**(1,784)**	(269)
Derivative financial instruments	22	**–**	(197)
		(7,977)	(4,185)
Net current assets		**30,813**	18,398
Non-current liabilities			
Deferred tax liabilities	23	**–**	(178)
Deferred creditor	24	**(83)**	(109)
		(83)	(287)
Total liabilities		**(8,060)**	(4,472)
Net assets		**35,166**	23,126
Equity			
Share capital	26	**355**	351
Share premium account	27	**11,558**	10,871
Own shares	28	**(301)**	–
Share based compensation reserve	29	**908**	444
Hedging reserve	29	**933**	–
Deferred tax reserve	29	**1,196**	758
Retained earnings	29	**20,517**	10,702
Total equity attributable to shareholders		**35,166**	23,126

*Restated to reflect the adoption of IFRIC 13 as per note 2.

The financial statements were approved by the Board of Directors and authorised for issue on 7 September 2009.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Notes	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Net cash inflow from operating activities	30	**14,812**	7,142
Investing activities			
Investment income		**513**	581
Proceeds on disposal of property, plant and equipment		**–**	(1)
Purchase of property, plant and equipment		**(1,756)**	(2,445)
Purchase of intangible assets		**(259)**	(274)
Net cash used in investing activities		**(1,502)**	(2,139)
Financing activities			
Dividends paid		**(2,572)**	(1,481)
Proceeds on issue of shares		**691**	257
Purchase of own shares		**(316)**	–
Decrease/(increase) in short-term deposits		**1,020**	(1,020)
Net cash used in financing activities		**(1,177)**	(2,244)
Net increase in cash and cash equivalents		**12,133**	2,759
Cash and cash equivalents at beginning of year		**13,473**	10,709
Effect of foreign exchange rates		**(105)**	5
Cash and cash equivalents at end of year		**25,501**	13,473

Company Cash Flow Statement

For the year ended 30 June 2009

	Notes	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Net cash inflow from operating activities	30	**13,535**	5,858
Investing activities			
Investment income		**503**	561
Proceeds on disposal of property, plant and equipment		**–**	1
Purchases of property, plant and equipment		**(1,349)**	(2,434)
Purchases of intangible assets		**(258)**	(251)
Investment in subsidiary		**–**	(29)
Dividends received		**918**	401
Net cash used in investing activities		**(186)**	(1,751)
Financing activities			
Dividends paid		**(2,572)**	(1,481)
Proceeds on issue of shares		**691**	257
Purchase of own shares		**(316)**	–
Decrease/(increase) in short-term deposits		**1,020**	(1,020)
Net cash used in financing activities		**(1,177)**	(2,244)
Net increase in cash and cash equivalents		**12,172**	1,863
Cash and cash equivalents at beginning of year		**11,918**	10,055
Cash and cash equivalents at end of year		**24,090**	11,918

Company Statement of Recognised Income and Expense

For the year ended 30 June 2009

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Gains/(losses) on cash flow hedges	**1,296**	(168)
Share based compensation charge recognised on behalf of subsidiaries	**60**	29
Tax on items taken directly to equity	**75**	502
Net income recognised directly in equity	**1,431**	363
Profit for the year	**11,484**	5,126
Total recognised income and expense for the year	**12,915**	5,489

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

1. General information

Abcam plc (the Company) is incorporated in the UK under the Companies Act 2006. The address of the registered office is 330 Cambridge Science Park, Milton Road, Cambridge, CB4 0FL, UK.

The Group's activities consist of the development, marketing and selling of antibodies and 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.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

In the current year, three Interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') are effective for the current period. These are: IFRIC 11 IFRS 2 – Group and Treasury Share Transactions, IFRIC 13 – Customer Loyalty Programmes and IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The Group was previously accounting for group and treasury share transactions in accordance with IFRIC 11, so no further changes have been made as a consequence of the adoption of this Interpretation. The adoption of IFRIC 14 has not led to any changes in the Group's accounting policies and had no impact on the Group's financial position and performance. The adoption of IFRIC 13 has resulted in a reduction in revenue and administration and management expenses by £96,000 in the year ended 30 June 2008. The effect on the comparative balance sheet was to increase trade and other payables by £96,000, with a corresponding decrease in provisions. There is no overall impact on results or net assets.

The Group has adopted IFRS 8 Operating Segments in advance of its effective date, with effect from 1 July 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive Officer to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed. There is no effect on reported net income or net assets as a result of applying this Standard.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 1 (amended)	Additional exemptions for first-time adopters
IFRS 2 (amended)	Share based payment – Vesting Conditions and Cancellations
IFRS 2 (amended)	Group Cash-Settled Share Based Payment Transactions
IFRS 3 (revised 2008)	Business Combinations
IFRS 7 (amended)	Improving Disclosures about Financial Instruments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 23 (revised 2007)	Borrowing Costs
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 32 (amended)/IAS 1 (amended)	Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 39 (amended)	Financial Instruments: Recognition and Measurement: eligible hedged items
IAS 39 (amended)	Financial Instruments: Reclassification of Financial Assets: Effective date and transition
IAS 39 (amended)/IFRIC 9 (amended)	Embedded Derivatives
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
Improvements to IFRSs (May 2008)	

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The Group is currently assessing its impact on the financial statements, although it is not expected to be material.

Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets, it is likely to result in certain changes in the presentation of the Group's financial statements for the forthcoming year.

The Directors anticipate that the adoption of the remaining Standards and Interpretations in future periods will have no material impact on the Group's reported income or net assets in the period of adoption.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Group financial statements are presented in Sterling and all values are rounded to the nearest thousand Pounds (£000) except when otherwise indicated. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when goods are despatched and title has passed.

Sales of goods that result in award credits for customers, under the Abpoints Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. Significant accounting policies continued

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the results of the operations of the Company's overseas subsidiaries, Abcam Inc and Abcam KK, are translated at the monthly average exchange rates during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of operations are classified as equity and recognised in the Group's foreign currency translation reserve.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the nature of the Group's obligations under the schemes is equivalent to those arising in a defined contribution retirement benefit scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. Significant accounting policies continued

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is recognised as an asset if and only if it meets the recognition criteria set out in IAS 38 – Intangible Assets.

Payments made to acquire software and distribution rights from third parties are capitalised at cost and amortised on a straight-line basis over their estimated minimum useful lives. The minimum useful life is determined to be three years in the case of software, and the term of the deal in the case of distribution rights, which can extend up to 10 years.

