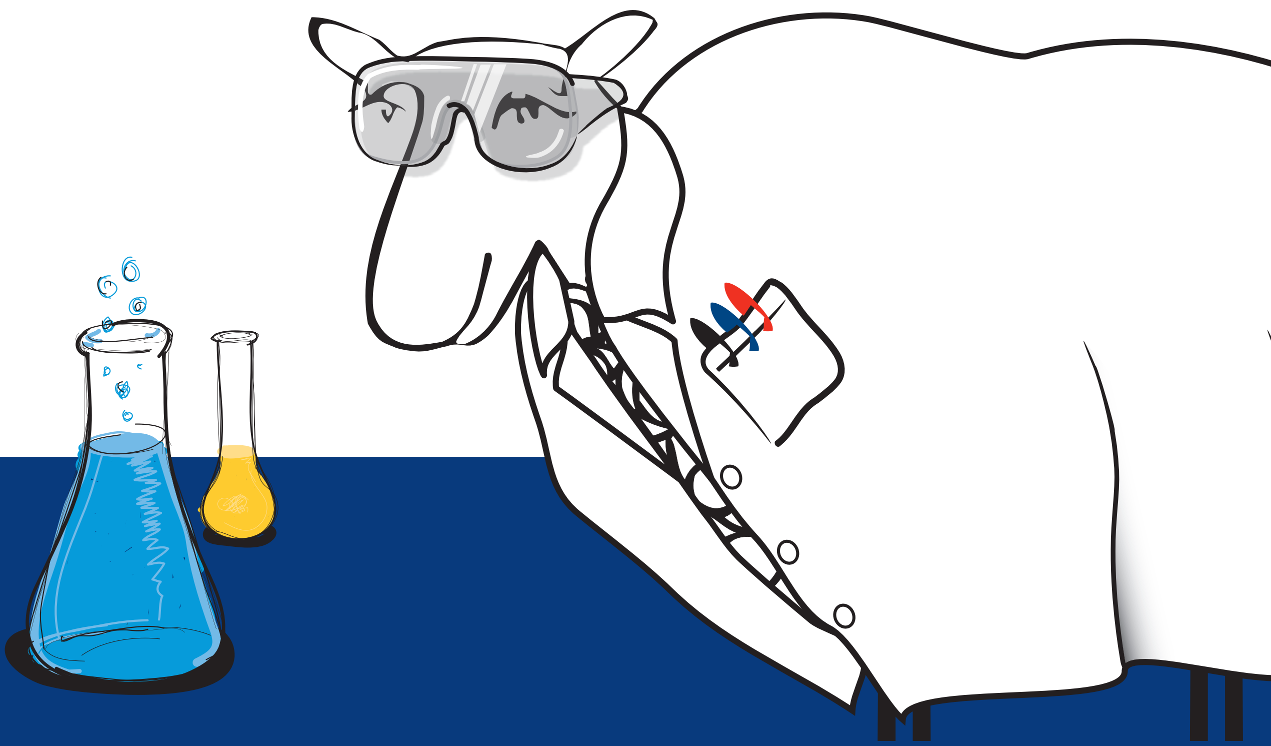
abcam®

Abcam plc

Annual Report and Accounts 2012

Discover more



Our vision is to create the world's leading life science reagents company.

Abcam was established in 1998 as a global web-based antibody company providing high-quality reagents. Today, we're more than just antibodies. We've added further dimensions to our product range and extended our operational excellence and scientific expertise through the acquisition of three companies that share our quality values: MitoSciences (now known as Abcam Eugene), Ascent Scientific (now known as Abcam Bristol) and Epitomics.

We produce and distribute more than 92,000 high-quality life science research tools. This includes a growing range of non-antibody products such as proteins, peptides, lysates, assays and other kits and biochemicals.

Visit us online
www.abcamplc.com/reports

Key sections

We continue to evolve our product offering so we can provide the highest quality life science research tools, delivering additional value to our customers and shareholders.

Discover more is at the core of our business, reflecting researchers' quest for knowledge and our ongoing commitment to supporting that through our:

> Products
> Customers
> People

Discover more on p4–5

Discover more...

Our performance
Delivering continued growth across the business

Expanding our offering

What we did during the year

- Revenue increased by 17.5% to £97.8m (2011: £83.3m)
- At constant currencies and excluding the contribution from acquisitions made in the year, revenue growth was 11.5%
- Adjusted operating profit* increased by 20.9% to £38.6m (2011: £31.9m)
- Basic EPS increased by 3.7% to 13.72p per share (2011: 13.23p); adjusted diluted EPS* increased by 19.2% to 15.59p (2011: 13.08p)
- Closing cash and term deposits of £17.5m (2011: £55.6m), with no bank debt outstanding
- Successful acquisitions of Ascent Scientific Ltd (Ascent), a specialist provider of biochemical reagents, and Epitomics International Inc (Epitomics), a high growth protein reagents business
- Number of products on the catalogue grew by 25.5% to 92,456 (2011: 73,652)
- Proposed 14.7% increase in final dividend to 4.36p (2011: 3.80p) giving a 15.2% increase for the year

* Excluding £1.0m of acquisition-related intangible amortisation, £3.4m of other acquisition-related charges and, in the case of EPS, the related tax effect.

Supporting the scientific community

Our global events and webinar programme allows us to gain critical insight into current research trends and issues and we are improving our website to further increase customer interaction and engagement, as well as working to build on the valuable partnerships brought to us through the acquisition of Epitomics.

read more on p13

In figures

Revenue
£97.8m

Adjusted profit before tax
£39.0m

Adjusted diluted earnings per share
15.59p

Net cash/ term deposits
£17.5m

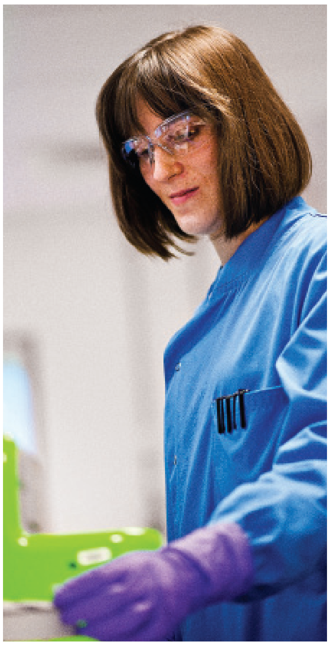
More on our performance p18

Our strategic priorities
Building on our success within the primary antibody market.

read more on p8

Enhancing our product ranges
Our new range of standard, novel and exclusive biochemicals extends our product portfolio into bioactive small molecules and the cutting edge mitochondrial research tools provided by Abcam Eugene complement our increasing range of non-antibody products.

read more on p15



Improving delivery times and expanding customer service
From our bonded warehouse facility at Beijing Airport to shipping direct to our new local distribution partner in Brazil and expanding our support team in Hong Kong, we are constantly striving to improve our facilities to offer a better, faster and more efficient service to all our customers across the globe.

read more on p17

Discovering more

Researchers appreciate our growing high-quality product range, reliability, speed and support.

We have evolved and expanded over the years but our objectives remain the same.

> The best catalogue of products
> Expert technical support
> The most up-to-date and honest data
> Fast global delivery

Global production at Abcam

Abcam, Cambridge (UK)
In our Cambridge facility, we create our own antibodies and characterise antibody features.

Abcam Eugene (USA)
Formerly known as MitoSciences, Abcam Eugene is a centre of excellence for assay development, supporting critical research areas in cancer, neurodegeneration and metabolic disorders.

Epitomics, San Francisco (USA) and Hangzhou (China)
Epitomics uses patented technology to develop and produce the highest quality monoclonal antibodies (RabMAbs®) for research and diagnostic applications.

Abcam Bristol (UK)
Formerly known as Ascent Scientific, Abcam Bristol produces exceptional quality and high performance biochemicals for life science researchers.

More on our progress against our plan p8

Products

We manufacture our own products in five specialist facilities around the globe, as well as sourcing from over 400 OEM partners. Our diverse supplier base enables us to source the highest quality research tools for our customers.

Our growing product range

Antibodies

> Primary antibodies
> Secondary antibodies

Non-antibody products

> Kits and assays
> Biochemicals
> Proteins and peptides
> Lysates

Our close links with the scientific research community mean we are able to keep in touch with research trends and source products that support these developments.

92,456
high-quality life science research tools in our catalogue

5,418
non-primary antibody products added in the year

Customers

Our customers are predominantly research scientists requiring high performance products with detailed technical specifications. We continuously strive to improve our information-rich product datasheets, provide friendly customer service and technical scientific support, as well as fast global delivery to ensure we meet our customers' needs.

Fast delivery

With local offices in Hong Kong and Japan and the recent acquisition of Epitomics, with its facility in China, we have implemented new distribution systems to improve delivery times to local customers in these territories.

Customer feedback

We believe that honesty is the best policy and encourage our customers to share their experiences of using our products. This feedback is incorporated into our product datasheets and shared with all our customers.

1 week
average reduction in delivery time to customers in China

92%
of customers rate our speed of delivery as good or excellent

People

Our team is our biggest asset and we are proud to have over 75 in-house PhDs. Nurturing employee excellence is key to our success and we continue to invest in the learning and development of our staff, working together as a team to deliver great service and the best products to our customers.

Expert technical support

In addition to our own team of scientists, we work with a range of industry-leading scientific partners to offer an unrivalled set of data and multi-media technical resources.

Scientific events and support

We organise a series of scientific conferences and webinars, with the aim of providing forums for scientists to get together, for junior scientists to present their work, to stay in touch with customers and to remain at the cutting edge of research.

650+
employees at Abcam globally

75+
in-house PhDs

Chairman's statement

I am pleased to report that we have achieved a good result for the year, despite demanding market conditions that have put continued pressure on our customers' budgets. At the same time we have taken huge strides towards our goal of becoming the world's leading life science reagents company.

In a tough macro-economic environment, in which Western Governments are dealing with large fiscal deficits and the levels of expenditure on centrally funded research are under pressure, I am pleased to report that Abcam has had another successful year. Adjusted profit before tax was £39.0m, before one-off costs incurred during the year of £3.4m relating to the acquisitions of Ascent Scientific Limited (Ascent, now known as Abcam Bristol) and Epitomics International Inc (Epitomics) and amortisation of the associated intangible assets from those acquisitions, together with those arising on the acquisition of MitoSciences Inc (MitoSciences, now known as Abcam Eugene), together amounting to £1.0m.

We have made significant progress in our strategy to drive growth by extending our product ranges, both through the two acquisitions closed in the period as well as by broadening the number and range of products in the catalogue from OEM suppliers. Our recent acquisitions have also opened up new market opportunities in in vitro diagnostic immunohistochemistry (IVD IHC), immunoassays, custom service and bioactive small molecules.

We have also maintained our push into markets in the East, where there are many growth opportunities. The differentiated nature and breadth of our product range are important drivers in pursuit of this strategy, which has been enhanced through the acquisition of Epitomics, with its manufacturing base in China.

Dividends

We are committed to delivering increasing returns to our shareholders. In light of the strong cash flow and continued success of the Group, our policy is to distribute an annual dividend of 40% of adjusted post-tax profit, after adding back costs of acquisition and amortisation of acquisition-related intangibles. An interim dividend of 1.69 pence per share was paid in April 2012 and consequently the Directors are recommending a final dividend of 4.36 pence per share, making a total of 6.05 pence for the year, an increase of 15.2% on that paid last year. Subject to shareholder approval at the AGM in October 2012, the final dividend will be paid on 23 November 2012 to shareholders on the register on 2 November 2012.

Governance and the Board

With significant progress made in the year in the implementation of our strategy, the Board provided ongoing enquiry and support to our Executive Directors, ensuring that they deliver the business plan effectively and efficiently.

We look very carefully at our Board composition, considering the skills required to improve our effectiveness. During 2011 we recognised the need to strengthen our knowledge base and experience to more specifically align the Board in relation to the global life science reagents sector and eCommerce trading. We were therefore delighted to welcome three new Non-Executive Directors, Anthony Martin, Murray Hennessy and Michael Ross, who have abundant expertise in these fields. We will continue to ensure that we have the appropriate balance of skills as we move forward.

Following completion of over 14 years' service as a Non-Executive Director, Tony Kouzarides, an original founder of the Company, has decided to step down from the Board after next month's AGM. I would like to thank Tony on behalf of everyone at Abcam for the immense contribution he has made, playing a vital role in the Company's success to date.

Tim Dye and Mark Webster retired this year and I would also like to thank them both again for their considerable contributions to the Board.

Joint broker

We were pleased to announce the appointment of Peel Hunt LLP as joint broker in March 2012. Numis Securities Limited remains as the Company's nominated advisor, financial advisor and joint broker.

Looking ahead

We have a clear plan for the business and we are committed to its execution. We expect Western markets will remain challenging as Governments address fiscal deficits and that this in turn will create funding uncertainties for researchers in the US and Europe. The US position is unlikely to be clearer until after the Presidential election later this year, whilst in Europe the likely timing and outcome of the issues faced by the single currency add further uncertainty to the situation. This only serves to illustrate how vital it is that we are listening to our customers, staying true to our values and consistently executing on our strategy; in doing so we will strengthen our business and our relationships with all our stakeholders.

I never fail to be impressed by the dedication of our employees at all levels and the pride they show in their work. I would like to thank them for all they do to make this business consistently successful.

Mike Redmond
Chairman
5 September 2012

In 2011/12 Abcam has performed well, with sales increasing by 17.5% and adjusted profit before tax increasing by 20.7%

This demonstrates that, in a tough environment, our customers continue to recognise the outstanding quality of our product and service offerings.

To date, we have built a superb business, predicated on a sound underlying business model and our core values. We are passionate about everything we do, striving to be the best in the world and aiming to deliver the best possible products to our customers, resulting in maximising returns for our shareholders.

The key to our ongoing strategy lies in our aims to:

- optimise our existing products for our customers by continuing to increase the validation information on the products in the catalogue from as many relevant sources as possible;
- continue improving our levels of customer service and scientific support to help our customers get the results they need from their research;
- expand our core range of high-quality primary antibodies by developing new products in-house as well as maintaining and expanding our network of excellent OEM suppliers;
- enhance the breadth of our product catalogue by identifying new product ranges which will serve our existing customer base;
- identify opportunities to add new products which will enter adjacent segments of the market;
- continue to attract new customers; and
- extend our geographic penetration.

Review of our strategy

I am delighted to report that we have made significant progress on all these fronts during the year and we continue to focus on further enhancements to our strategy and ways to improve its execution into 2012/13 and beyond.

Over the next pages we present an analysis of our progress **p8–9**

In summary

- We have seen challenging market conditions in many of our main geographic markets and expect funding uncertainties to continue
- Growth in Japan was strong in the year, assisted by the release of disaster recovery budgets
- We completed the acquisition of Ascent on 12 September 2011. In the period since acquisition, Ascent has added over 200 new biochemicals to the catalogue
- We completed the purchase of Epitomics on 19 April 2012. Epitomics represents a highly compelling strategic fit for Abcam and supports the Company's vision of becoming the world's leading life science reagents company
- Our online catalogue has continued to grow strongly, comprising 92,456 products at the year end, representing growth of 25.5%

Building on our success within the primary antibody market

Key objectives	Overview	Strategic priorities
Win new customers	**Listen to the needs of the scientific community we serve, winning new customers in our traditional markets, as well as looking to broaden the customer base by extending our product range and product applications**	> Ensure that we stay as close as possible to our customers so that we are better able to understand and meet their requirements > Continue to build customer awareness of Abcam and our high-quality products and service > Broaden our product range within the life science reagents field > Extend the application data on the website for more traditional products and incorporate data on the latest techniques
Enhance our product range	**Strive to broaden and enhance our product range through the addition of new OEM products, selective in-house production and possible M&A opportunities, as well as a focus on the addition of information to our catalogue about the performance of our products**	> Detailed assessment of the sales performance across the product range to identify those areas of interest to the researcher and what information is helpful to them in undertaking their experiments > Introduce new products to existing product ranges > Introduce new product ranges related to protein detection and regulation > Look to expand in-house production into areas which we believe will be best served through Abcam having such capabilities > Improve the sourcing of characterisation information and the speed of its addition to the catalogue > Ensure the most relevant information is accessible for each customer's own requirements
Improve worldwide service levels	**Improve on our current level of geographic market support, as well as implementing new and improved distribution channels to further support rapidly growing markets**	> The provision of easy access to our catalogue to researchers wherever in the world they are located > Wherever feasible provide local language customer and technical support for researchers > Extend availability of customer and technical support to support local time zones > Ensure that a high proportion of products are available for same day despatch to meet customer orders > Find the optimal delivery routes and look to shorten delivery times wherever possible > Continue to develop our website to provide a best-in-class experience for our customers across the world

2011/12 update

- Rebranded the website during the year with new customer marketing programmes to emphasise the assistance we can provide to researchers
- Redesigned the website to include placements on the homepage for new products and campaigns
- eCommerce initiatives have contributed a 3% increase in traffic to our website
- Our in-house team has undertaken more than 50 customer surveys in the year
- Hosted over 16 conferences to build awareness of Abcam, demonstrate the scientific excellence of our product offering and to stay aware of the changing needs of our customer base
- Further developed our relationships with exclusive distributors, primarily in the Far East, to ensure the optimal presentation of Abcam and our market offering
- The acquisition of Epitomics brings new pharma/biotech customers with whom we will look to build broader relationships

Objectives in action

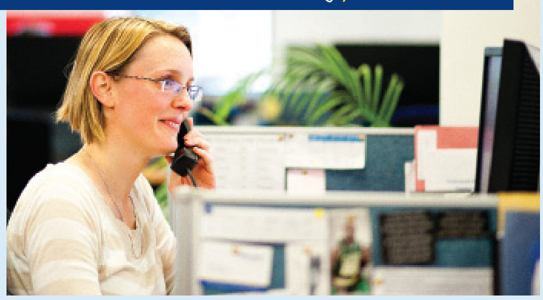
Supporting the scientific community p 13

- Abcam Eugene, a leading provider of cutting edge mitochondrial research tools, enhances Abcam's existing portfolio in these areas and complements an increasing range of non-antibody products
- Abcam Bristol brings a range of standard, novel and exclusive biochemicals which extends Abcam's product portfolio into bioactive small molecules, with the recent launch of Abcam Biochemicals
- Epitomics has the intellectual property and development capabilities to be a key manufacturer of highest quality antibodies for direct sale and incorporation into assay products
- Over 16,600 new products added to the catalogue from OEM suppliers in the year and over 2,100 from our own production facilities, including 762 from Epitomics post-acquisition
- 2,024 images generated and added to the catalogue by our in-house characterisation team

Abcam Bristol and Abcam Eugene p 15

- China – the provision of a new bonded warehouse facility in Beijing has cut delivery times for our customers
- Hong Kong – we have doubled the frequency of shipments directly to our local office to speed up delivery times to customers in the region
- Brazil – we have appointed a new local distribution partner to improve service levels in one of our most rapidly growing markets
- Expanding our customer service and technical support teams has improved speed of response to customer enquiries and enhanced our ability to support more customers in Cantonese and Mandarin
- Investment in a call sharing phone system in the UK and US has enabled extended customer service times in our main markets
- Over 79% of orders received are in stock and available for shipment on the same day
- We have grown traffic to our website by 19%, whilst maintaining a response rate of 2.1 seconds

Improving delivery times and expanding our customer service offering p 17



Geographic market review

The Americas

A large proportion of US research funding is provided by the National Institutes of Health (NIH), the future budget for which has been caught up in broader discussions among politicians about the overall levels of Government expenditure in light of the country's fiscal deficit.