Impairment of tangible and intangible assets
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Investments
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and an attributable portion of production overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving or defective items where appropriate.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. Significant accounting policies continued

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Forward contracts are used by the Group to manage its exposure to the risk associated with the variability in cash flows in relation to both recognised assets or liabilities and forecast transactions.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised immediately in profit or loss, together with any changes in the fair value of the hedged item that is attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'administration and management expenses' line of the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3. Significant accounting policies continued

Share based payments

The Group has applied the requirements of IFRS 2 Share Based Payment. In accordance with IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 July 2006.

Incentives in the form of shares are provided to employees under share option, share purchase (SIP) and long-term incentive plans (LTIP). Equity-settled share based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

Fair value of options issued under the Group's share option schemes is measured by the use of the Monte Carlo Simulation.

Fair value of the awards under the Group's LTIP is measured by the use of the Monte Carlo Simulation for the TSR portion and the Binomial Model for the EPS portion.

Fair value of an equity-settled payment under the SIP is measured as the face value of the award on the date of grant.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Charges made to the income statement in respect of share based payments are credited to retained earnings.

The Group operates an employee benefit trust as part of its incentive plans for employees. All assets and liabilities of the trust are recorded in the balance sheet as assets and liabilities of the Company until such time as the assets are awarded to the beneficiaries. All income and expenditure of the trust is similarly brought into the results of the Company.

Own shares

Own equity instruments which are acquired are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the date of reporting the financial statements, and the reported amounts of revenues and expenditure during the year. In preparation of the consolidated financial statements, estimates and assumptions have been made by the Directors concerning the fair value of share options, the estimated useful lives of fixed assets, accruals and provisions required, the carrying value of investments, the recoverability of deferred tax assets, the carrying value of intangible assets and other similar evaluations. Actual amounts may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment

As a result of a restructuring exercise in the Company's manufacturing activities, certain assets were no longer generating future economic benefits. The Directors have made an assessment of the recoverable amount of these assets, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The recoverable amount of the assets is estimated to be less than their carrying amount, and so the carrying amount of the assets has been reduced to the recoverable amount. An impairment loss of £1.1m has been recognised as an expense immediately.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Impairment of intangibles

Management is in the process of renegotiating a product line acquisition deal. Consequently, it was considered that the carrying value of this intangible was no longer supportable and an impairment loss of £0.2m has been recognised to take account of the recoverable amount of the contract.

Fair value of derivatives and other financial instruments

As described in note 25, the Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Valuation of own manufactured inventory

The standard costs used for the valuation of own manufactured inventory require a number of assumptions concerning the allocation of overheads. These assumptions are based primarily on management's estimates of time spent in each relevant area of activity.

Provision for slow moving or defective inventory

The provision for slow moving or defective inventory is based on management's estimation of the commercial life and shelf life of inventory lines and is applied on a prudent basis. In assessing this, management takes in to consideration the sales history of products and the length of time that they have been available for resale.

5. Income statement for the Company

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. Abcam plc reported a profit for the year ended 30 June 2009 of £11,484,000 (2008: £5,126,000).

6. Revenue

An analysis of the Group's revenue, all of which derives from continuing operations, is as follows:

	Notes	Year ended 30/06/09 £000	Year ended 30/06/08 restated* £000
Sales of goods		**56,801**	36,598
Investment revenue	11	**431**	581
		57,232	37,179

*Restated to reflect the adoption of IFRIC 13 as per note 2.

7. Operating segments

Adoption of IFRS 8, Operating Segments

The Group has adopted IFRS 8 Operating Segments in advance of its effective date, with effect from 1 July 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, being the Chief Executive Officer, to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally was analysed on the basis of geographical locations. This is because the Directors consider that there are no identifiable business segments that are engaged in providing individual products or services or a group of related products and services that are subject to risks and returns that are different to the core business. The information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is 'sales of antibodies and related products'. The Group's revenue and results and assets for this one reportable segment can be determined by reference to the Group's income statement and balance sheet.

The Group has no individual product or customer which comprises more than 10% of its revenues.

7. Operating segments continued

Geographical information

The Group's revenue from external customers and information about its non-current segment assets (excluding deferred tax) by geographical location are detailed below:

	Revenue		Non-current assets	
	Year ended 30/06/09 £000	Year ended 30/06/08 restated* £000	**As at 30/06/09 £000**	As at 30/06/08 £000
United States	**24,535**	15,831	**435**	209
UK (country of domicile)	**4,883**	4,148	**4,173**	4,970
Germany	**4,719**	2,935	**–**	–
Japan	**4,634**	2,115	**52**	19
Other countries	**18,030**	11,569	**–**	–
	56,801	36,598	**4,660**	5,198

*Restated to reflect the adoption of IFRIC 13 as per note 2.

Revenues are attributed to countries on the basis of the customer's location. No country included within 'Other countries' contributes more than 5% of the Group's total revenue.

8. Profit for the year

Profit for the year has been arrived at after charging/(crediting):

	Notes	**Year ended 30/06/09 £000**	Year ended 30/06/08 £000
Net foreign exchange losses		**81**	136
R&D expenditure		**3,076**	2,417
Operating lease rentals – land and buildings	12	**822**	545
Depreciation of property, plant and equipment	18	**1,417**	1,130
Impairment loss on property, plant and equipment	18	**1,074**	–
Loss on disposal of property, plant and equipment		**160**	56
Amortisation of intangible assets included within administration and management expenses	17	**261**	307
Impairment loss on intangible assets included within administration and management expenses	17	**201**	642
Cost of inventories recognised as an expense		**18,870**	13,850
Write-down of inventories recognised as an expense		**550**	539
Staff costs	10	**10,148**	7,308
Impairment (gain)/loss recognised on trade receivables	21	**(84)**	367
Legal fees associated with potential offer for Group		**–**	250
Auditors' remuneration	9	**102**	91

9. Auditors' remuneration

A detailed analysis of the auditors' remuneration on a worldwide basis is provided below:

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**62**	62
Fees payable to the Company's auditors for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	**13**	13
Total audit fees	**75**	75
– Tax services	**24**	13
– Recruitment and remuneration services	**–**	3
– Other services relating to treasury advice	**3**	–
Total non-audit fees	**27**	16
Total auditors' remuneration	**102**	91

10. Staff costs

Group

The average monthly number of employees (including executive directors) was:

	Group		Company	
	Year ended 30/06/09 Number	Year ended 30/06/08 Number	**Year ended 30/06/09 Number**	Year ended 30/06/08 Number
Management, administrative, marketing and distribution	**170**	130	**111**	88
Laboratory	**44**	36	**44**	36
	214	166	**155**	124

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30/06/09 £000	Year ended 30/06/08 £000	**Year ended 30/06/09 £000**	Year ended 30/06/08 £000
Wages and salaries	**8,054**	5,776	**5,722**	4,508
Social security costs	**683**	525	**418**	350
Pension costs	**947**	815	**867**	776
Charge in respect of share options granted	**464**	192	**404**	162
	10,148	7,308	**7,411**	5,796

11. Investment revenue

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Interest revenue on cash and short-term deposits	**431**	581

12. Operating lease arrangements

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
Land and buildings	**822**	545

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, all of which relate to land and buildings, which fall due as follows:

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Within one year	**834**	651	**438**	392
In the second to fifth years inclusive	**2,552**	1,615	**2,158**	996
	3,386	2,266	**2,596**	1,388

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods. The effect on the income statement will differ to the above figures to the extent of the amortisation of a £1.1m lease incentive received on signing of a new lease in 2008/09, and also the amortisation of the rent-free period included in the same lease agreement. The expected operating lease charge in 2009/10 is expected to be £778,000 for the Group and £382,000 for the Company.

13. Other gains or losses

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
(Gain)/loss in fair value of forward exchange contracts		
– On contracts used as hedging instruments	(1,296)	–
– On other contracts (see accounting policy note for derivative financial instruments)	(368)	197
	(1,664)	197

14. Tax

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Current tax	4,539	1,632
Deferred tax (note 23)	(527)	430
	4,012	2,062

Corporation tax is calculated at 28% (2008: 29.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the income statement as follows:

	Year ended 30/06/09 £000	Year ended 30/06/09 %	Year ended 30/06/08 £000	Year ended 30/06/08 %
Profit before tax	16,303		7,952	
Tax at the UK corporation tax rate of 28% (2008: 29.5%)	4,565	28.0%	2,346	29.5%
Effect of different tax rates of subsidiaries operating in different jurisdictions	175	1.0%	158	2.0%
Tax effect of expenses that are not deductible in determining taxable profit	48	0.3%	75	0.9%
R&D tax credit uplift	(771)	(4.7)%	(325)	(4.1)%
Deduction for exercise for share options	–	–%	(122)	(1.5)%
Prior year adjustments	(5)	(0.0)%	(70)	(0.9)%
Tax expense and effective rate for the year	4,012	24.6%	2,062	25.9%

15. Dividends

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2008 of 4.56p (2007: 3.19p) per share	1,612	1,116
Interim dividend for the year ended 30 June 2009 of 2.71p (2008: 1.04p) per share	960	365
Total distributions to equity holders in the period	2,572	1,481
Proposed final dividend for the year ended 30 June 2009 of 9.40p (2008: 4.56p) per share	3,339	1,599

The proposed final dividend is subject to approval of the shareholders at the AGM and has not been included as a liability in these financial statements.

16. Earnings per share

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

	Year ended 30/06/09 £000	Year ended 30/06/08 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	**12,291**	5,890
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**35,287,943**	34,902,538
Effect of dilutive potential ordinary shares:		
Share options	**679,385**	671,614
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**35,967,328**	35,574,152

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated on the same basis as basic earnings per share but with a further adjustment for the weighted average shares in issue to reflect the effect of all dilutive potential ordinary shares. The number of dilutive potential ordinary shares is derived from the number of share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

17. Intangible assets

Group

	Upfront licence fees £000	Distribution rights £000	Software £000	Total £000
Cost				
At 1 July 2007	150	1,798	–	1,948
Additions	15	237	–	252
Disposals	(1)	–	–	(1)
Revaluation for impairment	–	(642)	–	(642)
At 1 July 2008	164	1,393	–	1,557
Additions	99	–	162	261
Disposals	(1)	–	–	(1)
At 30 June 2009	**262**	**1,393**	**162**	**1,817**
Amortisation and impairment				
At 1 July 2007	68	189	–	257
Charge for the year	53	254	–	307
Disposals	(1)	–	–	(1)
At 1 July 2008	120	443	–	563
Charge for the year	61	157	43	261
Impairment loss	–	201	–	201
Disposals	(1)	–	–	(1)
At 30 June 2009	**180**	**801**	**43**	**1,024**
Carrying amount				
At 30 June 2008	44	950	–	994
At 30 June 2009	**82**	**592**	**119**	**793**

17. Intangible assets continued

Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Total £000
Cost				
At 1 July 2007	150	1,798	–	1,948
Additions	15	237	–	252
Disposals	(1)	–	–	(1)
Revaluation for impairment	–	(642)	–	(642)
At 1 July 2008	164	1,393	–	1,557
Additions	99	–	161	260
Disposals	(1)	–	–	(1)
At 30 June 2009	**262**	**1,393**	**161**	**1,816**
Amortisation and impairment				
At 1 July 2007	68	189	–	257
Charge for the year	53	254	–	307
Disposals	(1)	–	–	(1)
At 1 July 2008	120	443	–	563
Charge for the year	61	157	43	261
Impairment loss	–	201	–	201
Disposals	(1)	–	–	(1)
At 30 June 2009	**180**	**801**	**43**	**1,024**
Carrying amount				
At 30 June 2008	44	950	–	994
At 30 June 2009	**82**	**592**	**118**	**792**

The amortisation period for the upfront licence fees and software is three years. The amortisation period for the distribution rights is the term of the deal. The impairment loss is in respect of the reduction in the forecast revenues and profits of one of the distribution rights agreements.

18. Property, plant and equipment

Group

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2007	454	2,531	948	–	3,933
Additions	158	2,168	166	22	2,514
Exchange differences	4	1	2	–	7
Disposals	(28)	(21)	(5)	–	(54)
At 1 July 2008	588	4,679	1,111	22	6,400
Additions	193	653	1,025	66	1,937
Exchange differences	30	53	48	–	131
Disposals	(68)	(1)	(780)	(35)	(884)
At 30 June 2009	**743**	**5,384**	**1,404**	**53**	**7,584**
Accumulated depreciation and impairment					
At 1 July 2007	218	346	537	–	1,101
Charge for the year	149	709	269	3	1,130
Exchange differences	(23)	(9)	(5)	–	(37)
Eliminated on disposals	1	–	1	–	2
At 1 July 2008	345	1,046	802	3	2,196
Charge for the year	165	1,032	200	20	1,417
Impairment loss	63	988	9	14	1,074
Exchange differences	17	23	40	–	80
Eliminated on disposals	(63)	(1)	(654)	(6)	(724)
At 30 June 2009	**527**	**3,088**	**397**	**31**	**4,043**
Carrying amount					
At 30 June 2008	243	3,633	309	19	4,204
At 30 June 2009	**216**	**2,296**	**1,007**	**22**	**3,541**