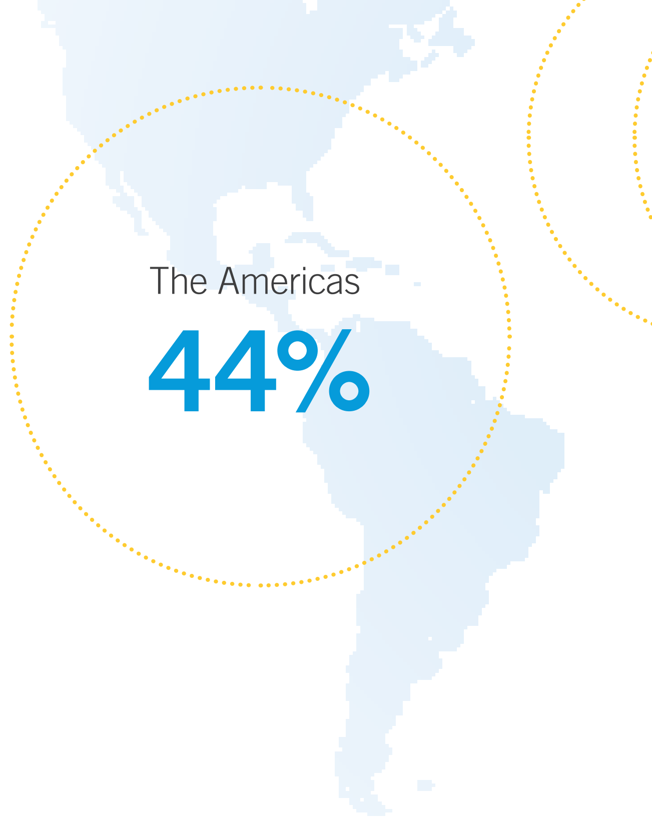
The relationship between US central funding and its impact on Abcam's sales is complex. We have grown for many years significantly ahead of NIH's core budget levels, and it is difficult to determine whether or to what extent Abcam has been a beneficiary of the $10.4bn provided to NIH funding under the American Recovery and Reinvestment Act of 2009. Furthermore, as a provider of research tool consumables, Abcam can expect to be less affected by reductions in the NIH budget than, for example, those companies supplying more expensive laboratory equipment.

Nevertheless, NIH-funded researchers have faced considerable uncertainty during the year since it was only late in the first half of our 2012 financial year that a budget was finally agreed, with a relatively positive 1% increase through to September 2012. Uncertainty remains a feature of the market however and is likely to remain so at least until after the presidential election later this year.

Elsewhere within The Americas we plan to improve our performance in Canada by increasing the level of customer service we are able to offer, whilst Latin America, most notably Brazil, has shown good growth.

Longer-term prospects in The Americas will be affected by the pace at which the US decides to reduce its deficit and what that means for the NIH budget.

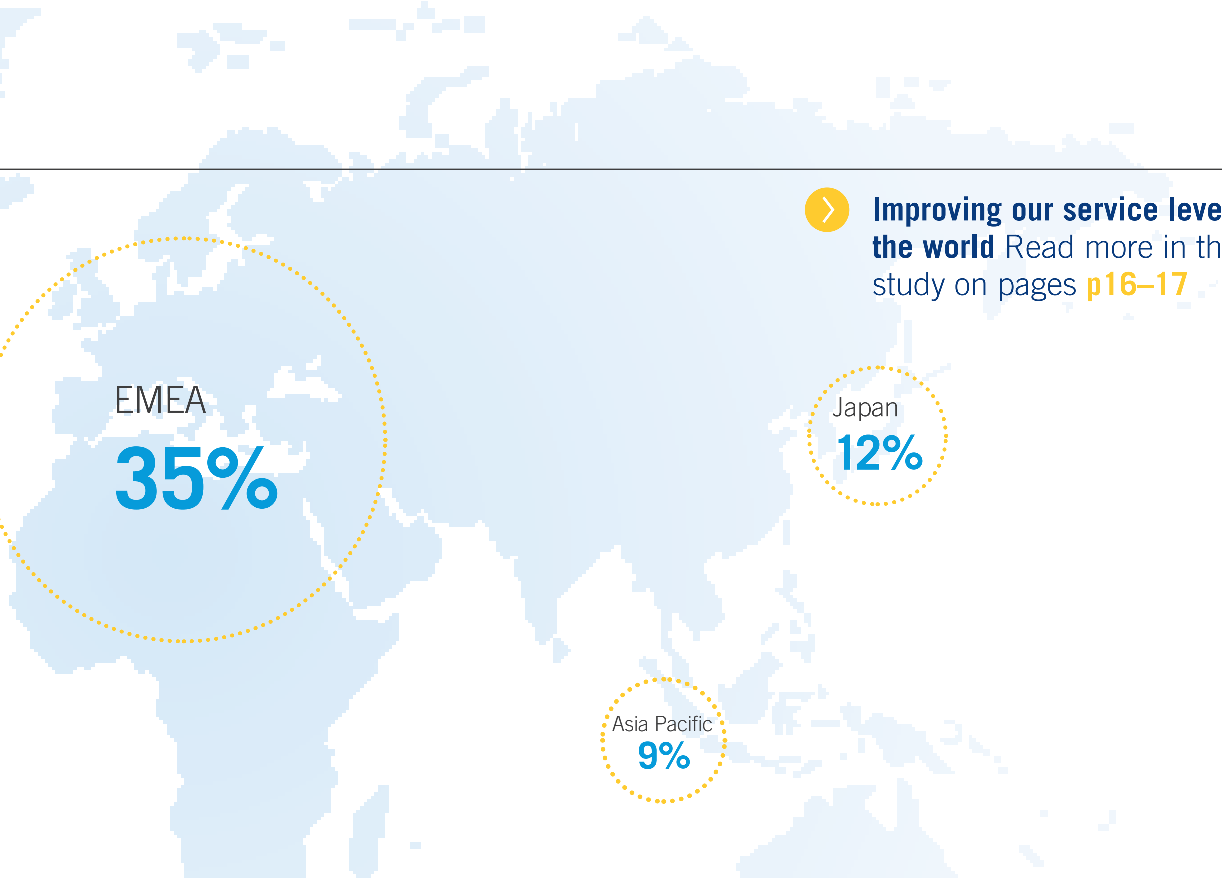
Regional revenues as a percentage of total



The following table outlines our revenues in each geographic region, along with constant currency growth rates:

	Revenue 2011/12 £000	Revenue 2010/11 £000	Constant currency growth rate*
The Americas	**40,468**	36,869	9.7%
Europe, Middle East & Africa	**32,810**	29,993	10.1%
Japan	**11,143**	8,994	17.1%
Asia Pacific	**8,758**	7,388	18.6%
Revenues before miscellaneous income and acquisitions	**93,179**	83,244	11.5%
Miscellaneous income	**30**	28	
Abcam Biochemicals	**1,382**	—	
Epitomics	**3,248**	—	
Total reported revenue	**97,839**	83,272	

* Calculated by comparing 2011/12 revenues to 2010/11 revenues at the exchange rates prevailing in 2010/11.



Improving our service levels across the world Read more in the case study on pages p16–17

Europe, Middle East & Africa (EMEA)

In our main EMEA markets, performance has been good in the UK and satisfactory in France and Germany, whose relatively strong economy has attracted more competition during the period.

Overall we are pleased with our performance in the smaller EMEA markets, particularly in Italy and Spain, whose economic difficulties continue to be widely reported. Elsewhere, in The Netherlands and Switzerland the local distributors we appointed to focus on particular parts of the market did not perform to our expectations. Our focus for the new financial year is on building closer relationships with our customers in those areas and improving our product positioning to make purchasing even easier.

In the longer term, the likely timing and outcome of the issues faced by the single currency add further uncertainty to the situation within the EMEA region and we aim to ride these out with an increased focus on customer segmentation and cross-selling to take advantage of our expanding product range, and continued efforts in growth markets such as India.

Japan

Growth in Japan was strong in the year, assisted by a stimulus package for research funding which began in October 2011 following a delay caused by the earthquake in March 2011. Abcam's superior offering has been the principal driver behind our growth historically, but we should be mindful that the longer-term prospects in Japan may be linked to the amount of funding provided centrally to the recovery efforts following last year's earthquake. Nevertheless this is a fine performance and due credit goes to our dedicated staff in Japan.

Asia Pacific

The revenue increase in China was satisfactory, although impacted by external factors. The high level of growth achieved in the 2011 financial year made comparatives for this year more challenging and there was a delay in the releasing of the funding to support the latest five year economic plan. Elsewhere growth was strong, notably in South Korea and Taiwan.

Given the strong funding in the region, particularly in China, Asia Pacific continues to be a market of significant potential for us.

Overall the 2011/12 financial year saw challenging market conditions in many of our main geographic markets and we expect the funding uncertainties faced by many of our customers to continue into the new financial year. Despite this, we believe Abcam is well positioned to successfully maintain its position in the market.

Acquisition of Ascent

A key focus for us this year has been in progressing our M&A strategy. During the year we acquired two companies and started the longer-term projects of successfully integrating these businesses, along with that of Abcam Eugene, which was acquired shortly before the previous financial year end.

We completed the acquisition of Ascent on 12 September 2011. Ascent, now known as Abcam Bristol, has built an excellent reputation as a provider of high-quality biochemical products used by life science researchers for modulating the function of proteins and has been quick to bring new, best-in-class reagents to market, backed by specialist technical support. This approach is very much in line with Abcam's ethos and many Abcam customers already use bioactive small molecules in their research. Consequently this range of reagents, which we have branded as Abcam Biochemicals, is a great complement to our existing catalogue of protein research tools.

In the period since acquisition, we have added over 200 new biochemicals to our catalogue through in-house manufacture as well as outsourcing and at the year end the full Abcam Biochemicals range of diverse bioactive small molecules totalled 656 products.

We are excited by the opportunity the Abcam Bristol acquisition has brought us to bring this complementary product range to our existing customer base and we are investing in our IT infrastructure to improve the cross-selling of these products. Sales of Abcam Biochemicals contributed revenue of £1.4m since acquisition and we expect the planned catalogue expansion and increased market penetration to produce strong underlying revenue growth in 2012/13.

Maintaining close links with the scientific research community

Acquisition of Epitomics

We completed the purchase of Epitomics on 19 April 2012. Epitomics is focused on the development, production and distribution of rabbit monoclonal antibodies (RabMAbs®) for biomedical research and diagnostic applications.

RabMAb® products are superior to existing polyclonal and monoclonal antibodies for many applications. This is because they offer researchers a combination of higher affinity (meaning that they bind stronger to the target protein) and increased specificity (producing fewer off-target interactions). As well as developing and distributing RabMAbs® for academic and pharmaceutical research applications, this enables Epitomics to offer a custom production service to meet customers' specific requirements, providing solutions for research and diagnostic applications.

The superior quality of these products also allows Epitomics to offer a line of high-quality antibodies for anatomical pathology, the in vitro diagnostics immunohistochemistry (IVD IHC) arm of the business, which provides RabMAbs® primarily for clinical diagnosis and prognosis of certain cancers including colon, prostate, ovarian and lymphoma. We are excited about the future potential of this market, although the current base is very small and is still in the early stages of development.

Additionally, Epitomics generates income from certain royalty payments and licence deals that it has with life science tools companies that pay to utilise aspects of Epitomics' patented RabMAb® technology in the development and manufacture of their own antibodies.

Epitomics represents a highly compelling strategic fit for Abcam and supports the Company's vision of becoming the world's leading life science reagents company. The acquisition provides us with extensive know-how in rabbit monoclonal antibody technology, helps to diversify our product offering and customer base and offers the opportunity to expand into the fast growing IVD IHC market.

Epitomics's strong historic and forecast growth and high margins (annual compound growth in reported revenues of 31% over their past five financial years to December 2011 and an historic gross margin in excess of 80%) are projected to boost Abcam's future sales growth and margins. Epitomics was an existing OEM supplier to Abcam prior to acquisition and we intend to leverage Abcam's existing customer base and strong global marketing and distribution expertise with Epitomics' RabMAb® products, technology and product pipeline.

We are pleased with the results we have seen in the ten weeks since acquisition, in which Epitomics has contributed revenues of £3.2m. We expect the overall Epitomics contribution to be earnings neutral in the first full year of ownership as we invest in the business to expand production and accelerate future growth, generating earnings enhancement from the second full year of ownership onwards.

Enhancing our product ranges

Our online catalogue has continued to grow strongly, comprising 92,456 products at the year end, representing growth of 25.5% over the previous year, as we took advantage of a number of one-off opportunities to add to new and existing product ranges.

We increased our range of primary antibodies by 23.5%, which includes 1,452 new RabMAb® products added in the year from Epitomics. The year has also seen a continued expansion and diversification of our non primary antibody product offering:

Win new customers

3,000

scientists attended our scientific webinars

Increasing customer engagement

via website re-development

Building new partnerships

with biopharma and pharmaceutical companies

Supporting the scientific community

We are committed to supporting the life science industry and offer a series of global scientific events, providing a forum for scientists to get together and for us to talk to existing and potential new customers. Over the past twelve months we delivered 16 global events as well as attending numerous industry tradeshows.

In addition we have launched a scientific webinar programme which is proving to be a great success, enabling us to engage with an additional 3,000 scientists. We recruit expert resident scientific support specialists and invited speakers who are the top scientists in their field, which attracts new attendees and gives us the opportunity to promote our products and high-quality service.

In 2012/13 we will be building on our webinar success and responding to customer feedback. These webinars will focus on more complex applications and will provide attendees with hints and tips as well as real-time discussion and problem-solving on research topics such as ChIP principles to post-translational modifications.

Re-developing our website for increased customer engagement

We are re-developing our website in order to enhance the search and navigation functionality, product pages and overall design. One key element is to increase customer engagement, further developing our industry-leading datasheets, by combining a platform for discussion and customer feedback: research shows that customer feedback influences the majority of company perceptions and purchasing decisions.

A key feature of our website is that it is fully integrated with our internal systems which allows us to provide rapid information and data updates to the researcher. Ultimately this will evolve towards generating a more personalised experience for each visitor, growing our customer base and improving customer retention. We are also developing our systems to better accommodate non-antibody product types so that these can be easily identified, purchased and reviewed, which will strengthen our growing product portfolio, attracting new customers and offering added value for existing customers.

Epitomics, providing a platform for new customers and partnerships

The acquisition of Epitomics gives us access to the world's largest catalogue of high specificity and superior binding affinity antibodies (RabMAbs®) and high throughput development facilities. In addition it also provides an opportunity to speak to new customers and build new partnerships, such as those already in place with large diagnostic equipment manufacturers as well as working with new clinical and academic institutions, and biopharma and pharmaceutical companies.

Adding to our range of quality products

Enhancing our product ranges continued

we increased this portfolio of antibody-related and support reagents in the year by 5,418 products, including 656 new biochemicals from Abcam Bristol, to a total of 22,063 products. Key ranges we have identified for growth, proteins and peptides and kits, increased by 33.9% and 73.2% respectively in the period.

Our aim is to make our product range the most meaningful it can be to best assist researchers to discover more. A key component in achieving this is our continued drive to source more information on our products and I am delighted to report that we again set new highs in the year, particularly in terms of the number of images added to our product datasheets as a result of in-house testing. This increased by over 50% compared with the prior year, including a large increase in the number of images added to non primary antibody products such as proteins.

We also continue to obtain product data from a variety of other sources, such as Abreviews® provided by customers, and references where our products have been used in experiments published in leading scientific journals.

Customer service

We have implemented a number of initiatives during the year to enhance our customer service offering by improving delivery times and expanding our customer and technical support teams.

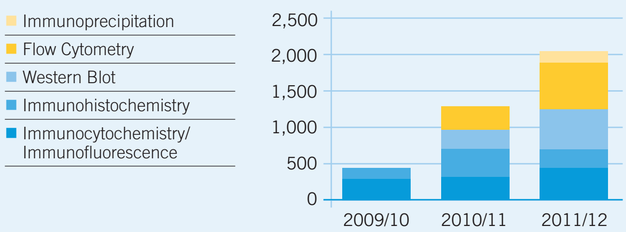
We now hold inventory in a bonded warehouse within China which has cut delivery times to our China-based customers by an average of a week. Similarly, we have doubled the frequency of shipments directly to our Hong Kong office to speed up delivery times to our customers in the rest of the Asia Pacific region. Brazil is one of our fastest growing markets and we have appointed a new local distribution partner to whom we now ship direct, in order to better serve this region.

We continue to maintain our response rates in customer service, with 99% of queries responded to within 24 hours, and we have improved our scientific support offering by expanding our Hong Kong team, giving faster response rates the region and enhancing our ability to support more customers in Cantonese and Mandarin. A new phone system installed during the year has also allowed us to extend the available hours and foreign language support of our customer service teams by sharing calls across the different geographic offices. We are now proud to say that we have the best opening hours in our market.

Strategic development priorities

Our strategic priorities are to build on our core business, to capitalise on the opportunities from the acquisitions already made, identify new areas to expand into and if appropriate pursue further M&A activities.

Images added in the year from in-house testing, by application



Enhance our product range

January 2012

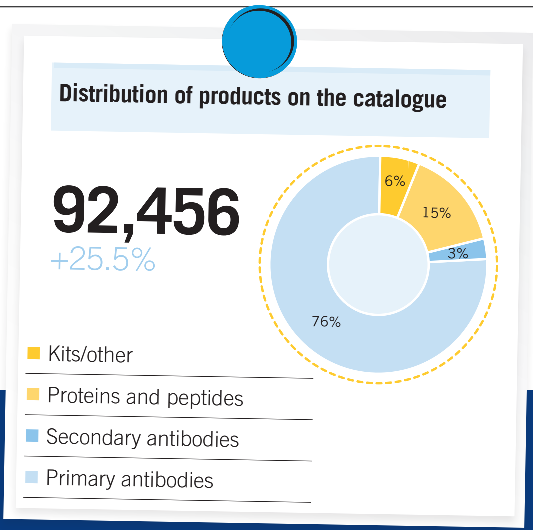
launch of Abcam Biochemicals

656

bioactive small molecules added to Abcam's product catalogue

55%

increase in product range from Abcam Eugene



Abcam Bristol

Abcam Biochemicals was launched in January 2012, as the brand name for our bioactive small molecules business led by the team from Abcam Bristol. At that time we introduced around 500 new products to the Abcam portfolio, which are widely used by pharmacologists and other life scientists, and this product range had grown to 656 by the end of the year.

We have ambitious plans for our range of Abcam Biochemicals and have invested in additional resources and infrastructure to rapidly expand these products. The product development strategy is focusing on adding high quality commonly-used as well as novel and cutting edge products. We are working with patent holders and have already obtained licences to be the sole commercial supplier of a number of novel first-to-market research biochemicals.

There is a great opportunity for us in introducing these new products to our existing researcher base – the bioactive small molecules have direct applications in modulating cellular function which can aid researchers in their experiments, but because they typically come from a molecular biology background they may not realise these potential applications. Integrating these products into our website and cross-selling with our antibody products will, we believe, be a compelling growth driver.

"We are committed to accelerating rapid growth of our product portfolio. Our aim is to develop a world-class small molecule portfolio under the Abcam Biochemicals brand."

Steve Roome
General Manager, Abcam Bristol

Abcam Eugene

Within six weeks of the acquisition of Abcam Eugene in 2011, their products previously unavailable to us were published on the Abcam catalogue, with the legacy MitoSciences website directing customers to Abcam for purchase and order fulfilment. This allowed us to reduce delivery time for customers and take advantage of Abcam's operational efficiencies.

Prior to acquisition, the company offered a bespoke production service which we immediately ceased in order to allow the R&D team to focus on product development in the higher margin reagents business. Since that time investment has been made to increase our development capacity and as a result the product range has increased by 55% in the last year. Over the year, we have significantly increased our share of the immunoassay market.

We continue to be excited by the opportunity to bring new and innovative products to our customers, particularly taking advantage of the high specificity and sensitivity of RabMAbs® for assay development – our Eugene team forms a great centre of excellence for this immunoassay development.

"We are proud of our collective achievements this year and look forward to delivering even more value to the Group and our customers with our expanded resources."

James Murray
General Manager, Abcam Eugene

"It has been a pleasure working closely with our colleagues at Abcam Eugene. They have exceeded my expectations in delivering high-quality products, backed-up by sound science and stringent biological validation."

Mark Bushfield
Scientific Director, Abcam plc

Chief executive officer's review continued
Better serving our customers

Primary antibodies are still by far our largest revenue provider and I am delighted that we have been able to add so many new products during the year. The provision of high-quality well-specified antibodies is a key focus for us and we will continue to actively pursue this through our own production and third party sourcing, with a dedication to the generation and harvesting of data on these products.