18. Property, plant and equipment continued

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2007	344	2,286	750	–	3,380
Additions	143	2,161	156	22	2,482
Disposals	(26)	(20)	(2)	–	(48)
At 1 July 2008	461	4,427	904	22	5,814
Additions	138	630	693	66	1,527
Disposals	(57)	(1)	(780)	(35)	(873)
At 30 June 2009	**542**	**5,056**	**817**	**53**	**6,468**
Accumulated depreciation and impairment					
At 1 July 2007	180	292	449	–	921
Charge for the year	113	660	172	3	948
Eliminated on disposals	(21)	(9)	(1)	–	(31)
At 1 July 2008	272	943	620	3	1,838
Charge for the year	119	967	118	20	1,224
Impairment loss	62	986	7	14	1,069
Eliminated on disposals	(56)	(1)	(654)	(6)	(717)
At 30 June 2009	**397**	**2,895**	**91**	**31**	**3,414**
Carrying amount					
At 30 June 2008	189	3,484	284	19	3,976
At 30 June 2009	**145**	**2,161**	**726**	**22**	**3,054**

As a result of the decision to refocus the monoclonal manufacturing resource towards more targeted, lower level production, an impairment loss of £1.1m (2008: £nil) has been recognised in the year relating to tangible assets associated with the higher volume production processes which will not now be implemented.

19. Investments

The Company's subsidiaries at 30 June 2009 and 2008 are:

	Country of incorporation	Proportion of shares held	Proportion of voting power held
Abcam Inc	USA	100%	100%
Abcam KK	Japan	100%	100%
Camgene	UK	100%	100%

Abcam Inc and Abcam KK are involved in the sale and distribution of antibodies and related products. Camgene is dormant.

Analysis of changes in investments:

	£000
At 1 July 2008	45
Additions	60
At 30 June 2009	**105**

Investments are held at cost less provision for impairment. All additions represent share based payment charges for share options issued by the Company to employees of the subsidiaries.

20. Inventories

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Goods for resale	**6,796**	4,506	**6,783**	4,501

21. Financial assets

Trade and other receivables

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Amounts receivable for the sale of goods	**5,685**	4,288	**2,614**	2,470
Allowance for doubtful debts	**(305)**	(591)	**(115)**	(413)
	5,380	3,697	**2,499**	2,057
Amounts owed by subsidiary undertakings	**–**	–	**3,332**	2,169
Other debtors	**516**	499	**277**	292
Prepayments	**590**	664	**471**	626
	6,486	4,860	**6,579**	5,144

Trade receivables

The average credit period taken for sales is 32.0 days (2008: 34.4 days). No interest has been charged on the receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience. The Group and Company have provided fully for all receivables over 120 days because historical experience is such that receivables that are past due beyond 120 days are generally not recoverable. Trade receivables between 30 days and 120 days are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

Credit limits for each customer are reviewed on a monthly basis. No customer represents more than 5% of the total balance of trade receivables.

The analysis below shows the balances included in debtors which are past due at the reporting date for which the Group or Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired receivables:

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
0 to 30 days overdue	**938**	242	**434**	111
30 to 60 days overdue	**90**	48	**–**	48
	1,028	290	**434**	159

During the prior year the Group formalised and improved the credit control procedures. This has resulted in a noticeable improvement in the ageing of the debtors of the past two years.

Movement in the allowance for doubtful debts:

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Balance at the beginning of the year	**(591)**	(224)	**(413)**	(198)
Impairment gains/(losses) recognised through income statement	**84**	(367)	**17**	(215)
Exchange differences on translation of foreign operations	**(39)**	–	**–**	–
Amounts written off as uncollectable	**241**	–	**281**	–
Balance at the end of the year	**(305)**	(591)	**(115)**	(413)

21. Financial assets continued

in determining the recoverability of a trade receivable the Group and Company consider any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are no individually impaired trade receivables (2008: £289,000) relating to companies in financial difficulties. The impairment recognised in the prior year represents the difference between the carrying amount of these trade receivables and the present value of the expected litigation proceeds. Neither the Group nor the Company holds collateral over these balances. The balances were written off as uncollectable within the year ended 30 June 2009.

Ageing of impaired receivables:

	30/06/09 £000	30/06/08 £000
0 to 30 days overdue	99	–
30 to 60 days overdue	155	–
60 to 90 days overdue	35	38
More than 90 days overdue	16	553
	305	591

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

Cash and cash equivalents, and short-term deposits

	Group		Company	
	30/06/09 £000	30/06/08 £000	30/06/09 £000	30/06/08 £000
Cash and cash equivalents, and short-term deposits	25,501	14,493	24,090	12,938

Cash and cash equivalents and short-term deposits comprise cash held by the Group or Company and short-term deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

22. Derivative financial instruments

Group and Company

	30/06/09 £000	30/06/08 £000
Derivatives which mature within one year		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward exchange contracts	970	–
Derivatives carried at fair value through profit and loss (FVTPL)		
Forward exchange contracts that are not designated in hedge accounting relationships	368	(197)
	1,338	(197)
Derivatives which mature after more than one year		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward exchange contracts	326	–
	1,664	(197)

Further details of derivative financial instruments are provided in note 25.

23. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and Company and movements thereon during the current and prior reporting period.

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share based payment £000	Other timing differences £000	Total £000
At 1 July 2007	(549)	–	306	55	(188)
(Charge)/credit to income	(332)	–	(224)	126	(430)
Credit to equity	–	–	540	–	540
At 30 June 2008	(881)	–	622	181	(78)
Credit/(charge) to income	481	–	135	(89)	527
(Charge)/credit to equity	(1)	(363)	222	28	(114)
At 30 June 2009	**(401)**	**(363)**	**979**	**120**	**335**

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share based payment £000	Other timing differences £000	Total £000
At 1 July 2007	(549)	–	306	55	(188)
(Charge)/credit to income	(338)	–	54	54	(230)
Credit to equity	–	–	240	–	240
At 30 June 2008	(887)	–	600	109	(178)
Credit/(charge) to income	534	–	113	(119)	528
(Charge)/credit to equity	–	(363)	172	–	(191)
At 30 June 2009	**(353)**	**(363)**	**885**	**(10)**	**159**

At the balance sheet date, the aggregate amount of temporary differences associated with undistributable earnings of subsidiaries for which a deferred tax liability has not been recognised is £1,210,000 (2008: £1,028,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such differences will not reverse in the foreseeable future.