We will also continue our plans to extend our catalogue range to look at other data-rich products that are applicable to our research customer base where we were primarily known for our original core antibody offerings.

The attractive characteristics of RabMAbs® from Epitomics explained above will significantly enhance both our primary antibody and assay product portfolios, as well as custom service offering.

The extension of our biochemical product range will also be a priority, as will the pursuit of the longer-term opportunity in IVD IHC, which is currently in its early stages.

In order to facilitate continued business expansion, we are looking at ways in which we can improve our internal operations, systems and marketing capabilities. For example we are investing in our core IT systems and website, in order to allow our systems to continue to scale, as well as up-skilling our IT and development teams. Over time our customers will see an improvement in their interaction with Abcam's website as well as a more personalised user experience.

Board changes

As mentioned in the Chairman's Statement, one of the original co-founders of the Company, Tony Kouzarides, will be stepping down from the Board after next month's AGM. Tony has played a huge role in my personal development, ever since I worked in his laboratory at the University of Cambridge from 1995 to 1998, studying the BRCA2 gene associated with hereditary breast cancer. I would like to personally thank him for the central role he played in setting up the Company, the wise counsel he has offered ever since, and the enormous contribution he has made to Abcam's success over the years.

Summing up

There is no doubt that this is a golden age of biology and discovery. Almost daily we hear of breakthroughs coming from gene sequence and protein function and regulation studies that map directly to biological function, enabling huge leaps in our understanding, diagnosis and treatments for disease. Looking forward, the appetite for high-quality discovery research tools can only increase, giving an abundance of opportunities for Abcam which we are well placed and excited to address.

It is not just the products that make Abcam special but also the people; I am incredibly proud of the team that is driving Abcam forward. This year, the energy and enthusiasm of our staff turned our plans into action and we are already seeing the results of their hard work. My sincere thanks go to all our employees across the business for what has been another successful year.

Jonathan Milner
Chief Executive Officer
5 September 2012

Improve worldwide service levels

China

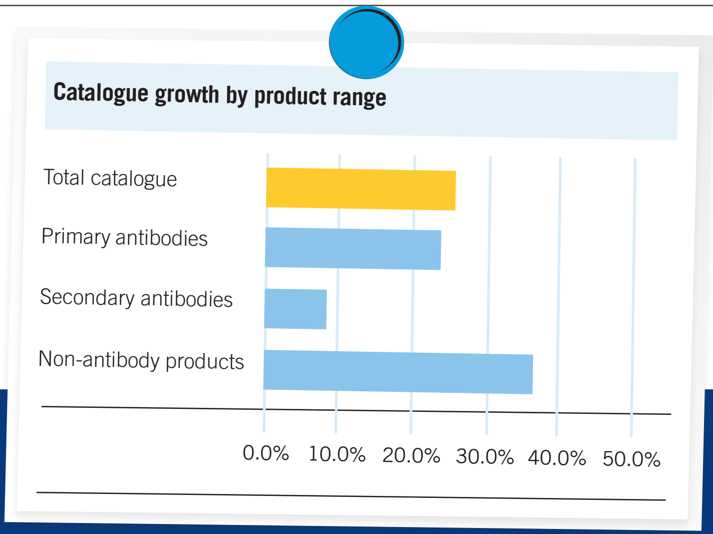
Improved customer service facilities with our bonded warehouse facility at Beijing airport

Brazil

Improved speed of order delivery by shipping direct to a new local distribution partner

Hong Kong

Expansion of scientific support team to improve speed of response to customers



Improving delivery times

In China, we continue to improve customer service by now holding stock in a bonded warehouse facility at Beijing Airport thereby cutting delivery times by an average of one week. Our initial aim is to hold sufficient stock at this facility to have a 60% likelihood of being able to fulfil orders from local stock while supplies will be maintained by weekly inbound shipments from our UK and US stock processing hubs. Similarly, we have doubled the frequency of shipments directly to our Hong Kong office to speed up delivery times to local customers in this territory. Brazil is one of our most rapidly growing markets and here too we are seeking to improve speed of order delivery having recently appointed a new local distribution partner to whom we ship direct from our office in Cambridge, MA.

Expanding our customer service offering

Our customer service and technical support teams are growing in line with sales to ensure that our customers continue to receive the best advice about which products to choose and how they should be best used in their research. Expansion of the scientific support team in the Hong Kong office will permit the transfer of all service support for the Asia Pacific Region from the UK to the local team in Hong Kong so improving our speed of response to customer enquiries and enhancing our ability to support more customers in Cantonese and Mandarin. We have invested in a phone system which permits call sharing between our offices in the UK and US thus allowing us to extend customer service cover throughout the day. For example in our main market in the US, customers can reach our service support staff from 6.00am to 9.00pm EST. Similarly our French, Spanish and German speaking customers in North, Central and South America are able to converse in their preferred language with multi-lingual staff based in our UK virtual offices. In addition to offering French-language support to customers in Canada, we have plans to accept payment in Canadian Dollars.

Financial review

Performance review

Adjusted diluted earnings per share were up by 19.2% to 15.59p

Revenues of £97.8m were 17.5% ahead of last year and adjusted profit before tax was £39.0m, an increase of 20.7%. Adjusted diluted earnings per share were up by 19.2% to 15.59 pence.

Whilst taking important steps in the delivery of our longer-term plans, completing two acquisitions in the year, we have continued to manage the business in the short-term by focusing on providing even better value to our customers. Alongside this, we have managed our costs tightly to mitigate the impact on our profitability and support the investment in our future plans – helping us build a stronger platform from which to grow.

Abcam's acquisitions undertaken over the past two years have given rise to the recognition of intangible assets other than goodwill. These are amortised over their expected useful lives, with the cost recorded against research and development or administrative and management expenses as appropriate. In addition, acquisition-related professional fees have been incurred. Figures excluding these charges are referred to as 'adjusted' in this narrative to aid comparability, as summarised in the table opposite.

Record profitability and strong cash generation underpinned our policy to continue to distribute dividends amounting to 40% of adjusted post tax profits. The Directors have recommended payment of a total dividend of 6.05 pence per share in respect of 2011/12, representing an increase of 15.2% year-on-year.

In summary

- Total revenue of £97.8m, representing growth of 11.5% on a constant currency basis, excluding the contribution from acquisitions made in the year
- Gross margins increased to 69.0% (2011: 67.3%)
- Tight cost control has enabled us to increase adjusted operating margins to 39.4% (2011: 38.3%)
- Adjusted diluted EPS increased by 19.2% to 15.59p (2011: 13.08p)
- Cash generation continues to be strong, with closing cash and term deposits of £17.5m, and no outstanding bank debt, after a net outflow of £51.0m for the acquisitions

Revenue

Reported revenue for the year was £97.8m, representing growth of 17.5% over the prior year, including revenues of £3.2m from Epitomics and £1.4m from Abcam Bristol in the ten weeks and nine and a half months since acquisition respectively. Excluding revenues from these two acquisitions, reported growth for the year was 11.9% and 11.5% on a constant currency basis (assuming exchange rates for the currencies in which the Group sells had remained unchanged from 2010/11).

Gross margin

Gross margin increased to 69.0%, compared with 67.3% in the prior year. 1.2% of the uplift comes from a combination of higher selling prices, product mix and effective cost control, 0.4% from the contribution made by Epitomics in the period since acquisition, and 0.1% from the impact of more favourable exchange rates compared to the prior year.

Operating profit and expenses

Tight cost control has enabled us to increase adjusted operating margins to 39.4% (2010/11: 38.3%). We expect the opportunities for further operational gearing to be limited and will be increasing our investment in the development of the business following the recent acquisitions.

Administration and management expenses

On a like-for-like basis, excluding the costs contributed by the two entities acquired in the year, our administration and management expenses (prior to the impact of foreign exchange gains and losses, amortisation of acquisition-related intangibles and other acquisition-related charges) were tightly controlled to an increase of only 7.6% for the year, as summarised in the table below.

The main movements in these costs arose as a result of:

- a 36.8% increase (£0.4m) in the share-based payments charge as a result of the increase in headcount and the extension of the LTIP to senior managers;
- a decrease of £0.5m in the provision relating to overseas bonus plans;
- a 29.3% increase (£0.3m) in rent, rates and service charges as a result of the relocation of our Hong Kong and Japanese offices to larger premises and the expansion of our Boston office, in all three cases to accommodate growth, as well as a scheduled rent review at our laboratory facility in Cambridge, following the expiry of our initial five-year term; and
- a saving of £0.3m compared with the prior year as a result of costs incurred in 2010/11 relating to external due diligence and consultancy on a potential acquisition which did not proceed.

Adjusted revenues, costs and expenses reconciled to reported IFRS revenues, cost and expenses

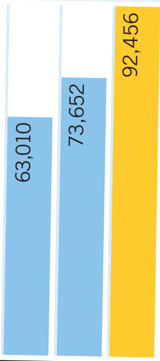
	2011/12				2010/11			
	Adjusted income statement £000	**Acquisition-related intangible amortisation £000**	**Other acquisition-related charges £000**	**Reported IFRS income statement £000**	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Other acquisition-related charges £000	Reported IFRS income statement £000
Revenue	**97,839**			**97,839**	83,272			83,272
Cost of sales	**(30,282)**			**(30,282)**	(27,239)			(27,239)
Gross profit	**67,557**			**67,557**	56,033			56,033
Gross margin	**69.0%**			**69.0%**	67.3%			67.3%
Administration and management expenses	**(25,275)**	**(436)**	**(3,397)**	**(29,108)**	(20,876)	(11)	(202)	(21,089)
R&D expenses	**(3,686)**	**(528)**		**(4,214)**	(3,231)			(3,231)
Operating profit	**38,596**	**(964)**	**(3,397)**	**34,235**	31,926	(11)	(202)	31,713
Operating margin	**39.4%**			**35.0%**	38.3%			38.1%
Investment income	**500**			**500**	398			398
Finance costs	**(73)**			**(73)**	—			—
Profit before tax	**39,023**	**(964)**	**(3,397)**	**34,662**	32,324	(11)	(202)	32,111
Tax	**(9,630)**	**374**		**(9,256)**	(8,330)	3	21	(8,306)
Profit after tax	**29,393**	**(590)**	**(3,397)**	**25,406**	23,994	(8)	(181)	23,805
Basic EPS	**15.88p**			**13.72p**	13.35p			13.23p
Diluted EPS	**15.59p**			**13.48p**	13.08p			12.98p

Key Performance Indicators

Number of products in catalogue

92,456
+25.5%

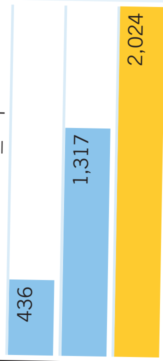
We constantly add new products from a variety of suppliers as well as those developed in-house, to bring our customers the best products available, regardless of source.



Number of images added from in-house testing

2,024
+53.7%

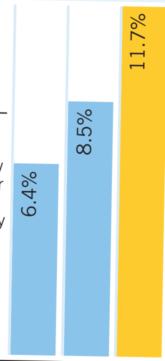
We aim to make our product range as meaningful as possible to assist researchers to discover more. A key component is our continued drive to source more information on our products, including work by our in-house characterisation team.



Revenue from non-primary antibody products as a % of total product revenue

11.7%

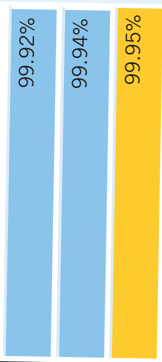
We are working to enhance the breadth of our product catalogue by identifying new product ranges, in particular non-primary antibody products, such as secondary antibodies, kits, proteins, peptides and lysates.



Website uptime

99.95%

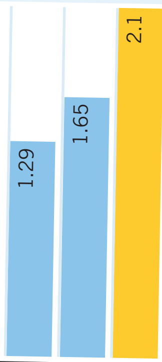
We continue to take action to improve our uptime measure. All online systems experience some level of outage from time to time and there were no outages in the year that were material to our operations.



Website response time (seconds)

2.1
+27.3%

We aim to achieve a website response time to abcam.com globally of less than 2 seconds. This year the additional functionality and product data available from the website has caused this to be marginally exceeded but this performance/benefit trade-off is assessed as acceptable, whilst the longer-term target remains at 2 seconds.

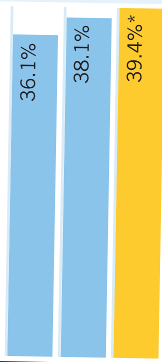


Operating profit to revenue

39.4%

Continued tight management of costs has enabled us to further improve operating margins.

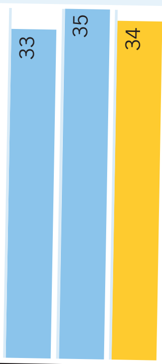
* excluding acquisition-related intangible amortisation and other acquisition-related costs.



Number of debtor days at year end

34
-2.9%

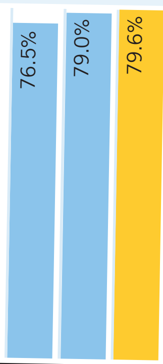
Effective credit control procedures have allowed us to slightly reduce our debtor days compared to the previous year. We expect debtor days to increase gradually over time in line with practice in local markets as the geographic spread of sales widens, whilst maintaining our tight credit control processes.



Orders fulfilled directly from stock (average for year)

79.6%

Having units in stock available for immediate shipment is a key component in our objectives to improve our delivery times for customers.



Key administration and management expenses movements

	2011/12 £000	2010/11 £000	Reported increase %	Like-for-like increase* %
Share-based payments charge	**1,370**	985	39.1	36.8
Overseas incentive plans	**(116)**	357	N/A	N/A
Rent, rates and service charges	**1,585**	1,075	47.4	29.3
Cost of acquisition which did not proceed	**—**	302	—	—
Other operating costs	**22,316**	18,956	17.7	9.2
Total underlying administration and management expenses	**25,155**	21,675	16.1	7.6
As % of revenue	**25.7%**	26.0%		
Foreign exchange loss/(gain)	**120**	(799)		
Acquisition-related intangible amortisation	**436**	11		
Other acquisition-related charges	**3,397**	202		
Total reported administration and management expenses	**29,108**	21,089	38.0	29.3

* Excluding the impact of costs contributed by Abcam Bristol and Epitomics.

Administration and management expenses continued

Abcam Bristol and Epitomics in total contributed a further increase in administrative and management expenses of £1.8m, giving a reported increase in underlying costs of 16.1%. As a percentage of sales, this represents a small reduction to 25.7% (2010/11: 26.0%).

Research and development expenditure

Research and development (R&D) expenditure relates to the development of new products, as well as costs incurred in searching for and developing production process improvements. These costs do not meet the requirements to be capitalised as an intangible asset and are therefore expensed through the income statement as incurred.

Overall R&D expenditure increased by 30.4% in the year to £4.2m (2010/11: £3.2m). Of this, £1.5m was incurred in our three recently acquired entities, Abcam Eugene, Abcam Bristol and Epitomics, and £0.5m was due to amortisation of the acquisition-related intangibles attributed to patents and technological know-how. The remaining £1.0m decrease is attributable to R&D activities in our Cambridge, UK, laboratory; this is due to the implementation of further efficiencies in our processes, successful cost reduction negotiations with some of our key suppliers and a switch of resources away from monoclonal development.

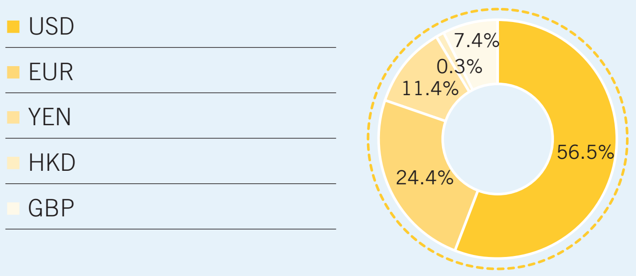
Investment income and finance costs

Investment income increased in the year, reflecting the growing cash balances throughout the first nine months of the year prior to the net cash outflow of £45.1m for the acquisition of Epitomics in April 2012. In order to partially fund this acquisition, we negotiated a revolving credit facility of £20m, of which we drew down £13m, incurring finance costs of £73,000 in the period to the end of the year. Continued cash generation as well as the maturity of certain term deposits allowed us to fully repay this debt by the end of the year. The entire £20m facility remains in place for future drawdown as necessary, although our current plans only envisage this being required in the case of further M&A activity.

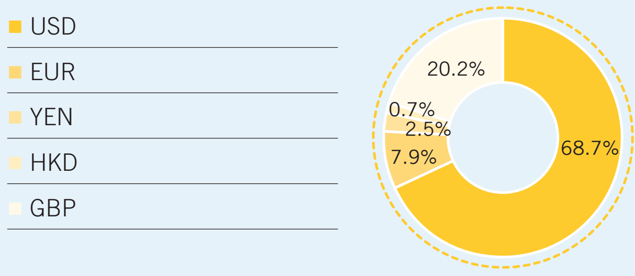
Earnings and tax

Profit before tax in 2011/12 was £34.7m or 35.4% of revenues, compared to £32.1m or 38.6% of revenues in 2010/11. Adjusted profit before tax in 2011/12 was £39.0m or 39.9% of revenues, compared with £32.3m or 38.8% of revenues in 2010/11.

Sales by currency



Cost of sales by currency



Earnings and tax continued

The effective tax rate on adjusted profit before tax was 24.7% (2010/11: 25.7%), reflecting the benefit of announced changes to the UK corporation tax rate, R&D tax credits partially offset by the impact of higher foreign tax rates, as well as a £0.3m benefit from revised R&D tax credit claims relating to 2007/08 and 2008/09.

After taking into account the impact of £3.4m of non-deductible acquisition-related costs, as well as the deferred tax impact of acquisition-related intangible amortisation, the reported effective tax rate was 26.7% (2010/11: 25.9%).

Adjusted basic earnings per share (EPS) increased by 18.9% to 15.88 pence per share and adjusted diluted EPS by 19.2% to 15.59 pence. The basic weighted average number of shares in issue during the period was 185.1m (2010/11: 179.9m), reflecting the additional shares issued in the year on the exercise of share options, the equity components of the consideration paid on the acquisitions of Abcam Bristol and Epitomics, and the full year effect of those shares issued at the end of 2010/11 for the acquisition of Abcam Eugene.

Balance sheet and cash flow

Goodwill and intangibles

Goodwill at 30 June 2012 was £82.4m compared with £2.1m at 30 June 2011. The increase in goodwill is primarily due to the two acquisitions that occurred during the year, with a small adjustment of £0.2m resulting from fair value adjustments made to the assets acquired in the Abcam Eugene acquisition. Goodwill is not amortised under IFRS but is subject to impairment review on at least an annual basis. During the year the Directors performed the review which involved making various assumptions regarding the future performance of the business. After considering various scenarios that could reasonably occur, the Directors concluded that no impairment was required. For more details, please see note 17 to the financial statements.

Other intangible assets at 30 June 2012 were £34.3m, compared to £2.1m at 30 June 2011. The movement primarily reflects amortisation of the intangible assets and the additions resulting from the acquisitions in the year, as well as the development of hybridomas for the production of monoclonal antibodies, and software costs related to the project to invest in our core IT systems, described in more detail below. Further analysis can be found in note 18 to the financial statements. Other intangible assets are amortised through the income statement over their estimated useful lives and we have added back the amortisation of acquisition-related intangible assets in arriving at adjusted profit, as outlined above.

Capital expenditure

Additions of tangible and intangible assets amounted to £3.0m (2010/11: £1.0m) reflecting:

- the purchase of an additional Compound machine to enhance our minus 20 degree storage capacity, the temperature at which the majority of our finished goods are held;
- the creation of a new goods-in/goods-out area in our Boston office to enhance the capacity and efficiency of this area of operations;
- further investment in other inventory storage facilities across our distribution offices in order to accommodate the additional inventory taken on as a result of the acquisitions in the period;
- office moves for our Hong Kong and Japanese offices to accommodate expansion, as well as redesign of our UK and extension of the Eugene laboratory facilities;
- development of new hybridomas by Epitomics; and
- the first stages of an investment in our core IT systems and website.