24. Other financial liabilities

Trade and other payables

	Group		Company	
	30/06/09 £000	30/06/08 restated* £000	**30/06/09 £000**	30/06/08 restated* £000
Amounts falling due within one year				
Trade payables	**1,703**	1,992	**1,502**	1,783
Amounts owed to subsidiary undertakings	**–**	–	**218**	95
Accruals and deferred income	**4,603**	1,742	**4,128**	1,439
Deferred creditor	**57**	86	**57**	86
Other taxes and social security	**241**	160	**226**	159
Other creditors	**90**	189	**62**	157
	6,694	4,169	**6,193**	3,719
Amounts falling due after more than one year				
Deferred creditor	**83**	109	**83**	109
	6,777	4,278	**6,276**	3,828

*Restated to reflect the adoption of IFRIC 13 as per note 2.

24. Other financial liabilities continued

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 19 days (2008: 17 days). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The deferred creditor represents the earn-out payable on sales of products under a distribution agreement.

25. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3. Foreign exchange contracts are measured using quoted forward exchange rates and the yield curves derived from quoted interest rates matching maturities of these contracts.

Categories of financial instruments

	Group carrying value		Company carrying value	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	**–**	–	**3,332**	2,033
Trade receivables	**5,380**	3,697	**2,499**	2,057
VAT recoverable (included in other debtors)	**290**	234	**224**	234
	5,670	3,931	**6,055**	4,324
Cash and cash equivalents				
Cash and cash equivalents and short-term deposits	**25,501**	14,493	**24,090**	12,938
Loans and receivables (including cash and cash equivalents)	**31,171**	18,424	**30,145**	17,262
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables	**(6,694)**	(4,169)	**(6,193)**	(3,719)
Current tax liabilities	**(1,871)**	(382)	**(1,784)**	(269)
Non-current deferred creditor	**(83)**	(109)	**(83)**	(109)
Amortised cost	**(8,648)**	(4,660)	**(8,060)**	(4,097)

The Directors consider there to be no material difference between the book value and the fair value of the Group's financial assets and liabilities at the balance sheet date. This is because most of the financial assets and liabilities are short-term.

Risk in relation to the use of financial instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or the Company. Trade receivables consist of a large number of customers spread across diverse geographical areas. The Group does not have a significant credit risk exposure to any single counterparty. Ongoing credit evaluation is performed on the financial condition of accounts receivable and consideration is given as to whether there is any impairment in the value of any amounts owing.

25. Financial instruments continued

The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year end debtor days are 32.0 days (2008: 34.4 days). All overdue debts are provided for where collectability is considered doubtful or the value of the debt is impaired. Objective evidence of impairment could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 32.0 days, as well as observable changes in international or local economic conditions.

The standard payment terms for intra-group receivables are 45 days. There is not considered to be any risk of impairment of these receivables unless the financial assets of the entity holding the corresponding liability are impaired.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Funds are split between at least two institutions.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward exchange contracts to hedge the exchange rate risk arising on the sales of goods and services denominated in Dollars and Euros.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The Group's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Liabilities		Assets	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Euros	**(211)**	(79)	**1,882**	1,655
Dollars	**(1,459)**	(821)	**3,447**	3,886
Yen	**(39)**	(17)	**490**	539
	(1,709)	(917)	**5,819**	6,080

Foreign currency sensitivity analysis

The Group's principal functional currency is Sterling. The Group is mainly exposed to Dollars and Euros but has an increasing exposure to Japanese Yen. The following table demonstrates the Group's sensitivity to an 8% increase and decrease in the Sterling exchange rate against the relevant foreign currencies on the Group's profit before tax and equity (due to the fair value of monetary assets, liabilities and forward exchange contracts outstanding as at 30 June 2009). 8% is considered by management to be a reasonably possible change in foreign exchange rates after giving consideration to changes in exchange rates over the last 12 months. A positive number indicates an increase in profit or equity.

	Yen currency impact		Euro currency impact		Dollar currency impact	
	2009 £000	2008 £000	**2009 £000**	2008 £000	**2009 £000**	2008 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	**–**	(39)	**94**	323	**68**	(73)
Other equity	**176**	–	**1,163**	–	**907**	–
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	**–**	45	**(111)**	65	**(80)**	70
Other equity	**(167)**	–	**(1,365)**	–	**(1,064)**	–

In management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk at year end.

25. Financial instruments continued

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to manage the risk associated with anticipated sales transactions out to 15 months within 30% to 80% of the exposure generated. Upon maturity of a forward exchange contract, the Group may enter into a new contract designated as a separate hedging relationship.

Foreign currency forward contracts are measured using quoted forward exchange rates and the yield curves derived from quoted interest rates matching maturities of the contracts.

The following table details the forward exchange contracts outstanding as at the year end:

Outstanding contracts	Average rate 30/06/09	Foreign currency 30/06/09 000	Contract value 30/06/09 £000	Fair value 30/06/09 £000
Sell Dollars				
Less than 3 months	1.49	$2,600	1,749	168
3 to 6 months	1.49	$5,300	3,558	333
7 to 12 months	1.50	$8,000	5,324	451
13 to 15 months	1.51	$4,200	2,781	220
	1.50	$20,100	13,412	1,172
Sell Euros				
Less than 3 months	1.14	€2,200	1,932	58
3 to 6 months	1.14	€4,200	3,687	107
7 to 12 months	1.14	€7,800	6,862	209
13 to 15 months	1.14	€4,200	3,692	104
	1.14	€18,400	16,173	478
Sell Yen				
Less than 3 months	157.47	¥50,000	318	2
3 to 6 months	157.28	¥100,000	636	4
7 to 12 months	156.84	¥150,000	956	6
13 to 15 months	156.30	¥75,000	480	2
	156.93	¥375,000	2,390	14
Total of outstanding forward contracts			31,975	1,664

Outstanding contracts	Average rate 30/06/08	Foreign currency 30/06/08 000	Contract value 30/06/08 £000	Fair value 30/06/08 £000
Sell Dollars				
Less than 3 months	1.97	$1,200	608	3
3 to 6 months	1.96	$2,400	1,222	2
7 to 12 months	1.94	$600	309	2
	1.96	$4,200	2,139	7
Sell Euros				
Less than 3 months	1.33	€1,700	1,278	(70)
3 to 6 months	1.34	€2,800	2,088	(134)
	1.34	€4,500	3,366	(204)
Total of outstanding forward contracts			5,505	(197)

At 30 June 2009, the fair value of contracts held as cash flow hedges is £1,296,000. The remaining contracts are not held as cash flow hedges. At 30 June 2008, none of the contracts were held as cash flow hedges.