The latter project has incurred tangible fixed asset additions of £0.1m and intangible additions of £0.8m in the year, including capitalisation of internal staff costs as required by IAS 38 of £0.1m. This investment will be instrumental in supporting the delivery of Abcam's next stage of growth and we expect to capitalise approximately £4.5m in the next twelve months or so, of which £0.5m is estimated to be internal salary costs. Whilst there may be smaller amounts of ongoing investment to support the project after 2012/13, this is planned to be the major investment year.

Cash flow

	2011/12 £000	2010/11 £000
Adjusted EBITDA	**40,350**	33,543
Add back non-cash movements	**1,351**	1,105
Underlying working capital*	**(3,998)**	(1,593)
Underlying cash generated by operations*	**37,703**	33,055
As % of revenue	**38.5%**	39.7%
Settlement of pre-acquisition non-trading liabilities	**(2,094)**	—
Cash paid for acquisition-related charges	**(3,055)**	(202)
Capex and disposals	**(2,831)**	(1,155)
Interest and taxation	**(7,506)**	(7,079)
Dividends and share issues	**(9,528)**	(6,985)
Purchase of investments	**(50,961)**	(2,448)
Net cash (outflow)/inflow	**(38,272)**	15,186
Opening cash and term deposits	**55,569**	40,222
Foreign exchange movements	**183**	161
Closing cash and term deposits	**17,480**	55,569

* Excluding the impact of the settlement of pre-acquisition non-trading liabilities by Epitomics of £2.1m.

Cash flow

We maintained strong cash generation in the year, recording underlying cash generated by operations of £37.7m, at 38.5% of Group revenue (2010/11: £33.1m, 39.7% of revenue).

The underlying working capital outflow reflects an increase in inventories of £2.0m, which includes an increase to reflect the growth of the business, product mix and strategic initiatives to support improved customer service. The movement in receivables was broadly in line with the increase in revenues. Payables have decreased by £1.2m due to the payout of bonuses under overseas incentive plans and the timing of one-off project-related payments as well as other supplier payment runs.

Overall, the Group reported a net cash outflow of £38.3m (2010/11: inflow of £15.2m). The majority of this outflow arose from the £51.0m net cash paid to partially fund the acquisitions of Abcam Bristol and Epitomics in the year. The remainder of the outflows result from an increase in capital expenditure, taxation and dividends, as well as £2.1m paid in settlement of non-trading balances accrued within Epitomics's opening balance sheet and £3.1m paid for acquisition-related costs.

Net cash and term deposits at the year end totalled £17.5m, with no bank debt outstanding.

Looking ahead

We will continue to manage the Company prudently and to operate an efficient business; controlling our costs tightly whilst building a platform for long-term sustainable growth.

Jeff Iliffe
Chief Financial Officer
5 September 2012

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management policies are constantly reviewed, taking into account market conditions and the Group's activities. The Board formally reviews the Group's risk register twice a year.

Like every business, the Group faces risks in the undertaking of its day-to-day operations and in pursuit of its longer-term objectives. Further information on those risks and how they are managed by the Group is set out on the following pages. It is recognised that the Group is exposed to a number of risks, wider than those listed. However, we have chosen to disclose those of most concern to the business at this moment in time and those that have been the subject of debate at recent Board or Audit Committee meetings.

Further additional information on the Group's financial risk management strategy can be found in **note 27** to the financial statements

Strategic risks

Issue	Risk	Mitigation
Government funding	Whilst it is extremely difficult to ascertain a precise figure, a high proportion (over 80%) of Abcam's sales are funded by public money, mainly through research grants. Any reduction in grant funding by central Governments to address fiscal deficits is likely to have some impact on the level of demand for Abcam's products.	One of Abcam's key long-term strategic objectives is to continue to expand its geographic diversity, particularly in markets where Government funding is strong, such as China. In addition, Abcam's products are used as research tool consumables within laboratories, so its sales are likely to be more resilient when budgets are cut than equipment manufacturers, for example, whose customers may be more unlikely to obtain approval for large capital investment projects.
Competition	There are several hundred antibody and related product suppliers around the world. These include companies ranging from dedicated antibody suppliers to large multi-national companies selling broad ranges of other products in addition to antibodies. Abcam's rapid growth may attract new competitors and/or stimulate existing competitors, some of which have greater financial, marketing and technological resources than Abcam, to invest further in their offerings to the market.	Abcam already sources products from many of the world's leading suppliers and, in response to this risk, continues to build its supplier and product base, invest in the functionality of its website and its operational capability. The challenges for a competitor would include establishing a suitably large catalogue of products with proven validation in research, sold under an established and successful brand, and if they were to follow Abcam's supply model, building relationships with a broad range of high-quality suppliers.

Commercial risks

Issue	Risk	Mitigation
Supplier relationships	Abcam may lose a supplier if, for example, that supplier's business strategy changed or it was no longer willing or able to continue to provide products.	Abcam has over 400 suppliers, many of whom it has had relationships with for several years. This makes losing a supplier less likely but if this were to occur Abcam often has several antibodies to the same target and whilst each is unique, in the event of a particular product no longer being available, Abcam would look to offer customers alternative products from within the catalogue. In the 2012 financial year no third party supplier accounted for more than 5% of Group revenue. Our exposure to key suppliers is improved with the acquisition of Epitomics, who previously accounted for just under 5% of our revenues. Abcam has its own production capabilities which could also be utilised to generate alternative products. Revenues from our own production facilities currently contribute approximately 17% of total Group revenue and this is expected to increase with the full year impact of the acquisitions completed within 2011/12.
Product defensibility	It is possible that new technologies may emerge in the future as viable alternatives to the use of antibodies in protein detection.	In order to mitigate this risk Abcam has many contacts in the industry and dedicates resource specifically targeted at this area. In this way, Abcam looks to stay abreast of technological developments in the field as far as is practicable, with the aim of positioning the Group to exploit the commercialisation of such technologies if they appear.

Legal/regulatory/financial risks

Issue	Risk	Mitigation
Intellectual property	Research antibodies are not typically protected by intellectual property rights and the market can be characterised as having relatively low barriers to entry in this regard. However, where such rights are claimed to be the subject of third party patents or other proprietary rights, Abcam may be the subject of infringement actions or proceedings. Our own patent portfolio, of which the commercially material component relates to RabMAb® manufacture, may be subject to workaround from competitors.	Abcam believes that its principal protection in the market lies with its business model rather than through intellectual property rights. The breadth of highly specified products in its catalogue, its ability to add products quickly and cheaply, its extensive supplier base and its own production capability and brand each act as significant barriers to entry for competitors. In addition, Abcam has no single product dependency; for example, its biggest selling product accounts for less than 1% of Group revenues, meaning that any infringement actions are likely to have a minimal impact on sales. Workarounds to Abcam's RabMAb® patents already exist in the market, but the patents, as well as having some technical advantages, have created a headstart over competitors which its commercial exploitation plans aim to maintain.

Legal/regulatory/financial risks continued

Issue	Risk	Mitigation
International trade regulation	The Group's activities involve importing and exporting its products across many international borders. Any changes to the regulations covering such movements might have an effect on the Group's trading activities. The diversification of products on our catalogue also exposes us to a wider set of regulatory restrictions.	Abcam closely monitors any changes to international import and export regulations and seeks to adapt its procedures wherever possible to ensure that the movement of products is not affected, whilst maintaining compliance with such regulations. During 2011/12 we saw some impact from regulatory changes on our import of sera, causing a slowdown in production over the early part of the year. We worked alongside our suppliers to adapt their export and our import procedures where necessary and the production backlog was cleared by the end of the year.
Health and safety (H&S)	The acquisition of Abcam Bristol has raised our exposure both to chemical substances as well as import/export duties that are due on many of these products.	We have strengthened our experience in H&S through the year with an additional appointment. We are comfortable that our internal H&S processes are robust in handling these products and have worked to ensure that we have the appropriate classification of products on the catalogue. We have also made some refinements to our import/export processes. We use an external consultancy to perform an annual H&S audit across the Group and perform an internal audit on any new entities as they are acquired.
Distributor relationships	In certain areas of the world Abcam works through third party distributors who undertake marketing support activities and provide local logistical support. Consequently Abcam is dependent on them fulfilling these roles in an effective and efficient manner so as to enable sales to continue to grow in these regions. The distributors act as customers and therefore represent a financial risk for uncollected account balances.	Distributors typically work on annual contracts and there is a detailed qualification process which they are required to go through before being appointed. Outside of Japan, where we sell directly to sub-dealers, distributor sales amounted to around 10% of total sales in the 2012 financial year and no single distributor accounted for more than 3% of total sales. We have a team dedicated to maintaining close relationships with our distributors and continuing to deliver revenue growth.
Foreign currency exposure	The Group has significant operations outside the UK and as such is exposed 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 to pay for outgoings in those currencies, in particular the US Dollar, 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.

Operational risks

Issue	Risk	Mitigation
Infrastructure	Abcam operates in a market which it has been able to exploit through the use of online and eCommerce-based systems. These systems need to be robust, efficient and scalable in order for the Group to continue to manage its growth. The risks here are both from the infrastructure and organisation of the IT systems, as well as the ability of Abcam's products to be found by online users through popular internet search engines.	The Group invests extensively in its IT systems both from scalability and security points of view, as well as from usability aspects. Abcam uses a global content delivery partner to increase both the reliability and access speed for viewing the majority of its static site content. Dynamic content is served from an external, fully supported data centre. The Group outsources regular security penetration testing on its website from a third party and pays considerable attention internally to the search engine optimisation and usability of the website through user testing, feedback and surveys. All eCommerce systems experience some level of outage from time to time so we continue to take action to improve our disaster recovery responses, as well as to work on redesigning our application architecture to minimise the single points of failure within our systems. The overall aim is to minimise the risk of any material impact on the business and indeed there were no outages during the year that caused a material impact.
Integration	To support the Group's growth strategy of expanding into new markets and diversifying its product range, a number of acquisitions have been made. In order for these acquisitions to perform in line with management's expectations and to minimise disruption to other areas of the business, they need to be integrated into the Group's existing operations as appropriate in an efficient and timely manner.	Integration steps are planned in outline prior to acquisition and Abcam has dedicated resource to lead the integration of acquired entities. Any issues identified are highlighted and responded to in an appropriate manner. There are open channels of communication across all levels of the Group which includes regular meetings with key management of the acquired entities and members of the Executive Management Team. Furthermore, the continued investment in the integration and adaptability of the systems operated across the Group are planned to also contribute to the successful integration of new businesses and products.
Staff recruitment and retention	The contribution made by Abcam's highly skilled and dedicated staff has been, and will continue to be, important to Abcam's future success. As the Group's profile grows it is important that it is able to continue to recruit and retain high calibre staff.	Abcam places great emphasis on open communication with employees, including quarterly Group-wide meetings, weekly office meetings and regular staff committee meetings. There are also share ownership schemes and profit share arrangements, with rewards based on seniority within the business. Abcam also looks to create a supportive working environment: employees are provided with significant opportunities for learning and development and are encouraged to provide feedback on this via an annual staff survey.

Generating shareholder value

Introduction

At Abcam we value corporate governance highly and this is reflected in our governance principles, policies and practices. We believe that effective governance, not only in the boardroom but right across the business, ultimately produces a better business and supports long-term performance. Therefore, notwithstanding the fact that Abcam is an AIM-listed company, we are committed to ensuring that the Group is managed in accordance with the principles set out in the UK Corporate Governance Code 2010 (the Code).

The core activities of the Board include:

> providing entrepreneurial leadership within a framework of prudent and effective controls for risk assessment and management;

> setting the strategic aims of the Group, ensuring that resources are in place for the Group to meet its objectives and reviewing management performance; and

> setting the values and standards of the Group and ensuring that its obligations to shareholders and others are understood and met.

2011/12 has been a year of significant change for Abcam. The Board has played an active role in matters concerned directly with these changes, overseeing the acquisitions of Abcam Bristol and Epitomics in particular, whilst also ensuring continued focus on the operation of the business in keeping with the principles of good governance and sound management.

We have made a number of changes to the Board and its Committees during the year, welcoming three new members to the team. I believe that we have a truly engaged and committed Board. I am pleased with the robust and challenging debate held across a wide range of issues and the support shown to the Executive Team as it drives our vision of becoming the world's leading life science reagents company.

Compliance with the Code

The Code is the standard against which we have chosen to measure ourselves in 2011/12 and we are pleased to confirm that we complied with the Code throughout the period under review.

The Corporate Governance Statement and Directors' Remuneration Report set out on pages 34 to 51 detail how the Group has applied the principles of good governance contained within the Code.

Board skills and experience

During the previous year we performed a review of the skills, experience and diversity within the Board in order to shape it for the future. As the Company enters its next phase of growth, we identified the importance of increasing the knowledge base and experience of the Board specifically in relation to the life science reagents sector and eCommerce trading. Our new appointments have sought to address these areas, ensuring that our Board members bring a diverse mix of skills and experience relevant to Abcam's current strategic priorities.

Whilst no current members of the Board are women, we are aware of the concentration of the diversity debate on female director appointments. The Board was mindful of this in making the new appointments during the year and remains open to the prospect of increasing the proportion of women on the Board in the future. Overall, women represent 52% of Abcam's workforce as a whole.

The mix of experience on our Board is shown opposite and more detailed biographies are provided on the following pages.

Appointments and succession

As previously reported, Tim Dye and Mark Webster both retired from the Board at the AGM in October 2011 and Tony Kouzarides will retire from the Board after next month's AGM. We made three new appointments in 2011/12. We were pleased to welcome Anthony Martin on 16 September 2011, followed by Murray Hennessy and Michael Ross on 1 November 2011 as independent Non-Executive Directors. The Nomination Committee worked with external advisors in connection with the latter appointments. Anthony Martin was known to members of the Committee, so no external search firm was deemed necessary in his appointment.

Following this refreshment of the non-executive representation on the Board, we took the opportunity to review and reorganise the membership of the Audit, Remuneration and Nomination Committees. The current

composition of the various Committees is covered in more detail in the Corporate Governance Statement below.

The Board reflects a balance between financial, sector specific and general business skills, with a highly experienced executive and non-executive team. The roles of the current members of the Board are set out in the biographies section on pages 30 and 31.

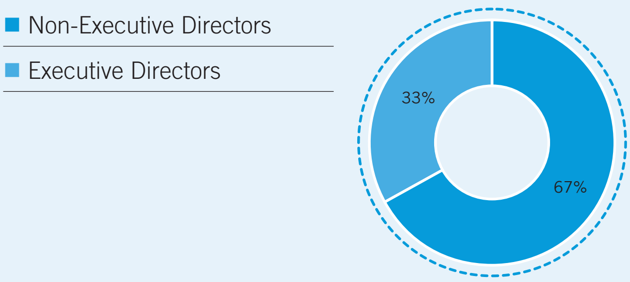
Monitoring risk

Monitoring the level of risk and ensuring appropriate governance to support this remains a key objective, involving the support of the Audit Committee. It is important that we continue to drive the level of challenge and debate around risk as well as improve our understanding of risk appetite and tolerance as our business evolves.

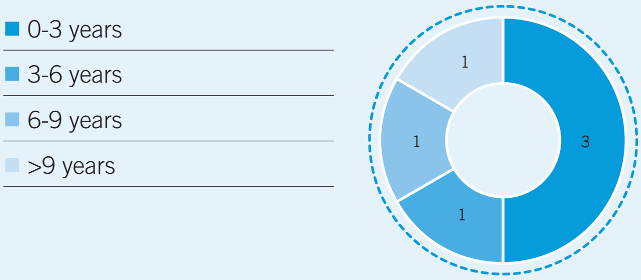
I am pleased with the performance of the Group in recent years and that the changes made in the current year have enhanced our corporate governance agenda. I am confident that we have a strong and very able Board in place to support the next phase of Abcam's growth.

Mike Redmond
Chairman
5 September 2012

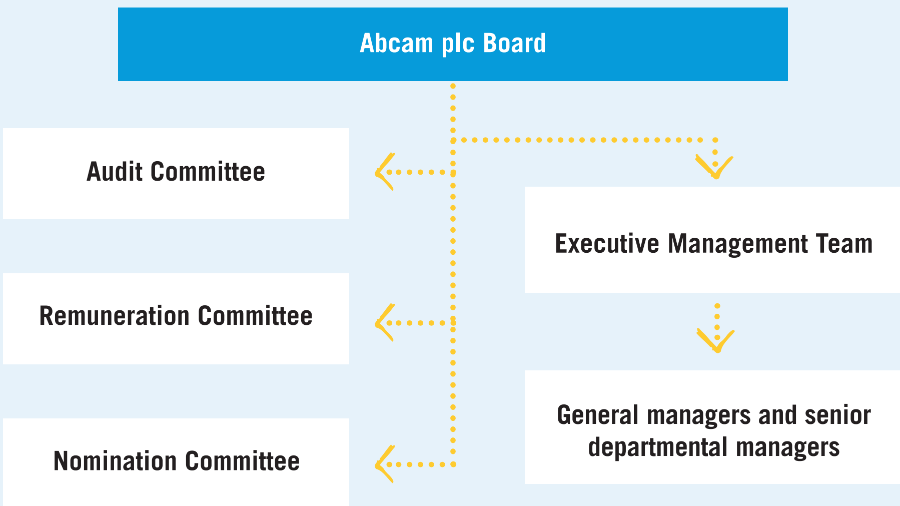
Balance of Non-Executive Directors and Executive Directors



Length of tenure of Non-Executive Directors



How our Board is structured



Board of directors

The Board

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.

1. Mike Redmond, MA (Cantab) N
Role: Chairman
Appointment: March 2009

Experience: Mike 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.
External appointments: He is currently chairman of Dechra Pharmaceuticals plc and his recent chairmanships include Synexus Clinical Research plc, Arakis Limited and Microscience Limited. 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.

2. Jonathan Milner, PhD E
Role: Chief Executive Officer
Appointment: April 1998

Experience: Jonathan is an 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 post-doctoral researcher at Bath University working on antibody engineering, following which he worked at the University of Cambridge in the laboratory of Professor Tony Kouzarides studying cancer, specifically the BRCA2 gene associated with hereditary breast cancer. Whilst in research he identified the market opportunity for supplying high-quality antibodies to support protein interaction studies. In 1998, Jonathan founded Abcam with David Cleevely and Professor Tony Kouzarides, to supply the rapidly growing market for antibodies and other life science reagents.
External appointments: Jonathan is an active supporter of the Cambridge, UK business community. He is chairman of Cambridge Temperature Concepts Limited, a medical device company with a platform technology in wireless temperature sensing. Jonathan is also a non-executive director of Horizon Discovery, a personalised genomics company.

3. Jeff Iliffe, ACA E
Role: Chief Financial Officer and Company Secretary
Appointment: November 2007

Experience: Jeff is a qualified accountant who was appointed as Abcam's Chief Financial Officer after previously working for the Company as a financial consultant. He has extensive relevant experience of the City, industry and internet-based business.
External appointments: 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 Limited and the biotechnology company Plethora Solutions plc. Prior to joining Abcam, he was chief financial officer at the eCommerce company St Minver Ltd.

4. Jim Warwick, MA (Cantab) E
Role: Chief Operating Officer
Appointment: November 2000

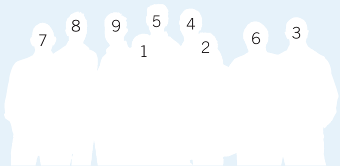
Experience: Jim has an MA in Computer Science from the University of Cambridge. He joined Abcam originally as Technical Director, focusing on the development of the website and the systems integral to support it, and took over operational management of the UK office as Managing Director in June 2004. In this capacity he worked on both cost saving and efficiency improvement projects, including the barcoding and automation of inventory handling within the Group. In 2009, Jim became Chief Operating Officer, with responsibility for overseeing the operational strategy of the Group as a whole.
External appointments: From 1986 to 2003 Jim worked for Analysys Limited, a Cambridge-based telecommunications consultancy, heading up its IT, software and web development initiatives.