25. Financial instruments continued

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Group and Company hold cash deposits at call or with a maturity of up to 12 months. At 30 June 2009, the average maturity of balances was 47 days (2008: 35 days) of fixed rate deposits not sensitive to changes in interest rates. All funds are readily available to the Company to meet operational requirements.

The amount owing from subsidiaries is payable on demand and is classified as being payable within one month. Trade payables are normally payable within 30 days of invoice.

Liquidity and interest risk tables – financial liabilities

All balances are capital and do not include accrued interest.

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2009					
Trade payables	–	(1,604)	(82)	(17)	(1,703)
Accruals and deferred income	–	(3,725)	(196)	(682)	(4,603)
		(5,329)	(278)	(699)	(6,306)
Company					
2009					
Trade payables	–	(1,403)	(82)	(17)	(1,502)
Accruals and deferred income	–	(3,367)	(133)	(628)	(4,128)
		(4,770)	(215)	(645)	(5,630)

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2008					
Trade payables	–	(1,961)	(25)	(6)	(1,992)
Accruals and deferred income	–	(1,268)	–	(474)	(1,742)
		(3,229)	(25)	(480)	(3,734)
Company					
2008					
Trade payables	–	(1,758)	(25)	–	(1,783)
Accruals and deferred income	–	(1,021)	–	(418)	(1,439)
		(2,779)	(25)	(418)	(3,222)

Interest rate risk sensitivity analysis

An increase of 1% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £376,000 (2008: £113,000) and by the Company of £369,000 (2008: £103,000). A decrease of 1% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £136,000 (2008: £113,000) and by the Company of £113,000 (2008: £103,000). There would have been no effect on equity reserves.

The closing cash balance at the year end has been used as the basis for the calculations. A 1% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

26. Share capital

Group and Company

	30/06/09 £000	30/06/08 £000
Authorised:		
100,000,000 ordinary shares of 1p each	**1,000**	1,000
Issued and fully paid:		
35,525,450 (2008: 35,066,781) ordinary shares of 1p each	**355**	351

The movement during the year on the Company's issued and fully paid shares was as follows:

	2009 Number	2009 £000	2008 £000
Balance at beginning of year	**35,066,781**	**351**	346
Issue of share capital	**458,669**	**4**	5
Balance at end of year	**35,525,450**	**355**	351

The Company has one class of ordinary shares which carry no right to fixed income.

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

Date issued	Number of shares	Exercise price p	Total paid £
July 2008	2,382	224.00	5,336
September 2008	60,800	25.00	15,200
September 2008	32,000	50.00	16,000
September 2008	10,280	62.50	6,425
October 2008	1,200	12.50	150
October 2008	80,000	25.00	20,000
October 2008	28,440	62.50	17,775
October 2008	545	224.00	1,121
October 2008	6,525*	451.00	29,428
November 2008	59,410*	462.00	274,474
November 2008	1,344*	485.00	6,518
November 2008	42,500	62.50	26,563
November 2008	40,000	125.00	50,000
January 2009	440*	470.00	2,068
February 2009	407*	492.00	2,002
March 2009	348*	570.00	1,984
April 2009	10,000	25.00	2,500
April 2009	16,320	62.50	10,200
April 2009	615	280.00	1,722
April 2009	6,100	312.00	19,032
April 2009	150	462.00	693
May 2009	3,020	62.50	1,888
May 2008	15,996	280.00	44,789
May 2008	28,180	312.00	87,922
May 2008	8,550	462.00	39,501
June 2008	1,465	224.00	3,282
June 2008	902	280.00	2,526
June 2008	750	312.00	2,340
	458,669		691,439

* New shares issued and held by the employee benefit trust to satisfy the Company's obligations under the Free Shares and Matching Shares elements of the SIP.

Further details of the Company's share option schemes are provided in note 31.

27. Share premium

Group and Company

	£000
Balance at 1 July 2007	10,619
Premium arising on issue of equity shares	252
Balance at 1 July 2008	10,871
Premium arising on issue of equity shares	687
Balance at 30 June 2009	**11,558**

There were no costs of issue incurred during the year or the previous year.

28. Own shares

Group and Company

	£000
Balance at 1 July 2007 and 1 July 2008	–
Acquired in the period	(316)
Disposed of on exercise of options	15
Balance at 30 June 2009	**(301)**

This balance represents the cost of 65,094 shares in Abcam plc (2008: nil) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares have been purchased in order to satisfy the Free Shares and Matching Shares elements of the various share based compensation plans. See note 31 for further details of these schemes.

29. Retained earnings and other reserves

Group

	Translation reserve[1] £000	Share based compensation reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total £000
Balance as at 1 July 2007	(36)	251	168	256	7,283	7,922
Exchange differences on translation of foreign operations	3	–	–	–	–	3
Share based compensation charge	–	232	–	–	–	245
Deferred tax asset recognised	–	–	–	502	–	502
Profit for the year	–	–	–	–	5,890	5,890
Utilisation of derivative instruments	–	–	(168)	–	–	(168)
Payment of dividends (note 15)	–	–	–	–	(1,481)	(1,481)
Balance as at 1 July 2008	(33)	483	–	758	11,692	12,900
Exchange differences on translation of foreign operations	230	15	–	–	–	245
Share based compensation charge	–	464	–	–	–	464
Deferred tax (liability)/asset recognised	–	–	(363)	610	–	247
Profit for the year	–	–	–	–	12,291	12,291
Own shares disposed of on exercise of options	–	–	–	–	(15)	(15)
Increase in fair value of hedging derivatives	–	–	1,296	–	–	1,296
Payment of dividends (note 15)	–	–	–	–	(2,572)	(2,572)
Balance as at 30 June 2009	**197**	**962**	**933**	**1,368**	**21,396**	**24,856**

1 Exchange differences on translation of overseas operations.
2 IFRS 2 charge for fair value of share options.
3 Gains and losses recognised on cash flow hedges.
4 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12.

29. Retained earnings and other reserves continued

Company

	Share based compensation reserve[1] £000	Hedging reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total £000
Balance as at 1 July 2007	251	168	256	6,654	7,329
Share based compensation charge	164	–	–	–	164
Share based compensation charge recognised on behalf of subsidiaries	29	–	–	–	29
Deferred tax asset recognised	–	–	502	–	502
Profit for the year	–	–	–	5,126	5,126
Utilisation of derivative instruments	–	(168)	–	–	(168)
Payment of dividends (note 15)	–	–	–	(1,481)	(1,481)
Receipt of dividends	–	–	–	403	403
Balance as at 1 July 2008	444	–	758	10,702	11,904
Share based compensation charge	404	–	–	–	404
Share based compensation charge recognised on behalf of subsidiaries	60	–	–	–	60
Deferred tax (liability)/asset recognised	–	(363)	438	–	75
Profit for the year	–	–	–	11,484	11,484
Own shares disposed of on exercise of options	–	–	–	(15)	(15)
Increase in fair value of hedging derivatives	–	1,296	–	–	1,296
Payment of dividends (note 15)	–	–	–	(2,572)	(2,572)
Receipt of dividends	–	–	–	918	918
Balance as at 30 June 2009	**908**	**933**	**1,196**	**20,517**	**23,554**

1 IFRS 2 charge for fair value of share options.
2 Gains and losses recognised on cash flow hedges.
3 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12.

30. Notes to the cash flow statement

	Group		Company	
	30/06/09 £000	30/06/08 £000	**30/06/09 £000**	30/06/08 £000
Operating profit for the year	**15,872**	7,371	**14,514**	6,113
Adjustments for:				
Depreciation of property, plant and equipment	**1,417**	1,092	**1,224**	917
Impairment losses on property, plant and equipment	**1,074**	–	**1,069**	–
Loss on disposal of property, plant and equipment	**160**	–	**156**	–
Amortisation of intangible assets	**261**	309	**261**	306
Impairment losses on intangible assets	**201**	642	**201**	642
Decrease in provisions	**(16)**	–	**(16)**	–
Change in fair value of derivatives outstanding at year end	**(565)**	197	**(565)**	197
Share based compensation charge	**464**	232	**404**	192
Operating cash flows before movements in working capital	**18,884**	9,843	**17,264**	8,367
Increase in inventories	**(2,289)**	(1,405)	**(2,282)**	(1,412)
Increase in receivables	**(1,263)**	(533)	**(1,393)**	(572)
Increase in payables	**2,182**[1]	772	**2,144**[1]	503
Cash generated by operations	**17,514**	8,677	**15,733**	6,886
Income taxes paid	**(2,702)**	(1,535)	**(2,198)**	(1,028)
Net cash inflow from operating activities	**14,812**	7,142	**13,535**	5,858

1 This increase in payables includes £1.0m of the total balance of £1.1m received as an incentive from the landlord of premises leased by Abcam plc with effect from December 2008.

31. Share based payments

Equity-settled share option scheme

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, the Abcam 2005 share option scheme, the SAYE scheme, the Long-Term Incentive Plan ('LTIP') and the Share Incentive Plan ('SIP'). Option grants under each scheme have been aggregated.

Some grants under the SAYE scheme vest from one to five years. Those options with performance criteria vest when the criteria are met. The vesting period for all other options is from one to three years. 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.

The volatility of the options is based on the long-term average volatility in the share price of five quoted companies that are considered to have a reasonable comparability with Abcam plc. The dividend yield is based on Abcam's actual dividend yield in the past.

The risk free rate is the yield on UK Government Gilts at each date of grant. The employee exercise multiple is based on published statistics for a portfolio of companies. The employee exit rate is based on management's expectations and, in accordance with IFRS 2, is applied after vesting.

The Group recorded a total share based expense of £464,000 in the year (2008: £192,000), of which £374,000 (2008: £173,000) was included within administration and management expenses and £90,000 (2008; £19,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2009 had an exercise price of between 12.50p and 462.00p (2008: 10.00p and 413.00p). The weighted average remaining contractual life is 7.46 years (2008: 8.12 years). The weighted average fair value of the options outstanding at the end of the year was 65.56p (2008: 65.24p). The Group recorded total share based expenses of £272,000 (2008: £192,000) relating to all schemes excluding the SIP and LTIP.

	2009 Number of share options	Weighted average exercise price p	2008 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	**1,389,012**	**219.99**	1,568,335	156.03
Granted during the year	**181,021**	**462.00**	544,875	316.10
Forfeited during the year	**(46,936)**	**340.70**	(280,801)	233.24
Exercised during the year	**(390,195)**	**97.65**	(443,397)	57.96
Outstanding at the end of the year	**1,132,902**	**232.31**	1,389,012	219.99
Exercisable at end of year	**150,080**	**109.16**	302,640	43.07

Enterprise management incentive (EMI) scheme

	2009 Number of share options	Weighted average exercise price p	2008 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	**833,528**	**206.94**	966,191	131.51
Granted during the year	**–**	**–**	284,851	312.00
Forfeited during the year	**(27,274)**	**298.69**	(90,177)	161.41
Exercised during the year	**(290,706)**	**81.20**	(327,337)	53.80
Outstanding at the end of the year	**515,548**	**272.78**	833,528	206.94
Exercisable at end of year	**50,080**	**47.59**	262,640	40.11

The growth in the net assets of the Group means that the Group has exceeded the limits set by HMRC for the tax incentives available under the EMI scheme so no further grants can be made under this scheme.

31. Share based payments continued

Unapproved share option scheme

	2009 Number of share options	Weighted average exercise price p	2008 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	354,909	223.66	427,504	194.71
Granted during the year	–	–	148,338	340.30
Forfeited during the year	–	–	(137,375)	288.34
Exercised during the year	(86,397)	109.91	(83,558)	71.76
Outstanding at the end of the year	268,512	260.26	354,909	223.66
Exercisable at end of year	100,000	140.00	40,000	62.50

Abcam Inc share scheme

	2009 Number of share options	Weighted average exercise price p	2008 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	121,712	291.47	104,207	185.56
Granted during the year	–	–	81,160	312.00
Forfeited during the year	(3,921)	593.65	(32,735)	312.00
Exercised during the year	–	–	(30,920)	56.33
Outstanding at the end of the year	117,791	315.15	121,712	291.47
Exercisable at end of year	–	–	–	–

SAYE scheme

	2009 Number of share options	Weighted average exercise price p	2008 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	78,863	231.11	70,433	224.00
Granted during the year	–	–	30,526	249.00
Forfeited during the year	(7,465)	226.84	(20,514)	233.86
Exercised during the year	(4,392)	224.00	(1,582)	224.00
Outstanding at the end of the year	67,006	232.05	78,863	231.11
Exercisable at end of year	–	–	–	–

The Abcam 2005 share option scheme

	2009 Number of share options	Weighted average exercise price p
Outstanding at beginning of year	–	–
Granted during the year	181,021	462.00
Forfeited during the year	(8,276)	462.00
Exercised during the year	(8,700)	462.00
Outstanding at the end of the year	164,045	462.00
Exercisable at end of year	–	–