5. Murray Hennessy, MBA A R
Role: Non-Executive Director
Appointment: November 2011

Experience: Murray has an impressive track record of working internationally in customer-facing industries, as well as significant experience of online businesses.
External appointments: He is currently chief executive of thetrainline.com, the online train ticket retailer, which he joined in 2008, prior to which he was chief executive of Avis Europe plc, the car rental company. Between 2001 and 2004, Murray was the commercial director of John Lewis Department Stores where he pioneered the store's online presence, johnlewis.com. After an early career as a management consultant in the London, Tokyo and Boston offices of Bain & Company, Murray held a number of senior positions in the restaurant industry and also led an internet start-up.

Key

Executive Director	E
Audit Committee	A
Nomination Committee	N
Remuneration Committee	R



Board structure
p29

6. Peter Keen, ACA
A N R

Role: Non-Executive and Senior Independent Director
Appointment: October 2005

Experience: Peter joined Abcam's Board prior to the Company's IPO and is a chartered accountant with more than 27 years' experience in the financing and management of biotechnology companies.
External appointments: Peter is chairman of Oval Medical Technologies Ltd and a non-executive director of the Biotech Growth Trust plc, Horizon Discovery Ltd and Q Chip Ltd. He is also a venture partner with the technology venture firm DFJ Esprit LLP. Peter has a notable track record in the UK biotechnology sector and until March 2010 was corporate development and finance director of the private biotechnology company Serentis Ltd having been chief financial officer of Arakis Limited until its successful trade sale in 2005. He was co-founder and finance director of Chiroscience Group plc, after which he helped establish the venture firm Merlin Biosciences where he was responsible for a number of investments including Ark Therapeutics Group plc, Biovex, Cyclacel, ReNeuron plc and Vectura Group plc.

7. Tony Kouzarides, PhD, FmedSci, FRS
N

Role: Non-Executive Director
Appointment: April 1998

Experience: Tony 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.
External appointments: He is a co-founder of Chroma Therapeutics Limited, which identifies drugs against cancer, and is the founder and director of cancer charity Vencer el Cancer, operating in Spain.

8. Michael Ross, MA (Cantab)
A N

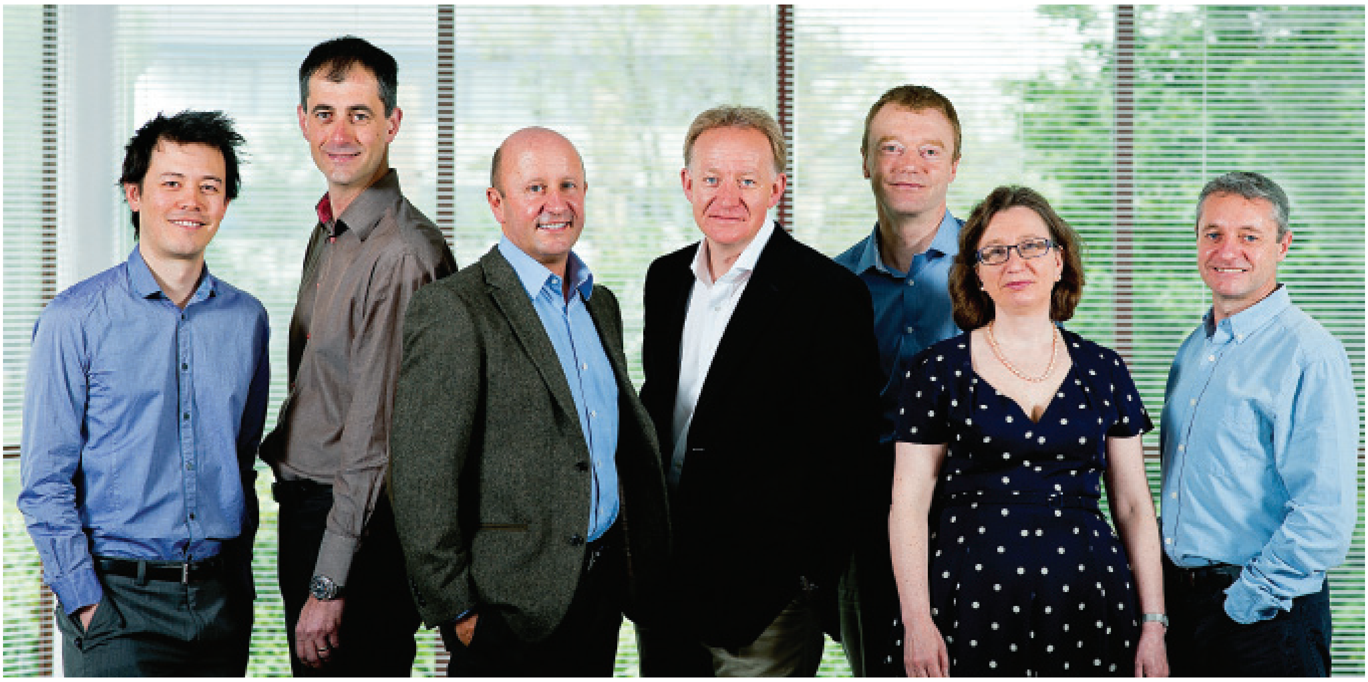
Role: Non-Executive Director
Appointment: November 2011

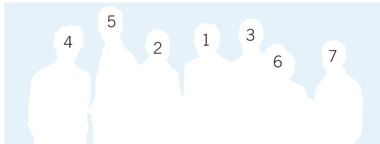
Experience: Michael is an eCommerce executive and advisor with a high level of technical expertise.
External appointments: He co-founded eCommera in 2006, an eCommerce technology and advisory business where he is an executive director. He is currently a non-executive director of warehouseexpress.com. He is also an eCommerce advisor to a number of other businesses. After working at McKinsey & Company from 1994 to 1999, Michael co-founded the online retailer figleaves.com in 1999, where he was chief executive officer until 2006.

9. Anthony Martin, PhD
A R

Role: Non-Executive Director
Appointment: September 2011

Experience: Anthony has over 25 years' experience in building and providing life science, medical device and diagnostic companies counsel on a range of strategic, management and funding matters. He holds a PhD in Immunology and a first class honours degree in Applied Chemistry from the Universities of Manchester and Huddersfield, UK.
External appointments: Anthony is currently chairman of Immunodiagnostic Systems Holdings plc, Sphere Medical Holding plc, Wound Solutions Ltd and Phico Therapeutics Ltd. He is the founder and managing partner of TMA Consultants, which provides business planning and interim management for high tech medical companies. During 2010 he served as chairman of Molecular Insight Pharmaceuticals Inc., a NASDAQ quoted biopharmaceutical company specialising in new radiotherapies for heart disease and cancer. He was previously a non-executive director of Prelude Trust plc, an investment trust that specialised in early-stage, technology-based businesses; and as chairman of NeuTec Pharma plc, he played a pivotal role in guiding the company's listing on the AIM market and its subsequent sale to Novartis. He has held senior positions in a number of well-known life science businesses both in the UK and US including: managing director of British Biotech Products Ltd; chairman, president and CEO of Molecular Probes Inc; president of molecular biology, Invitrogen Corporation; chairman and CEO of AZUR Environmental; CEO of Celsis International plc; as well as senior leadership roles at Amersham International plc.





The Executive Management Team (EMT)

The EMT meets on a weekly basis and is responsible for developing and implementing the strategy approved by the Board. In particular, the EMT is responsible for ensuring that the Group's budget and forecasts are properly prepared, that targets are met and for generally managing and developing the business within the overall budget. Significant variations from the budget and changes in strategy require approval from the main Board of the Group.

1. Jonathan Milner
Role: Chief Executive Officer

2. Jeff Iliffe
Role: Chief Financial Officer

3. Jim Warwick
Role: Chief Operating Officer

4. Ed Ralph, PhD
Role: Chief Information Officer (CIO)

Experience: Ed joined Abcam in 2000 after finishing post-doctoral research developing biosensors at the University of Cambridge. Holding a first class degree and PhD, his academic background is in biochemistry and molecular biology and he started programming and developing websites in 1996. Ed has been instrumental in growing the IT and systems capabilities that have supported Abcam's rapid growth. As CIO, Ed is responsible for the in-house software development team that delivers Abcam's front and back-end systems, the IT infrastructure team that is responsible for knitting together the network for all Abcam offices and the eCommerce department which focuses on creating and delivering cutting edge websites and online marketing capabilities. Ed also serves on the Council of Advisors for Red Gate Software, a company of over 250 people that innovate, produce and sell software tools to developers and database administrators.

5. Philippe Cotrel, PhD
Role: Commercial Director

Experience: Philippe joined Abcam in 2008 as Commercial Director. He has over 20 years' experience in sales and marketing in the life science industry. Before joining Abcam, Philippe worked for Affymetrix where he was responsible for their European operations. Prior to that, he held several commercial positions at Amersham Pharmacia (now part of GE Healthcare) and Oxford Glycosciences. He holds a post-graduate degree from Institut Pasteur (Paris) and obtained a PhD in Biotechnologies from Institut des Sciences Appliquees (Toulouse, France). As Commercial Director Philippe has responsibility for the Group's sales and marketing activities and the management and development of its OEM supplier base.

6. Jane Cooke
Role: Director Corporate Services

Experience: Jane is an HR professional with over 25 years' experience in a range of sectors including learned and professional; publishing and engineering. Her initial academic background was social policy with a particular interest in international comparisons. Jane joined Abcam in 2005 and has supported the growth of the Group from a human resources and health and safety perspective. She has considerable international experience working across the UK, US, China, Hong Kong and Japan. Jane has focused on building scalable human resources and health and safety functions which are flexible and adaptable to Abcam's commercial needs, and is passionate about Abcam and its creative and talented staff around the world.

7. Mark Bushfield, PhD
Role: Scientific Director

Experience: Mark joined Abcam in November 2008 as Scientific Director and has responsibility for product development and manufacturing and scientific business development. Mark is a biologist with over 20 years' research and management experience in pharma and biotechnology R&D. After completing a PhD in cellular signalling, Mark spent four years studying signal transduction in New York and Glasgow before joining Pfizer in 1990 where he took on increasing responsibility for technology and therapeutic area research. In 1997, Mark co-founded Cambridge Drug Discovery Ltd (CDD) to provide high throughput lead discovery services to major pharma and biotechnology companies. CDD built a portfolio of IP and collaborations and was sold to BioFocus in 2001, where Mark was appointed as biology director. Mark held the position of research director at Celltech and then VP of research following the acquisition of Celltech by UCB in 2004.

General managers

General Managers

Each General Manager of Abcam's subsidiary companies reports directly to a member of the EMT. They are responsible for the daily operational management of their respective entities, ensuring a consistent implementation of Abcam's strategy across the whole Group.

1. Bill Campbell, PhD

Role: General Manager, Abcam Inc

Experience: Bill received a PhD in Biology from Brown University in 2001 and completed his postdoctoral training at Harvard Medical School & Brigham and Women's Hospital in 2005. He joined Abcam in 2005 in the Scientific Support department, gradually became responsible for all of US Operations and is now the General Manager of the Cambridge, MA office. Bill is responsible for sales, distribution and operations (customer service, scientific support and logistics) in the Americas.

2. Nick Lines

Role: General Manager, Abcam KK

Experience: Nick is an expert in establishing and developing businesses in Japan. He has worked in international relations for local Japanese government and in industry for leading Australian trading company Pentarch Holdings. Nick has advised companies seeking to establish representative offices in Japan through UKTI at the British Embassy in Tokyo and also acted as interpreter for the Football Association during the 2002 World Cup in Japan. On joining Abcam in 2006, Nick's first role as Japan General Manager was to establish the Tokyo office. Nick holds a degree in Japanese and East Asian Studies from the University of Leeds and has lived and worked in Japan since 1999. Nick is responsible for sales, distribution and operations (customer service, scientific support, and logistics) in Japan.

3. Peter Lee, MBA

Role: General Manager, Abcam (Hong Kong) Ltd

Experience: Peter joined Abcam in 2009 in order to establish an office in Hong Kong to serve our Asia Pacific market. He has a degree in Applied Biology, an M.Phil in Biochemistry and holds an MBA. Peter has over 17 years' experience in the life sciences market in both direct and channel sales within the Asia Pacific region. In particular, he has spent 14 years focusing on the China market, specifically in the consumables and capital equipment markets. His previous experience was gained through senior roles at Amersham, Amersham Biosciences, GE Healthcare and Biacore. In 2012, Peter was appointed by Hong Kong Baptist University as a science faculty advisory committee member to assist and provide insight to their future development. Peter is responsible for sales, distribution and operations (customer service, scientific support and logistics) for the Asia Pacific region.

4. James Murray, PhD

Role: General Manager and R&D Manager, Abcam Eugene

Experience: James is responsible for the day-to-day management of the team in Eugene and leads their R&D group by guiding new product development strategy and project management. He holds a PhD in Biochemistry from the University of Leeds, following which he served as a post-doctoral research associate in the Institute of Molecular Biology at the University of Oregon. There he was developing mouse monoclonal antibodies and novel immunoaffinity methods to isolate intact and functional multi-subunit mitochondrial complexes. He joined MitoSciences in 2004 as one of the first employees.

5. Steve Roome, PhD

Role: General Manager, Abcam Bristol

Experience: Steve has considerable experience within the life science reagents industry. He obtained his PhD in organic chemistry at the University of Nottingham, followed by a post-doctoral position at Sussex University. He then spent ten years with Tocris before leaving the senior management team to join the commercial unit at GE Healthcare. Steve co-founded Ascent Scientific in 2005 and took it through to acquisition by Abcam in 2011. Steve runs the business unit in Bristol and is responsible for the development of the Abcam Biochemicals range of products.

6. Guo-Liang Yu, PhD

Role: CEO, Epitomics Inc

Experience: Guo-Liang co-founded Epitomics in 2001. He was a post-doctoral fellow at Harvard Medical School and earned his PhD in Molecular Biology from the University of California, Berkeley under the guidance of Nobel Laureate Dr Elizabeth Blackburn. He has served as senior VP of research and development at Mendel Biotechnology Inc, where his team analysed the function of a complete set of plant transcription factors by knock-out and over-expression in planta and was a senior scientist at Human Genome Sciences Inc where he discovered the target Blys for the lupus drug belimumab. Guo-Liang is a co-inventor of more than 250 patents and a co-author of 40 scientific articles. He is the founding president of the Chinese Biopharmaceutical Association and services several professional organisations in the US and China as a member of the board of directors or board of advisors. Guo-Liang is responsible for the management and development of the Epitomics business.

Corporate governance statement

This section and the Remuneration Report detail how the Group has applied the principles of good governance contained in the UK Corporate Governance Code 2010.

Leadership

Operation of our Board

The Board holds full meetings every month, with attendance required in person one month and via telephone the next month. In addition ad hoc meetings may be called to discuss urgent pertinent issues arising during the course of the year or to approve the annual and interim accounts or dividends.

The three Non-Executive Directors appointed to the Board during the year were unable to attend several of the scheduled meetings during the year due to prior commitments made before joining Abcam's Board.

The Board has a policy, reviewed at least annually, 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. Matters which the Board considers are suitable for delegation to a Board Committee are contained within each Committee's terms of reference which are available on the Company's investor relations website, www.abcamplc.com.

The Board delegates day-to-day responsibility for managing the Group to the Executive Management Team (EMT) and to its Committees, details of which are set out on the following pages.

The EMT is responsible for developing and implementing the strategy approved by the Board. In particular, it is responsible for ensuring that the Group's budget and forecasts are properly prepared, that targets are met and for generally managing and developing the business within the overall budget. Variations from the budget and changes in strategy require approval from the main Board of the Group.

The EMT, which meets on a weekly basis, comprises the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Chief Information Officer, the Scientific Director, the Commercial Director and the Corporate Services Director. Brief biographies and responsibilities of these key members of staff are set out on page 32. EMT meetings are attended by other senior operational personnel, as appropriate.

The General Managers of each of our regional offices are responsible for the daily operational management of their respective entities and each report into a member of the EMT, providing a key role in ensuring a consistent implementation of Abcam's strategy across the business, along with other senior departmental managers. Brief biographies and responsibilities of the General Managers are set out on page 33.

The roles of Chairman and Chief Executive Officer are vested in separate individuals, each with clear allocation of accountability and responsibility.

The main responsibilities of the Chairman include:

> leadership of the Board and creating the conditions for overall Board and individual Director effectiveness and a constructive relationship with good communications between the Executive and Non-Executive Directors;

> ensuring that the Board as a whole plays a full and constructive part in the development of strategy and overall commercial objectives;

Board meeting attendance

		Scheduled Board meetings		Ad hoc meetings	
		Meetings attended	Total available meetings	Meetings attended	Total available meetings
Chairman	Mike Redmond	12	12	6	6
Chief Executive	Jonathan Milner	12	12	6	6
Executive Directors	Jeff Iliffe	12	12	6	6
	Jim Warwick	12	12	6	6
Non-Executive Directors	Tim Dye[1]	4	4	2	3
	Murray Hennessy[2]	7	8	3	3
	Peter Keen	12	12	6	6
	Tony Kouzarides	11	12	3	3
	Anthony Martin[3]	7	10	1	3
	Michael Ross[2]	6	8	1	3
	Mark Webster[1]	4	4	2	3

1 Retired 21 October 2011.
2 Appointed 1 November 2011.
3 Appointed 16 September 2011.

- ensuring that there is effective communication with shareholders;
- promoting the highest standards of integrity, probity and corporate governance throughout the Company, particularly at Board level; and
- ensuring that the performance of the Board as a whole, its Committees and individual Directors is formally and rigorously evaluated at least once a year.

The main responsibilities of the Chief Executive Officer include:

- proposing and developing the Company's long-term strategy and overall commercial objectives to ensure the Company's position remains differentiated, in conjunction with the EMT;
- ensuring initiatives for long-term growth are appropriately championed and resourced within the Company in the short-term;
- managing the EMT;
- leading the communication programme with shareholders and analysts; and
- fostering good relationships with key stakeholders.

Peter Keen has been identified as the Senior Independent Director, who provides a communication channel between the Chairman and the Non-Executive Directors and is available to discuss matters with shareholders when required.

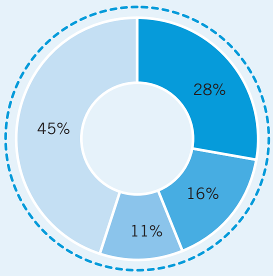
The Directors have the benefit of directors' and officers' liability insurance and have access to the advice of the Company Secretary, who acts as secretary to all of the Board Committees.

The Board agenda

The Board agenda focuses on the themes of driving our strategy, monitoring risk and monitoring execution against the strategy via regular business, financial and departmental updates.

Allocation of Board agenda time in 2011/12

- Business updates/financial reporting
- Division/function updates
- Governance
- Strategy and risk



The Chairman meets with the Executive Directors prior to each meeting to discuss and set each Board agenda.

The Board approved a number of significant strategic developments and investments during the year. These included the appointment of Peel Hunt LLP as joint broker, the acquisitions of Abcam Bristol and Epitomics, including the required external loan financing, as well as approving a major capital investment programme to rebuild our core IT systems and website in order to allow these systems to continue to scale.

The culture of our Board meetings is to encourage rigorous debate. The Non-Executive Directors regularly constructively challenge the performance of management in meeting agreed goals and objectives and help develop proposals on strategy. There is an opportunity for more informal and extended discussions on strategy during bi-monthly offsite Board dinners.

Effectiveness

How do we make sure our Board is effective?

We have considered the overall balance between Executive and Non-Executive Directors and believe that 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. Having refreshed the Board memberships during the year, the Board reflects a good balance between financial, sector specific and general business skills, with a highly experienced team leading the business in both Executive and Non-Executive roles.

Board experience

1. Finance	33%
2. Life science/biotech/pharma	56%
3. eCommerce	56%
4. International markets	56%
5. Mergers and acquisitions	56%

Before each meeting the Board is provided with information concerning the state of the business and its performance in a timely manner, in a form and of a quality appropriate to enable it to discharge its duties. Non-Executive Directors have the opportunity to influence agendas for Board discussions and to ensure the amount of time spent reviewing strategic and operational issues is appropriately balanced.

In the event that Directors are unable to attend a meeting or a conference call, they receive and read the papers for consideration at that meeting and have the opportunity to relay their comments and, if necessary, to follow up with the Chairman or the Chief Executive Officer after the meeting.

Director induction programme and ongoing training

On joining, Abcam Directors receive a comprehensive and tailored induction programme, the aim of which is to introduce them to key executives across the business and to enhance their knowledge and understanding of the Group and its activities. This includes time with each of the Executive Directors, members of the EMT and a wide range of senior management from across the business.

During the year, we supported induction programmes for our three new Non-Executive Directors: Murray Hennessy, Anthony Martin and Michael Ross.

Effectiveness continued

Director induction programme and ongoing training continued

The Group has a commitment to training and all Directors, Executive or Non-Executive, are encouraged to attend suitable training courses at the Group's expense. Regular updates on corporate governance are also provided to the Board by the Group's advisors.

Director independence

In order to assist in securing the recruitment and retention of high calibre Non-Executive Directors, prior to the flotation of the Company in 2005, the Company granted options to Non-Executive Directors to acquire shares in the Company in addition to fees. 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. At the end of the year, the only Non-Executive Director with a small number of unexercised share options, which were granted prior to the Company's flotation, is Tony Kouzarides. The Board believes that the holding of these share options, as well as Tony's length of service, do not detract from Tony's independent status, since he demonstrates a continuous independence in character, judgement and behaviour in all Board matters.

The Board also considers Mike Redmond, Murray Hennessy, Peter Keen, Anthony Martin and Michael Ross to be independent within the meaning of the Code. Prior to his departure from the Board, Tim Dye was deemed to be independent. Mark Webster was not deemed to be independent because he had been employed by the Company in an executive capacity during the last five years.

All Directors maintain conflicts of interest declarations and any planned changes in their interests including directorships outside the Group are notified to the Board. None of the relationships declared are considered to be of a material nature to Abcam's business and none are therefore deemed to impact on the independence of the Directors. Whilst the obligation to notify the Company is immediate, the updated conflicts register is formally reviewed at Board meetings on alternate months.

The beneficial interests of the Directors in the share capital of the Company are set out on page 53. In the opinion of the Board, these shareholdings do not detract from the Non-Executive Directors' independent status.

Performance evaluation

The Board undertakes a regular evaluation of its own performance and the last review was undertaken in 2012. This concluded that the Board and its individual members continues to perform effectively in an environment where there is constructive challenge from the Non-Executive Directors and operates within a framework of sound governance and practices which are consistent with the principles set out in the Code.

Subjects covered during the review include a general overview as to the operation of the Board; opinions on shareholder relationships; views on the Board's input into strategy discussions, governance and compliance, risk management and succession planning; the Board culture and relationships with senior management; as well as how new members are selected and inducted.

The Chairman holds meetings with the Non-Executive Directors without the Executive Directors present and the Non-Executive Directors, led by the Senior Independent Director, meet without the Chairman present at least annually to appraise the Chairman's performance, with no issues arising from the review performed this year.

Accountability

What is our approach to risk management?

The Board acknowledges its responsibility for safeguarding the shareholders' investment and the Group's assets and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

The Board has overall responsibility for ensuring the Group maintains an adequate system of internal control and risk management, whilst the Audit Committee reviews its effectiveness on behalf of the Board. The implementation of internal control systems is the responsibility of management.

We have implemented an internal control system designed to help ensure:

> the effective and efficient operation of the Group by enabling management to respond appropriately to significant risks to achieving the Group's business objectives;

> the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed;

> the quality of internal and external reporting;

> compliance with applicable laws and regulations and with internal policies on the conduct of the Group's business; and

> the ability to recover in a timely manner from the effects of disasters or major accidents which originate outside the Group's direct control.

Our risk management process involves the following steps:

> risk identification: risks are highlighted and documented in a centrally managed risk register;

> risk assessment: risks are assessed in terms of likelihood of occurrence and potential impact on the Group; and

> risk mitigation: required actions are agreed and assigned, with target deadlines.

The risk register and mitigating actions are reviewed by the Board on a bi-annual basis and more regularly by the EMT.

Such a system is designed to manage rather than eliminate the risks inherent in a fast-moving business and can, therefore, provide only reasonable and not absolute assurance against material misstatement or loss.

The principal risks and uncertainties we have identified are set out on pages 24 to 27. It is recognised that the Group is exposed to a number of risks, wider than those listed. However, we have chosen to disclose those of most concern to the business at this moment in time and those that have been the subject of debate at recent Board or Audit Committee meetings.

During the course of its reviews of the system of internal control during the year, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

Whilst the Group does not currently have a separate internal audit function, an Internal Controls Committee, consisting of key members of the finance and IT teams, meets on a regular basis, with other operational managers attending where necessary. A rolling internal audit of key processes has been implemented and is carried out by members of the finance team. The results are reviewed by the Internal Controls Committee and reported to the Audit Committee and the necessary actions taken to rectify any control deficiencies identified.

The Audit Committee reviews the need for a separate internal audit function on an annual basis and has concluded that, despite the rate of growth in recent years, the structure of the Group and the level of control exercised by the management team are currently sufficient, such that an internal audit function continues to be neither necessary nor cost effective at this time. The Directors have 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.

Financial reporting

The Board is responsible for reviewing and approving the Annual Report and Accounts and the interim financial information and for ensuring they present a balanced assessment of the Group's position. Drafts of these reports are provided to the Board in a timely manner and Directors' feedback is discussed and incorporated where appropriate, prior to publication.

Whistleblowing procedures

The Group operates a whistleblowing policy which provides for all employees to raise concerns about any unethical business practices, fraud, misconduct or wrongdoing to senior management in strict confidence. They can do so without fear of recrimination and the Audit Committee receives any such confidential reports. There were no whistleblowing reports throughout 2011/12 and none up to the date of this report.

Relations with shareholders

Dialogue with institutional 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.

Where appropriate the Company also consults with major shareholders on significant issues.

Members of the Board develop an understanding of the views of major shareholders through any direct contact that may be initiated by shareholders, shareholder feedback presented by the Chief Executive Officer and Chief Financial Officer following each analyst and investor roadshow, or through analysts' and brokers' briefings. We also regularly host investor days at our Cambridge, UK office.

The Board also receives feedback from the Group's brokers and financial PR advisor who, in turn, obtain feedback from analysts and brokers following investor roadshows.

We were pleased to announce the appointment of Peel Hunt LLP as joint broker in March 2012. Numis Securities Limited remains as the Company's nominated advisor, financial advisor and joint broker.

Constructive use of the AGM

The Board actively encourages the participation of all Directors in the AGM, which is the principal forum for dialogue with private shareholders. A presentation is made outlining recent developments in the business and an open question-and-answer session follows to enable shareholders to ask questions about the business in general.

Audit committee

Peter Keen, Audit Committee Chairman

The Board relies on the Audit Committee to provide effective governance over risk management and external financial reporting to monitor the integrity of the financial statements, to review the internal controls and risk management systems and to report its findings and conclusions to the Board. I am pleased to present my report on the work and operation of the Committee for the year, with particular emphasis on the specific matters we have examined.

The Audit Committee is required to include one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies). Currently the Audit Committee Chairman, Peter Keen, fulfils this requirement. Peter is deemed by the Board to have recent and relevant financial experience as he is a qualified chartered accountant with more than 27 years' experience in the financing and management of biotechnology companies.

The Chairman of the Company, Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Financial Controller and senior representatives of the external auditor attend Audit Committee meetings by invitation in order to ensure that all the information required by the Audit Committee for it to operate effectively is available. Representatives of the Group's external auditor meet with the Audit Committee at least twice a year without any Executive Directors or other Company management being present.

During the period under review the Committee has met twice on a formal basis and a number of times informally.

What has the Committee done during the year?

> The Committee composition was reviewed along with Board and other Committee composition. Following the retirements from the Committee of Mike Redmond and Mark Webster and the appointments of Murray Hennessy, Anthony Martin and Michael Ross, the Committee now comprises four members. The Audit Committee is fully independent and contains what we believe to be the right balance of knowledge, skills and experiences to support the business in achieving its plan.

> An anti-bribery policy has been developed following the Bribery Act coming into force.

> A policy in relation to the provision of non-audit services by the external auditor was reviewed and adopted.

> Further work was undertaken to enhance the corporate risk register giving the Board greater visibility of risk assessment and mitigation within the Group. The Board was able to conclude from this that the steps being taken to mitigate risk are appropriate and that the level of residual risk is at an acceptable level.

> The June 2011 report and financial statements and the December 2011 half-yearly financial report were reviewed, including consideration of a report from the external auditor on their audit and review.

> The scope of the audit work to be undertaken by the auditor was reviewed and agreed, along with the audit fee.

> The fees paid to Deloitte for tax compliance as well as due diligence associated with the acquisitions undertaken in the year were agreed, in accordance with the policy on provision of non-audit services by the external auditor.

> A review of the performance of the auditor in 2011/12 was undertaken and its re-appointment for 2012/13 was recommended to the Board.

> A report from the internal controls committee on their review of the effectiveness of controls across the Group was received, along with consideration of management action taken in response to the recommendations arising from this report.

> A review of the Committee's effectiveness was undertaken.

What is the action plan for 2012/13?

Looking ahead, the Committee believes it is important to remain focused on the audit, assurance and risk process within the business. We intend to continue to broaden the debate around risk tolerance and appetite to ensure the Board maintains sound risk management and internal controls.

We will perform a thorough review of the application of the Group's specific internal control policies across each of the newly acquired entities.

External auditor

Key to giving us confidence in the Group's approach to controls and risk is the effectiveness of our external auditor, Deloitte LLP. Deloitte's effectiveness enables us to recommend its re-appointment for 2012/13. We judge the auditor on the quality of the audit findings and management's response. Its independence is displayed through its challenge to management. The audit and non-audit fees are set and reviewed each year (see note 9). We ensure that our policy in relation to provision of non-audit services by the auditor, which is reviewed annually, is adhered to when non-audit work is commissioned. Audit partner rotation is also important to retain the objectivity of the process – David Halstead was appointed lead audit engagement partner in November 2009.

Our policy is to ensure we appoint the advisor who we believe is in the position to best advise the Company on the particular matter in question. With this in mind, significant non-audit fees were paid to Deloitte in the year, relating mainly to due diligence activities. In addition we have commissioned considerable work, including tax advisory and executive remuneration advice, from other consultants unrelated to the external auditor.

Who is on our Committee?

Committee members	Date of appointment/resignation	Meetings attended	Available meetings
Peter Keen (Chairman)	1 Oct 2005	2	2
Murray Hennessy	1 Jan 2012	1	1
Anthony Martin	1 Jan 2012	1	1
Mike Redmond	(ceased Committee membership 31 Dec 2011)	1	1
Michael Ross	1 Jan 2012	—	1
Mark Webster	(retired 21 Oct 2011)	1	1

Nomination committee

Mike Redmond, Nomination Committee Chairman

I am pleased to report below on the main areas of focus for the Nomination Committee during the year. The Committee's principal role is to keep under review and make recommendations on the composition of the Board to ensure that it has the full range of competencies, knowledge and experience required for the direction and oversight of the business. The Committee also oversees senior management development and succession plans to ensure that there is continuity of appropriate executive resource immediately below Board level.

What has the Committee done during the year?

> Conducted a thorough and transparent appointment process for the recommendation of three new Non-Executive Directors to ensure the Board is appropriately supported and strengthened for the future. We spent considerable time with our external consultants managing a formal, thorough and orderly search, reviewing all those potential candidates that might fit our criteria. We interviewed rigorously and have secured what we believe to be three excellent appointments to the Board.

> Conducted a thorough review and debated Board skills and diversity to ensure the Board has the right balance of skills and experience to support the future development of the business into the world's leading life science reagents company.

> Reviewed the Board and Committee composition following the new Non-Executive Director appointments and retirement of existing Directors.

What is the action plan for 2012/13?

> Continue to support succession plans and development of the Executive Director team.

> Continue to drive the understanding of talent across the organisation and support our development programme for senior managers.

> Continue to review ongoing knowledge and training for all Directors.

> Continue to ensure that we plan for the evolution of Non-Executive Directors over the medium-term to maintain the appropriate mix of skills.

Re-election of Directors

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. Non-Executive Directors who have served longer than nine years are subject to annual re-election. Notwithstanding the above rules, a minimum of one-third of the Directors must retire by rotation each year.

The names of Directors submitted for election or re-election at this year's AGM are provided in the Directors' Report on page 54 and their biographical details are shown on pages 30 and 31.

The Company's detailed policies with regards to re-election of Directors are set out within its Articles of Association which are available for download from the Company's investor relations website, www.abcamplc.com.

Who is on our Committee?

Committee members	Date of appointment/resignation	Meetings attended	Available meetings
Mike Redmond (Chairman)*	2 Nov 2009	2	2
Tim Dye (previous Chairman)*	(retired 21 Oct 2011)	1	1
Peter Keen	1 Oct 2005	2	2
Tony Kouzarides	1 Oct 2005	2	2
Michael Ross	1 Jan 2012	N/A	N/A

* Mike Redmond was appointed Chairman following the retirement of Tim Dye on 21 October 2011.

Directors' remuneration report

Our long-term philosophy for remuneration remains to attract and retain leaders who are focused and encouraged to deliver business priorities within a framework that is aligned with the interests of the Company's shareholders. Our practice therefore is to ensure our remuneration provides the appropriate incentives to reward performance that protects the long-term interests of our shareholders and which will enable us to develop an internationally competitive business, led by top class professionals.

Peter Keen, Chairman of the Remuneration Committee

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. Although not required by the AIM listing rules to provide all the information detailed below, the Directors have chosen to apply the principles relating to Directors' remuneration disclosures in the Code. As required by the Act, a resolution to approve the report will be proposed at the AGM of the Company at which the financial statements will be approved.

The Act requires the auditor to report to the Company's members on certain parts of the Directors' Remuneration Report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Accounting Regulations. The report has therefore been divided into separate sections for audited and unaudited information.

UNAUDITED INFORMATION

Remuneration Committee

What has the Committee done during the year?

In line with its remit, the following key matters were considered by the Committee during the year:

> approval of the 2010/11 Directors' Remuneration Report;

> agreement to and finalisation of the vesting level for the 2008 Long-Term Incentive Plan awards and options granted under the Abcam plc 2005 Plan;

> review of the market competitiveness of the remuneration policy and the remuneration arrangements for the Executive Directors;

> review of salary levels for the Executive Directors and agreement of salary increases for 2012/13; and

> agreement of the bonus payable for the 2010/11 period.

Other items:

> review of how the Annual Bonus Plan and LTIP will operate in 2012/13 including a consultation with major shareholders on the proposed changes, following advice from external remuneration advisors. Further details on the changes are set out on pages 46 and 47;

> review of the rules of the Abcam plc 2005 Plan to support the Company's international expansion; and

> review of the impact of the changes in pension legislation on the current pension arrangements for Executive Directors.

What is the action plan for 2012/13?

> Taking into account the acknowledged below average salary levels of the Executive Directors and the international expansion of the Group, the Committee intends to review levels of remuneration against the market to support the 2013/14 salary review; and

> in consultation with the EMT, review the operation of the bonus and profit-share schemes across the Group.

Who is on our Committee?

Committee members	Date of appointment/resignation	Meetings attended	Total available meetings
Peter Keen (Chairman)	1 October 2005	2	2
Tim Dye	(retired 21 October 2011)	—	—
Murray Hennessy	1 January 2012	2	2
Anthony Martin	1 January 2012	2	2
Mike Redmond	(ceased Committee membership 31 December 2011)	—	—

In addition a number of ad hoc meetings were held during the year.

Remuneration policy for the Executive Directors

The Committee aims to set levels of remuneration for Executive Directors that are sufficient to attract, retain and motivate Executive Directors of the calibre required to deliver the business strategy. Individual remuneration packages are structured to align rewards with the performance of the Company and the interests of the shareholders and that are appropriate for the size and complexity of the Group. No Director is involved in deciding his own remuneration. The main principles are to:

> ensure that salaries are set at a market competitive level relative to external comparators;

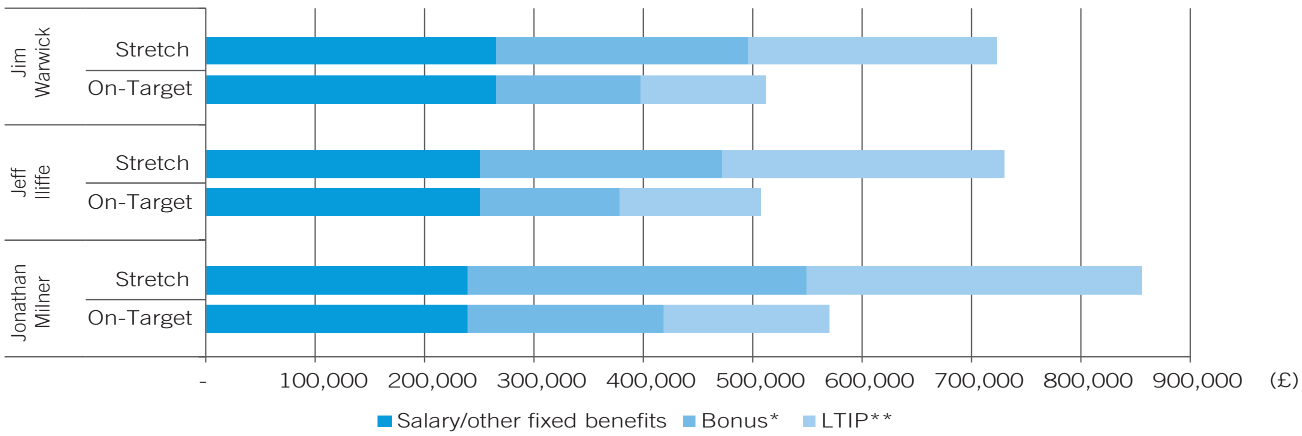
> support a high performance culture by rewarding performance with commensurate reward;

> maintain an appropriate balance of fixed and performance-related pay which delivers over the short, medium and longer-term, with the balance becoming more long-term and more highly performance-related with seniority;

> align long-term rewards with shareholders by taking account of measures that reflect shareholder interests; and

> ensure that the overall package reflects market practice and takes account of levels of remuneration elsewhere in the Group.

The policy is that a substantial proportion of the package should be performance-related. The following chart illustrates the proportion of the remuneration package provided in 2011/12 comprising fixed and variable elements of remuneration:



* On-target bonus was at 57.5% of bonusable salary (2010/11: 52.5%).

** The stretch value of the LTIP is based on the full value of the award when it was made in 2011/12 and assumes that the market value of the shares will be equal on the date of release to the value on the date of award. The on-target calculation assumes that 50% of the LTIPs will be released based on satisfaction of the relevant performance conditions.

UNAUDITED INFORMATION CONTINUED

Remuneration policy for the Executive Directors continued

The following table provides a summary of the key elements of the remuneration package:

Element	Purpose	Operation
Salary	To provide competitive fixed remuneration that will attract and retain key employees and reflect their experience and position in the Company.	Reviewed every twelve months. Set against appropriate market comparators. Linked to individual performance contribution and current market conditions.
Annual bonus	To incentivise achievement of annual objectives which support both the short and long-term strategy of the Company.	Maximum bonus potential is set having considered market levels. Majority of the bonus is based on key elements of the Company's financial performance, the balance being based on individual performance targets.
Equity-based incentives	To incentivise Executives to achieve superior returns to shareholders over a three-year period. To retain key individuals and align interests with shareholders.	Share awards are made annually to senior executives and other senior management and are based on appropriate performance measures.
Benefits	To provide competitive benefits that will attract and retain key employees and reflect their experience and position in the Company.	A flexible benefits/salary sacrifice scheme is in place, allowing all employees, including Executive Directors, to choose a variety of benefits to suit individual needs, including pension contributions and various insurances.

The Company recognises that Executive Directors may be invited to become Non-Executive Directors of other companies and that this can help broaden the skills and experience of a Director. Subject to confirmation that such appointments will not impair the Directors' ability to perform his duties, Executive Directors are normally permitted to accept external appointments with the prior approval of the Board and may retain the fees for such appointments.

Basic salary

The Executive Directors' basic salaries are reviewed at least annually by the Committee, with any revisions normally becoming effective on 1 July each year, taking into account individual performance, market conditions and the level of increases applicable to other employees in the Company.