31. Share based payments continued

Fair value calculation

The fair value of the option schemes, other than those options with market-based performance criteria, has been calculated using the trinomial method. The inputs into the trinomial model are as follows:

EMI scheme

Grant date	16/06/03	16/06/03	05/07/04	17/12/04	27/05/05	05/09/05
Share price at grant (pence)	10	10	25	30	62.5	62.5
Fair value at valuation date (pence)	2.6	2.6	8.5	12.3	19.2	19.1
Exercise price (pence)	25	37.5	25	25	62.5	62.5
Expected volatility	40%	40%	35%	35%	30%	30%
Expected life (years)	3	3.08	2	2.88	2	2
Expected dividend yield	1.1	1.1	1.1	1.1	1.1	1.1
Risk free rate	3.97%	3.97%	5.08%	4.49%	4.31%	4.15%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Unapproved scheme

Grant date	20/12/04	20/12/04	30/09/05	30/09/05	27/10/05
Share price at grant (pence)	30	30	62.5	62.5	167
Fair value at valuation date (pence)	11.2	11.6	18.9	10.2	55.77
Exercise price (pence)	25	25	62.5	125	150
Expected volatility	35%	35%	30%	30%	30%
Expected life (years)	1.54	2	1.82	1.82	1.635
Expected dividend yield	1.1	1.1	1.1	1.1	1.1
Risk free rate	4.46%	4.46%	4.29%	4.29%	4.40%
Employee exercise multiple	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%

SAYE scheme

Grant date	02/10/06	02/10/06	08/11/07	08/11/07
Share price at grant (pence)	280	280	312	312
Fair value at valuation date (pence)	104	113	106	122
Exercise price (pence)	224	224	249	249
Expected volatility	30%	30%	30%	30%
Expected life (years)	3	5	3	5
Expected dividend yield	1.1%	1.1%	1.5%	1.5%
Risk free rate	4.54%	4.54%	4.80%	4.80%
Employee exercise multiple	2	2	2	2
Employee exit rate	10.00%	10.00%	12.00%	12.00%

The fair value of options issued after September 2006, with market-based performance criteria, are calculated using the Monte Carlo model. The inputs into the Monte Carlo model are as follows:

Grant date	07/09/06	08/11/07	07/05/08	06/11/08
Share price at grant (pence)	280	312	413	462.5
Fair value at valuation date (pence)	84	89	123	115
Exercise price (pence)	280	312	413	462
Expected volatility	30%	30%	30%	24%
Expected life (years)	3	3.01	3	3
Expected dividend yield	1.1%	1.5%	1.5%	0.87%
Risk free rate	4.57%	4.80%	4.79%	3.90%
Employee exercise multiple	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%

31. Share based payments continued

Share Incentive Plan

All UK-based employees are eligible to participate in the SIP whereby employees buy shares in the Company. These shares are called Partnership Shares and are held in trust on behalf of the employee. For every Partnership Share bought by the employee the Company will give the employee one share free of charge (Matching Shares), provided the employee remains employed by the Company for a period of at least three years. The employees must take their shares out of the Plan on leaving the Company and will not be entitled to the Matching Shares if they leave within three years of buying the Partnership Shares. In addition, the Company can also award employees the right to acquire up to a maximum of £3,000 of shares (Free Shares). There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

	SIP Free Shares	SIP Matching Shares
Outstanding at beginning of year	–	–
Granted during the year	59,410	10,271
Forfeited during the year	(2,244)	–
Exercised during the year	(2,982)	(398)
Outstanding at end of year	**54,184**	**9,873**
Exercisable at end of year	–	–

For the purposes of IFRS 2 the fair value of these Matching Shares and Free Shares is determined as the market value of the shares at the date of grant. No valuation model is required to calculate the fair value of awards under the SIP. The fair value of an equity-based payment under the SIP is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

The Group recognised a total expense of £68,000 (2008: £nil) related to Matching and Free Share awards in the year.

Long-Term Incentive Plan

In 2008 the Company approved a new LTIP. Vesting of performance share awards made under this scheme is conditional upon achievement of two separate performance conditions. Full details of the performance conditions are shown in the Directors' Remuneration Report.
All awards made under this scheme have a fixed term of three years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

Details of performance share awards outstanding during the year are as follows:

	LTIP awards 2009
Granted during the year and outstanding at end of year	**154,545**
Exercisable at end of year	–

These performance share awards were made on 6 November 2008. The aggregate of the fair values of the awards made on that date is £573,000. The estimated fair values were calculated using a stochastic (Monte Carlo binomial) model. The inputs to the model for awards granted in the year were as follows:

Grant date	06/11/08
Weighted average exercise price (pence)	–
Expected volatility	24%
Expected life	3 years
Expected dividend yield	0.87%
Risk free rate	3.41%

The Group recognised a total expense of £124,000 (2008: £nil) related to performance share awards under the LTIP in the year.

32. Retirement benefit schemes

Defined contribution schemes

The UK-based employees of the Company have the option to be members of a defined contribution pension scheme managed by a third party pension provider. For each employee who is a member of the scheme the Company will contribute a fixed percentage of each employee's salary to the scheme. The only obligation of the Group with respect to this scheme is to make the specified contributions.

The employees of the Group's subsidiaries in the USA and Japan are members of state-managed retirement benefit schemes operated by the governments of the USA and Japan respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2009 was £947,000 (2008: £815,000). As at 30 June 2009 contributions of £75,000 (2008: £65,000) due in respect of the current reporting period had not been paid over to the schemes.

33. Related party transactions

Under a new product development agreement with a laboratory associated with Tony Kouzarides, (a non-executive director of the Company) Abcam provided products from its catalogue free of charge, with a resale value of £24,018 (2008: £16,714) and paid £41,166 in royalties (2008: £36,148). £5,889 relating to these royalties was outstanding at the year end (2008: £6,632).

Abcam Plc purchased services with a value of £51,050 (2008: £6,000) from Cambridge Network Limited and its subsidiaries, which are non-profit making entities of which David Cleevely (Chairman of the Company) is chairman. £7,912 was prepaid at the end of the year (2008: £nil). These services were purchased at the market value.

Remuneration of key personnel

The remuneration of the executive directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures.

Group and Company

	30/06/09 £000	30/06/08 £000
Short-term employee benefits and fees	**1,078**	1,033
Share based payment	**153**	50
	1,231	1,083

Notes

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