Salaries are set relative to comparable roles in companies of a similar market capitalisation and against similar roles in companies within the industry sector. The most recent independent consultants' report was commissioned in May 2010 and concluded that the salaries of the Executive Directors had fallen below those of a comparator group of companies. After consultation with the Company's major shareholders, the Committee approved salary increases to take effect from 1 July 2010 to the lower quartile level of the comparator group. This resulted in a realignment of Executives' salary levels and, as previously reported, it was agreed that basic salaries for 2011/12 would remain unchanged, although as detailed below the maximum bonus potential was increased. For 2012/13, a 3% increase to base salaries has been proposed, as shown in the following table:

	2012/13 £000	2011/12 £000
Jonathan Milner	**319***	310*
Jeff Iliffe	**227**	220
Jim Warwick	**239**	232

* For the past two years, Jonathan Milner waived a £100,000 increase in salary and has waived an increase of £109,300 for 2012/13; his base salary will therefore remain at £210,000. His bonus arrangements and other benefits are based on the pre-waived figure of £319,300 for 2012/13 (previous two years: £310,000).

The Committee has stated its intention to realign salaries to the median of the comparator group but with the freeze on base salaries over the past year and the 3% increase to be implemented in 2012/13, this policy has yet to be implemented. A new study will be commissioned to support the 2013/14 salary review.

Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the forthcoming AGM in October 2012.

Annual bonus 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. The Committee establishes the objectives that must be met for each financial year. The maximum bonus and the proportion paid for on-target performance are considered in the light of market practice for companies of a similar size and industry sector.

Following an independent review and benchmarking exercise undertaken in 2010, the maximum bonus potential for 2011/12 was increased from 100% to 110% of salary, with 57.5% of salary payable for on-target performance. The full bonus was payable on the achievement of stretching EPS targets (for 77.3% of the award) and personal targets (for 22.7% of the award), including the successful execution of strategic initiatives. No payment was due under the EPS-based bonus if EPS was less than 95% of target and the maximum payment was due at 110% of target.

Overall, the bonus payable to each Executive Director amounted to 66.0% of salary for 2011/12. The on-target EPS performance measure was not met, giving rise to bonuses equivalent to 41.0% of salary, and the achievement of personal bonus targets (including objectives relating to the Company's M&A activities) contributed 25.0%.

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.

UNAUDITED INFORMATION CONTINUED

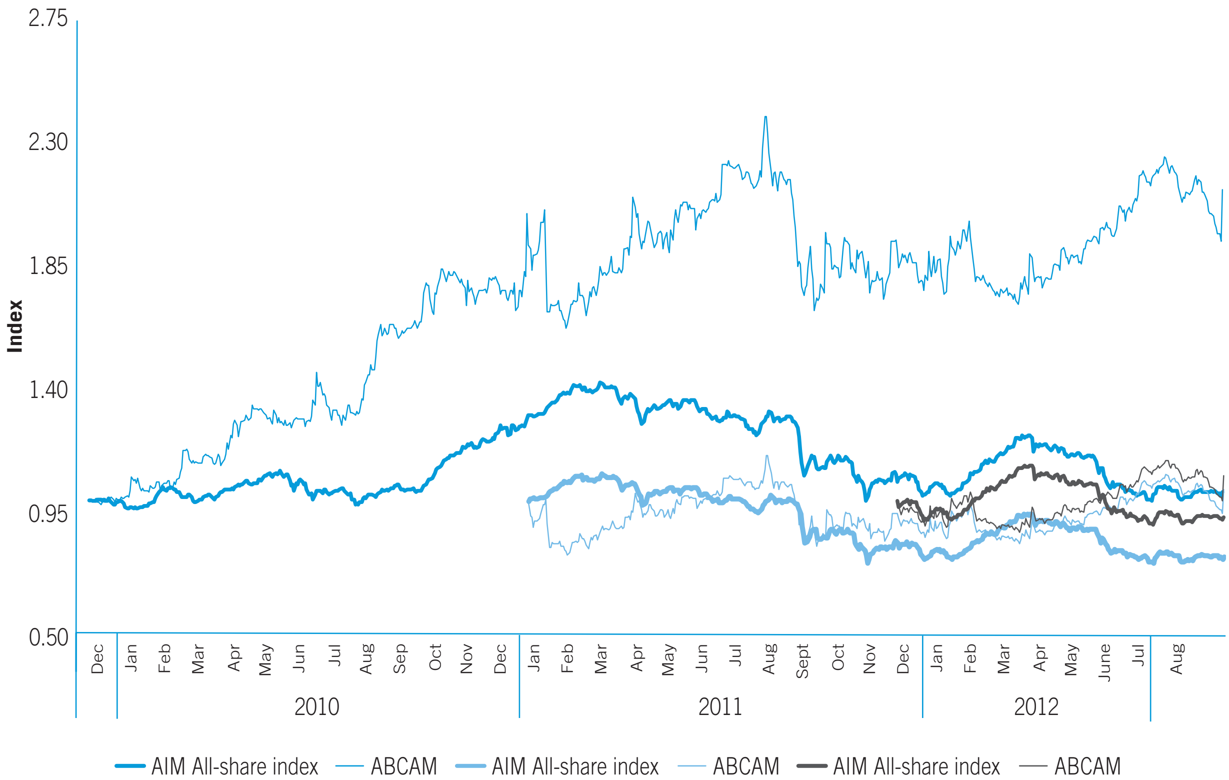
Equity-based incentives continued

The Abcam plc 2005 Plan

The Abcam plc 2005 Plan (the Plan) was adopted prior to flotation in 2005 and amended in 2008 to make it more tax efficient for US-based employees. All options granted under the Plan since flotation have been based on outperformance 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 performance will be monitored on certain dates over the next twelve months. If the target is met on any of those dates, 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 yet to vest and which have not been forfeited subsequently. If all the options had crystallised at 31 August 2012 then all performance conditions in relation to the options would have been met. Details of these options are set out in note 34 to the financial statements.



Following the acquisition of Epitomics, we have assessed the applicability of our current share schemes to our staff based in the US. Independent advice has confirmed that typical market practice in the US is to operate a scheme with annual vesting and performance conditions, rather than our current arrangements which vest after three years. We will therefore be seeking permission from shareholders at the AGM to be held in October 2012 to amend the terms of the Plan to allow the granting of such options, which would then be rolled out to all eligible staff within Abcam's US-based offices.

SAYE scheme
The Company has also established a non-discretionary HMRC-approved SAYE scheme in which all UK 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 is the market value of the shares on the date immediately preceding the offer, less a discount of 20%. The take-up under the scheme was relatively low when the most recent offer was made in 2008, since many employees were already at the allowable investment limits. No options were granted under the SAYE scheme in the year under review and there is no intention to grant SAYE options in 2012/13.

Long Term Incentive Plan
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 to the Executive Directors in 2011/12 took the form of nil cost options and are subject to achievement over three years of two separate conditions; the first condition 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 75th percentile of the Comparator Group, all of the TSR Awards will vest; and

> where the Company's TSR is between the 50th and the 75th 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 75th percentile.

The Comparator Group used for awards prior to 2011/12 was determined by external consultants, by attempting to select companies quoted in the UK which undertake similar activities to Abcam with a similar customer base, size and growth profile. Over time we have found it increasingly difficult to find companies which match enough of these criteria and therefore to construct an appropriate Comparator Group. Following discussion with external advisors, given Abcam's continued growth in the last few years and market capitalisation, the Committee determined that it was more appropriate to use the FTSE 250 as the Comparator Group. Following dialogue with the Company's major shareholders, this basis was used for the TSR Awards in 2011/12.

The EPS condition
In respect of the second 50% of each of the 2011/12 awards (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 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 total growth of 72.8%, the EPS Awards will vest in full; and

> at growth rates between these two figures, the EPS Awards will vest proportionately.

The Company regularly monitors its performance against these conditions.

The 2008 TSR Awards and EPS Awards vested in full in November 2011, having achieved a TSR ranking in excess of the 75% percentile and an EPS growth per annum of 57.7%.

The following table illustrates the percentage of TSR and EPS Awards which would have vested if the awards had crystallised as at 30 June 2012:

	TSR Awards					EPS Awards	
Year of award	No. companies in comparator group	Position of 75th percentile	Median position %	Average Abcam position	TSR Award vesting %	EPS growth per annum	EPS Award vesting
2009	15	4.50	8.00	4	100%	25.4%	100%
2010	16	4.75	8.50	11	nil	13.2%	nil
2011	250	63.25	125.5	89	71.0%	3.7%	nil

UNAUDITED INFORMATION CONTINUED

Equity-based incentives continued

Share Incentive Plan (SIP)

Abcam operates an HMRC-approved SIP for all UK employees. Under the SIP, awards are made as follows:

Free 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 and matching share awards

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.

The Abcam 2009 Company Share Option Plan (CSOP)

The Group operates an HMRC-approved CSOP for UK-based employees of the Company, with a maximum of £30,000 of market value options granted per employee. No CSOP options were granted to Executive Directors in the year, since they have all reached the maximum market value cap.

Share options granted under the CSOP to other employees of the Group (excluding Executive Directors) vest on the same basis as those under the Plan, being outperformance of the FTSE AIM All-share index.

Pension contributions and other benefits

The Company operates a flexible benefits scheme for all UK-based employees, into which the Executive Directors are entitled to contributions to be made by the Company on their behalf equivalent to 12% of basic salary. The employee can choose how to spend this contribution amongst the specific benefits available and also has the option to sacrifice an element of basic pay to make additional pension contributions into the Company's money purchase pension scheme or to purchase other benefits. As a result of the salary sacrificed and used to purchase additional pension contributions, the Company's National Insurance liability is reduced and the benefit of this reduction is added as an additional contribution to each employee's pension fund. This amount is included within the employer's pension contribution figures disclosed in the table of remuneration details on page 48.

As at 6 April 2012, Jonathan Milner and Jim Warwick both elected to preserve their current lifetime allowance for pension contributions, meaning that no further pension contributions have been made since this date. For the remainder of 2011/12 and for 2012/13, the Company has decided to make a contribution to a charity of its choosing equivalent to the 12% flex fund saved.

Proposed changes to the incentive arrangements for 2012/13

Following an examination of the current remuneration policy by the Committee with our advisors, it was felt that the overall structure could be improved to further align performance incentives with the business strategy. At the time of writing this report the Committee are in consultation with our major shareholders on the proposed changes below. Further details will be provided in next year's annual report.

It should be noted that the changes to the incentive arrangements for 2012/13 will not increase levels of total remuneration provided to the Executive Directors as a multiple of salary.

LTIP

Following a review of the operation of the LTIP, the Committee believes that relative TSR is not appropriate for the Company as a performance measure for the LTIP: there are no companies quoted in the UK undertaking activities similar to Abcam, with a similar customer base, size and growth profile and even with external assistance, it has been a challenging exercise to set an appropriate LTIP comparator group.

Earnings growth is the key financial measure for the Company and should therefore be the core performance measure for both the short-term and long-term incentive plans: it is transparent to shareholders and it underpins strong dividend distribution to shareholders and capital growth.

Therefore, it is proposed that LTIP awards in 2012/13 will have no TSR element; 100% of the award will be based on EPS targets. These awards will have proportional vesting between 10% and 20% EPS growth per annum, equating to 33.1% to 72.8% growth over the three year vesting period.

Subject to the Committee's current consultation with our major shareholders, the Committee have proposed that the level of awards under the LTIP in 2012/13 will be lower than historically awarded, at up to 50% of salary.

Annual Bonus Plan

For 2012/13 it is proposed that an Annual Bonus Plan will be introduced which will include an opportunity to earn Cash Awards and Deferred Share Awards subject to stretching performance conditions. Having reduced the LTIP award by at least 50%, the Committee intend to increase the maximum annual bonus from 110% to 150% of salary for the Executive Directors.

The same cash bonus scheme (the Cash Award), as described on page 43 for 2011/12, will be in place for 2012/13. The Deferred Share Award is a new component, with a maximum equal to 40% of salary, tested against stretching one year EPS targets against a range set by the Committee. The Deferred Share Awards will normally become exercisable at the end of a two year holding period subject to continued employment.

The Committee strongly believe that reweighting the incentive package towards earnings targets with risk adjustment through deferral in shares is a more appropriate incentive structure than the current one which incorporates relative TSR.

Directors' contracts

It is the Company's policy that Executive Directors should have contracts with an indefinite term providing for a maximum of six months' notice. However, it may be necessary occasionally to offer longer notice periods to new Directors. All Executive Directors currently have contracts which are subject to six months' notice by either party.

The details of Executive 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

In the event of early termination, the Directors' contracts provide for statutory compensation payments.

All Non-Executive Directors, including the Chairman, serve under letters of appointment and either party can terminate on one month's written notice. The details of Non-Executives' contracts are summarised below:

	Date of contract	Notice period (months)
Mike Redmond	1 March 2009	1
Murray Hennessy	1 November 2011	1
Peter Keen	27 October 2005	1
Tony Kouzarides	24 July 2007	1
Anthony Martin	16 September 2011	1
Michael Ross	1 November 2011	1

The remuneration of the Non-Executive Directors is determined by the Board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. Neither the Chairman nor the Non-Executive Directors have any right to compensation on the early termination of their appointment.

In addition to the basic fees, additional fees for committee duties are paid to reflect the extra responsibilities attached to these roles. Since the Company's listing on the AIM market in 2005, the Non-Executive Directors do not participate in any of the Group's incentive or share schemes and are not eligible to join the pension scheme, nor do they receive any other benefits. The fees are reviewed in July of each year and fees for 2011/12 and 2010/11 are shown in the table below.

The fees payable for chairmanship of the Nomination Committee were reduced from £5,000 to £2,000 and for membership of the Nomination Committee from £2,500 to £1,000 from 1 January 2012 in anticipation of a reduction in time commitment required for members of this Committee as a result of the recent restructuring of the Board membership.

Basic fees for the Chairman and Non-Executive Directors for 2012/13 will increase by approximately 3% effective from 1 July 2012 and the fees for the sub-Committees will remain unchanged.

AUDITED INFORMATION

The following information has been audited by the Company's auditor, Deloitte LLP, as required by the Companies Act 2006.

Aggregate Directors' remuneration

The total amounts for Directors' remuneration were as follows:

	2012 £000	2011 £000
Emoluments	**1,357**	1,070
Gains on exercise of share options	**—**	751
Money purchase pension contributions	**124**	430
	1,481	2,251

Remuneration of the Non-Executive Directors

	2011/12 £	2010/11 £
Chairman	**65,625**	65,625
Non-Executive Director basic fee	**31,500**	31,500
Additional fee per annum:		
– Chairman of Audit Committee	**6,000**	6,000
– Chairman of Remuneration Committee	**5,000**	5,000
– Chairman of Nomination Committee	**3,500**	5,000
– Member of Audit or Remuneration Committee	**2,500**	2,500
– Member of Nomination Committee	**1,750**	2,500

AUDITED INFORMATION CONTINUED

Directors' emoluments

	Fee/basic salary[1] £000	Benefits in kind £000	Performance payments £000	Employer's pension contributions[1,2] £000	**Total 2012 £000**	Total 2011 £000
Executive						
Jonathan Milner	191	2	203	37	**433**	459
Jeff Iliffe	199	2	144	50	**395**	399
Jim Warwick	217	2	152	37	**408**	417
Non-Executive						
Mike Redmond	70	—	—	—	**70**	73
Tim Dye[3]	13	—	—	—	**13**	39
Murray Hennessy[4]	24	—	—	—	**24**	—
Peter Keen	44	—	—	—	**44**	45
Tony Kouzarides	33	—	—	—	**33**	34
Anthony Martin[5]	27	—	—	—	**27**	—
Michael Ross[4]	23	—	—	—	**23**	—
Mark Webster[3]	11	—	—	—	**11**	34
	852	6	499	124	**1,481**	1,500

1 As previously described, the Executive 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, Jeff Iliffe £220,000 and Jim Warwick £232,000. For the 2012 financial year, Jonathan Milner waived an increase in salary of £100,000 (2011: £100,000) which would have taken his salary up to £310,000. For the 2011 and 2012 financial years his bonus and benefits were based on £310,000.
2 As at 6 April 2012, Jonathan Milner and Jim Warwick both elected to preserve their current lifetime allowances for pension contributions, meaning that no further pension contributions have been made since this date. For the remainder of 2011/12 and for 2012/13, the Company has decided to make a contribution to a charity of its choosing, equivalent to the 12% flex fund saved.
3 Until date of resignation from the Board, 21 October 2011.
4 From date of appointment to the Board, 1 November 2011.
5 From date of appointment to the Board, 16 September 2011.

Directors' share options

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. No Director exercised share options in the year. The gains on options exercised during the previous year are as follows:

Name of Director	Gain on exercise 2011 £
Jeff Iliffe	661,897*
Jim Warwick	88,695*
	750,592

* A number of the share options exercised were unapproved options. Under the terms of these awards, the employee was liable for payment of the associated employer's National Insurance (NI) charge. These gains are therefore shown net of any employer's NI and represent the taxable gains.

Details of options over 0.2 pence ordinary shares in the Company for Directors who served during the year are as follows:

Name of Director	Number of options at 30 June 2011	Granted	Exercised	Number of options at 30 June 2012	Exercise price pence	Date from which exercisable	Expiry date
Tony Kouzarides	200,000	—	—	200,000	25.0	31 Jan 06	29 Sep 15
Jeff Iliffe	232,715*	—	—	232,715	62.4	8 Nov 10	7 Nov 17
Jonathan Milner	230,020*	—	—	230,020	82.6	8 May 11	7 May 18
Jim Warwick	175,010*	—	—	175,010	62.4	8 Nov 10	7 Nov 17
	837,745	—	—	837,745			

* These options were granted under the Abcam plc 2005 Plan and were subject to the performance condition that the share price outperforms the FTSE AIM All-share index at the third anniversary of grant. In each case this performance condition has been satisfied and all the options have now vested.

There have been no variations to the terms and conditions or performance criteria for share options during the financial year.

The market price of the ordinary shares at 30 June 2012 was 417.25 pence and the range during the year was 320 pence to 460 pence.

LTIP awards

Details of LTIP awards for Directors who served during the year are as follows:

Name of Director	Number of awards at 30 June 2011	Awarded*	**Number of awards at 30 June 2012**	**Number of vested awards at 30 June 2012****
Jonathan Milner	452,876	82,625	**535,501**	**227,270**
Jeff Iliffe	359,023	70,192	**429,215**	**166,665**
Jim Warwick	379,113	61,543	**440,656**	**189,390**
	1,191,012	214,360	**1,405,372**	**583,325**

* The market price at the date of award for all awards made during the year was 370.75 pence.
** These all relate to the 2008 awards, which vested in full in November 2011.

Save for an assessment of the appropriate constituents of the Comparator Group as previously discussed, there have been no variations to the terms and conditions or performance criteria for the LTIP schemes during the financial year.

Full details of the operation of the LTIP, including performance conditions, are set out on page 45 in the unaudited information contained within the Directors' Remuneration Report.

AUDITED INFORMATION CONTINUED

SIP

The following table sets out the shares purchased and awarded under the SIP in respect of each of the Executive Directors, who have all purchased, or been awarded shares on the same dates and at the same prices throughout the operation of the scheme. Full details of the operation of the SIP are set out on page 46, in the unaudited information contained within the Directors' Remuneration Report.

Date of award	Date of release	Share price at date of purchase of Partnership Shares and award of Matching Shares pence*	Number conditionally awarded shares as at 30 June 2011*	Free shares conditionally awarded during the period	Matching Shares conditionally awarded during the period	Conditionally awarded shares transferred to beneficial ownership during the period
7 Nov 08	8 Nov 11	92.4	3,245	—	—	(3,245)
27 Nov 08	28 Nov 11	97.0	1,545	—	—	(1,545)
8 Dec 08	9 Dec 11	95.0	—	—	—	—
29 Apr 09	30 Apr 12	132.0	—	—	—	—
5 Nov 09	6 Nov 12	187.0	800	—	—	—
9 Nov 09	9 Nov 12	180.8	1,655	—	—	—
15 Dec 09	15 Dec 12	199.8	—	—	—	—
26 Apr 10	26 Apr 13	243.2	—	—	—	—
3 Dec 10	3 Dec 13	390.0	385	—	—	—
2 Dec 10	2 Dec 13	345.0	869	—	—	—
19 May 11	19 May 14	401.8	—	—	—	—
26 Oct 11	26 Oct 14	344.8	—	870	436	—
15 Dec 11	15 Dec 14	333.8	—	—	—	—
26 Apr 12	26 Apr 15	364.8	—	—	—	—
			8,499	**870**	**436**	**(4,790)**

* All share prices and numbers of shares awarded or purchased prior to November 2010 have been restated for the impact of the five for one share sub-division.

The total market value of all equity-based incentives awarded to Jeff Iliffe under the LTIP, CSOP and SIP in 2011/12 was equivalent to 120% of basic salary and, for the remaining Executive Directors, 100%.

Number conditionally awarded shares as at 30 June 2012*	Number beneficially owned shares as at 30 June 2011*	Partnership Shares purchased during the period	Dividend shares acquired during the period	Conditionally awarded shares transferred to beneficial ownership during the period	Number beneficially owned shares as at 30 June 2012*	Total shares held in SIP as at 30 June 2011*	Total shares held in SIP as at 30 June 2012*
—	—	—	—	3,245	**3,245**	3,245	**3,245**
—	1,545	—	—	1,545	**3,090**	3,090	**3,090**
—	30	—	—	—	**30**	30	**30**
—	25	—	—	—	**25**	25	**25**
800	800	—	—	—	**800**	1,600	**1,600**
1,655	—	—	—	—	**—**	1,655	**1,655**
—	60	—	—	—	**60**	60	**60**
—	40	—	—	—	**40**	40	**40**
385	460	—	—	—	**460**	845	**845**
869	—	—	—	—	**—**	869	**869**
—	42	—	—	—	**42**	42	**42**
1,306	—	436	—	—	**436**	—	**1,742**
—	—	—	150	—	**150**	—	**150**
—	—	—	61	—	**61**	—	**61**
5,015	**3,002**	**436**	**211**	**4,790**	**8,439**	**11,501**	**13,454**

Other disclosures

Although not required to do so by the AIM listing rules, the following additional disclosures are made in compliance with the UK Corporate Governance Code 2010, as well as the Companies Act 2006 and the Disclosure and Transparency Rules.

Principal activities and Business Review

Abcam is a producer and distributor of high-quality research-grade antibodies and associated protein research tools. Antibodies and associated protein research products are essential tools for life scientists enabling them to analyse components of living cells at the molecular level.

The Group sells principally through the internet to customers across the world and now has an online catalogue of products sourced from over 400 of the world's leading manufacturers, academic laboratories and institutes and following its recent acquisitions, a growing proportion of revenues come from its own production facilities. It also offers a custom production service to meet customers' specific requirements, providing solutions for research and diagnostic applications. The catalogue includes a growing range of non-primary antibody products such as proteins, peptides, lysates, immunoassays and other kits. Products are available for life science research and are distributed to academic and commercial users. A highly developed eCommerce platform, which includes regional websites for the Chinese and Japanese markets, allows customers to access up-to-date and detailed technical product data sheets.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 20 to the financial statements.

The Companies Act 2006 requires the Company to set out in this report a fair view of the business of the Group during the financial year ended 30 June 2012 including an analysis of the position of the Group at the end of the financial year and a description of the principal risks and uncertainties facing the Group (known as a Business Review).

The information that fulfils the Business Review requirements is incorporated by reference and can be found in the following sections:

> Chairman's Statement on page 6;

> Chief Executive Officer's review on pages 7 to 17;

> Financial Review on pages 18 to 23;

> principal risks and uncertainties on pages 24 to 27; and

> financial risk management in note 27 to the financial statements.

Pages 1 to 56 inclusive (together with the sections of the Annual Report incorporated by reference) consist of a Directors' Report that has been drawn up and presented in accordance with and in reliance upon applicable English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Other information to be disclosed in the Directors' Report is given in this section.

Dividends

As detailed in the Chairman's Statement, the Directors recommend a final dividend of 4.36 pence (2011: 3.80 pence) per ordinary share to be paid on 23 November 2012 to shareholders on the register on 2 November 2012. Together with the interim dividend of 1.69 pence per share paid on 20 April 2012, this makes a combined dividend for the year of 6.05 pence (2011: 5.25 pence).

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 28 and 29. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

Other than specific lock-ins and orderly marketing provisions negotiated with vendors in connection with acquisitions made by 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. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 34. Shares held by the Abcam Employee Share Benefit Trust abstain from voting.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Substantial shareholdings

	Number of ordinary shares held	Percentage of issued share capital
BlackRock Investment Management	**15,525,102**	7.83%
Baillie Gifford	**15,118,770**	7.63%
William Blair & Company	**12,169,990**	6.14%
Standard Life Investments	**11,951,027**	6.03%

Acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions of 21 October 2011, to purchase through the market 18,280,000 of the Company's ordinary shares, provided that:

(i) the amount paid for each share (exclusive of expenses) shall not be more than the higher of: (1) 5% above the average market value for the five business days before the date on which the contract for the purchase is made; and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange or less than 0.2 pence per share; and

(ii) the authority expires at the conclusion of the AGM of the Company to be held on 22 October 2012.

No shares were purchased under the above authority during the year under review.

Substantial shareholdings

On 26 August 2012, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the voting rights as a shareholder of the Company as set out on page 52 (excluding Directors' interests which are set out below).

Change of control

All of Abcam's equity-based plans contain provisions relating to a change of control. Under the Long Term Incentive Plan (LTIP), outstanding awards would normally be released on a change of control, subject to satisfaction of any performance conditions at that time. In addition, depending on the achievement of performance conditions, other share-based payment arrangements may vest on change of control but this is subject to the approval and exercise of the discretion of the Remuneration Committee.

Other than some OEM supplier agreements which have an option to be terminated, the Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Appointment and authority of Directors

With regard to the appointment and replacement of Directors, the Company is governed by its 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 Code wherever possible. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the main Board terms of reference, copies of which are available on request.

Directors

The Directors who served throughout the year except as noted were as follows:

- Mike Redmond
- Jonathan Milner
- Jeff Iliffe
- Jim Warwick
- Tim Dye (retired 21 October 2011)
- Murray Hennessy (appointed 1 November 2011)
- Peter Keen
- Tony Kouzarides
- Anthony Martin (appointed 16 September 2011)
- Michael Ross (appointed 1 November 2011)
- Mark Webster (retired 21 October 2011)

Directors' interests

	0.2 pence ordinary shares on 30 June 2012	0.2 pence ordinary shares on 30 June 2011
Mike Redmond	**75,000**	75,000
Jonathan Milner	**27,929,439**	28,505,657
Jeff Iliffe	**21,439**	16,002
Jim Warwick	**2,939,239**	2,933,802
Murray Hennessy	**—**	—
Peter Keen	**169,125**	169,125
Tony Kouzarides	**341,220**	401,220
Anthony Martin	**—**	—
Michael Ross	**—**	—

Directors continued

Brief biographical descriptions of the Directors are set out on pages 30 and 31.

Four Directors will be retiring and offering themselves for re-election at the AGM to be held in October 2012:

> Mike Redmond and Peter Keen who last stood for re-election in 2009 and retire by rotation as required by the Company's Articles of Association; and

> Murray Hennessy and Michael Ross who are standing for election for the first time since their appointment to the Board.

Following performance evaluation, the Chairman has determined that each individual continues to demonstrate commitment to his role and to display effective performance; he is therefore recommending election of all Directors offering themselves for election or re-election at this year's AGM.

Tony Kouzarides, who has been a Non-Executive Director for 14 years, will be retiring at the conclusion of this year's AGM as discussed in the Chairman's statement on page 6.

Directors' interests

The Directors who held office at 30 June 2012 had interests in the ordinary shares of the Company as set out on page 53.

There have been no changes in the Directors' interests in shares of the Company between 30 June 2012 and 5 September 2012.

Directors' share options

Details of Directors' share-based options and awards and shares conditionally awarded through the Share Incentive Plan are provided in the Directors' Remuneration Report on pages 40 to 51.

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 these remain in force at the date of this report.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment, provided that the goods or services have been supplied in accordance with the agreed terms and conditions. Trade creditors of the Group at 30 June 2012 were equivalent to 34 days purchases (2011: 37 days), based on the average daily amount invoiced by suppliers during the year.

Corporate, social and ethical policies

The Group aspires to carry out 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 our products. This includes reviewing and, where appropriate, visiting our suppliers to check the standards they follow in their products and services. As the Group continues to grow and mature we have maintained an approach to corporate responsibility which reflects our culture and sense of fun. We take a holistic approach to the safety, health and wellbeing of our staff, support a wide range of charities within our local communities and actively work to minimise our impact on the wider environment.

Employees

The Group is committed to a policy of equal opportunities in the recruitment and engagement of staff, as well as during the course of their employment. Age, colour, disability, ethnic origin, gender or political or other opinion is not seen as a barrier to employment. There is a fun but intense working environment with everyone working together using their individual talents. We believe in giving employees responsibility early on in their careers with the ability to define and develop their roles within the Company strategy.

It is important that we listen to our staff and understand their views on Abcam as an employer. Over the past three years we have conducted a global staff survey which gives us a very clear picture about the health of the organisation from an employee perspective. In addition, employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

As the Group becomes more complex we value highly the involvement of our staff and keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through regular formal and informal meetings and weekly e-newsletters distributed by each of the regional offices. These are supplemented by a range of department e-newsletters ensuring staff are kept informed and up-to-date with specific developments within the Group.

Safety and health

The Group provides and maintains a safe and healthy working environment, equipment and systems for all employees together with information, training and supervision as may be needed for this purpose.

Our approach to safety and health is to promote ownership at every level and we have a highly enthusiastic and professional network of individuals and Committees who form our Global Safety Network. This encompasses employees from all areas of the business. Safety and health in the Group is ultimately the responsibility of the Chief Executive Officer. The management structure for safety, health and the environment was strengthened this year by appointing a Corporate Safety, Health and Environment Manager who is supported through our Global Safety Network and a Group Steering Committee whose membership includes the Chief Operating Officer, Scientific Director, Corporate Services Director and representatives from all Abcam regional offices.

It is acknowledged that compliance with legislation is the minimum standard and Abcam will endeavour to follow best practice wherever reasonably practicable. Resources are allocated to ensure that safety standards are maintained and that open communication and employee involvement is encouraged.

The Group is committed to an annual audit process by external safety advisors in order to understand and maximise our performance, demonstrate best practice to all stakeholders and identify areas for targeted improvements. Core skills are identified and training programmes developed to ensure these are in place.

Wellbeing

An occupational health scheme is in place and we promote a positive and proactive safety and health culture which takes a holistic approach and places emphasis on the wellbeing of our employees. At Abcam we believe that maintaining wellbeing in a changing world is key and that wellbeing should be fun. Abcam promotes safety and wellbeing events across the global sites which include weekly yoga and Pilates classes as well as one-off events such as personal safety courses, relaxation and massage sessions. Our reporting system for absence promotes the best use of resources and there have been no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable accidents or instances of ill health over the past year.

Charitable and political donations and community support

Abcam participates actively in the community of entrepreneurial businesses clustered around Cambridge, UK. The Company supports the Cambridge Network, the University of Cambridge and the Judge Business School both by giving talks and presentations on its 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, split between each of the Group's offices. The donations are allocated by a committee of staff volunteers in each of our offices working within guidelines approved by the Board. Staff participation in the community is also encouraged by office charity committees matching the fundraising activities of individual staff.

The Group made no political donations during the year (2011: £nil) and made charitable donations of £51,230 (2011: £35,825), principally to children's and local charities serving the communities in which the Group operates.

Environment

Abcam seeks wherever possible to minimise its impact on the environment for the benefit of its employees and the public at large. The Group is committed to complying with environmental regulations and encourages and supports its employees in achieving this. We are dedicated to continually improving our operations and where possible aim to look for the best environmental solutions. A range of initiatives are in place which supports our steps towards minimising our environmental impact. These range from recycling in all our offices, using bicycle couriers for local deliveries and collecting the packaging afterwards. Across all global sites environmentally friendly commuting methods are encouraged and a significant number of staff cycle to work or use public transport.

Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as set out on pages 1 to 23 as well as the Group's principal risks and uncertainties as set out on pages 24 and 27. The Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain global economic outlook.

Based on the Group's forecasts and projections, the Board is satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

AGM

The AGM of Abcam plc will be held at its registered office, 330 Science Park, Cambridge on 22 October 2012 at 11.00am. The Notice of Meeting is given, along with explanatory notes, in the booklet which accompanies this report.

Auditor

Each of the Directors of the Company at the date on which this report was approved confirms that:

> so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

> the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

By order of the Board

J Iliffe

Jeff Iliffe
Chief Financial Officer
5 September 2012

Statement of directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRS as adopted by the European Union. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

> properly select and apply accounting policies;

> present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

> provide additional disclosures when compliance with the specific requirements in IFRS 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; and

> make an assessment of the Company's ability to continue as a going concern.

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

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.

Directors' responsibility statement

We confirm to the best of our knowledge:

> the financial statements, prepared in accordance with IFRS 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

Mike Redmond
Chairman
5 September 2012

Jeff Iliffe
Chief Financial Officer
5 September 2012

Independent auditor's report

We have audited the financial statements of Abcam plc for the year ended 30 June 2012 which comprise the Consolidated Income Statement, the Consolidated and parent company Statements of Comprehensive Income, the Consolidated and parent company Statements of Changes in Equity, the Consolidated and parent company Balance Sheets, the Consolidated and parent company Cash Flow Statements and the related notes 1 to 36. 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the 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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2012 and of the Group'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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

> adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

> the parent company financial statements are not in agreement with the accounting records and returns; or

> certain disclosures of Directors' remuneration specified by law are not made; or

> we have not received all the information and explanations we require for our audit.

Other matters

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.

Although not required to do so, the Directors have voluntarily chosen to make a Corporate Governance Statement detailing the extent of their compliance with UK Corporate Governance Code. We reviewed:

> the Directors' statement, contained within the Directors' Report, in relation to going concern;

> the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and

> certain elements of the report to shareholders by the Board on Directors' remuneration.

David Halstead (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK
5 September 2012

Consolidated income statement
for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Continuing operations			
Revenue	6	**97,839**	83,272
Cost of sales		**(30,282)**	(27,239)
Gross profit		**67,557**	56,033
Administration and management expenses excluding share-based payments charge		**(27,738)**	(20,104)
Share-based payments charge	34	**(1,370)**	(985)
Total administration and management expenses		**(29,108)**	(21,089)
R&D expenses excluding share-based payments charge		**(4,028)**	(3,070)
Share-based payments charge	34	**(186)**	(161)
Total R&D expenses		**(4,214)**	(3,231)
Operating profit		**34,235**	31,713
Investment revenue	11	**500**	398
Finance costs	12	**(73)**	—
Profit before tax		**34,662**	32,111
Tax	14	**(9,256)**	(8,306)
Profit for the year attributable to shareholders	8, 31	**25,406**	23,805
Earnings per share from continuing operations			
Basic	16	**13.72p**	13.23p
Diluted	16	**13.48p**	12.98p
Adjusted diluted	16	**15.59p**	13.08p

Reconciliation of adjusted financial measures
for the year ended 30 June 2012

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Operating profit	**34,235**	31,713
Acquisition costs	**3,397**	202
Amortisation of acquisition-related intangible assets	**964**	11
Operating profit (adjusted)	**38,596**	31,926

Consolidated statement of comprehensive income
for the year ended 30 June 2012

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Profit for the year	**25,406**	23,805
Reserve movements on cash flow hedges	**1,528**	(1,263)
Exchange differences on translation of foreign operations	**507**	(17)
Tax relating to components of other comprehensive income	**(611)**	2,902
Other comprehensive income for the year	**1,424**	1,622
Total comprehensive income for the year	**26,830**	25,427

Consolidated statement of changes in equity
for the year ended 30 June 2012

	Share capital £000	Share premium £000	Own shares £000	Translation reserve[1] £000	Share-based payments reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2011	**364**	**15,400**	**(1,165)**	**251**	**2,881**	**(477)**	**2,636**	**54,030**	**73,920**
Profit for the year	—	—	—	—	—	—	—	**25,406**	**25,406**
Exchange differences on translation of foreign operations	—	—	—	**495**	**12**	—	—	—	**507**
Movements on cash flow hedges	—	—	—	—	—	**1,528**	—	—	**1,528**
Tax relating to components of other comprehensive income	—	—	—	—	—	**(380)**	**(619)**	**388**	**(611)**
Total comprehensive income for the year	—	—	—	**495**	**12**	**1,148**	**(619)**	**25,794**	**26,830**
Issue of share capital	**33**	**56,413**	**(478)**	—	—	—	—	—	**55,968**
Own shares disposed of on release of shares	—	—	**57**	—	—	—	—	**(57)**	—
Share-based payments charge	—	—	—	—	**1,556**	—	—	—	**1,556**
Payment of dividends	—	—	—	—	—	—	—	**(10,061)**	**(10,061)**
Balance as at 30 June 2012	**397**	**71,813**	**(1,586)**	**746**	**4,449**	**671**	**2,017**	**69,706**	**148,213**

	Share capital £000	Share premium £000	Own shares £000	Translation reserve[1] £000	Share-based payments reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2010	360	12,920	(690)	247	1,806	445	1,550	36,584	53,222
Profit for the year	—	—	—	—	—	—	—	23,805	23,805
Exchange differences on translation of foreign operations	—	—	—	4	(21)	—	—	—	(17)
Movements on cash flow hedges	—	—	—	—	—	(1,263)	—	—	(1,263)
Tax relating to components of other comprehensive income	—	—	—	—	(50)	341	1,086	1,525	2,902
Total comprehensive income for the year	—	—	—	4	(71)	(922)	1,086	25,330	25,427
Issue of share capital	4	2,480	(483)	—	—	—	—	—	2,001
Own shares disposed of on release of shares	—	—	8	—	—	—	—	(8)	—
Share-based payments charge	—	—	—	—	1,146	—	—	—	1,146
Payment of dividends	—	—	—	—	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	364	15,400	(1,165)	251	2,881	(477)	2,636	54,030	73,920

1 Exchange differences on translation of overseas operations.
2 IFRS 2 charge for fair value of share-based options and awards.
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.

Consolidated balance sheet
at 30 June 2012

	Notes	30 June 2012 £000	30 June 2011 £000
Non-current assets			
Goodwill	17	**82,356**	2,062
Intangible assets	18	**34,297**	2,097
Property, plant and equipment	19	**5,763**	2,481
Deferred tax asset	25	**4,401**	3,509
Derivative financial instruments	24	**204**	21
		127,021	10,170
Current assets			
Inventories	22	**15,414**	10,695
Trade and other receivables	23	**14,286**	9,910
Cash and cash equivalents		**14,037**	31,932
Term deposits		**3,443**	23,637
Derivative financial instruments	24	**883**	183
Available-for-sale asset	21	**679**	—
		48,742	76,357
Total assets		**175,763**	86,527
Current liabilities			
Trade and other payables	26	**(10,726)**	(8,335)
Current tax liabilities		**(3,791)**	(2,891)
Derivative financial instruments	24	**(86)**	(799)
		(14,603)	(12,025)
Net current assets		**34,139**	64,332
Non-current liabilities			
Deferred tax liability	25	**(12,937)**	(430)
Derivative financial instruments	24	**(10)**	(152)
		(12,947)	(582)
Total liabilities		**(27,550)**	(12,607)
Net assets		**148,213**	73,920
Equity			
Share capital	28	**397**	364
Share premium account	29	**71,813**	15,400
Own shares	30	**(1,586)**	(1,165)
Translation reserve	31	**746**	251
Share-based payments reserve	31	**4,449**	2,881
Hedging reserve	31	**671**	(477)
Deferred tax reserve	31	**2,017**	2,636
Retained earnings	31	**69,706**	54,030
Total equity attributable to shareholders		**148,213**	73,920

The financial statements of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 5 September 2012.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated cash flow statement
for the year ended 30 June 2012

	Notes	**Year ended 30 June 2012 £000**	Year ended 30 June 2011 £000
Net cash inflow from operating activities	33	**24,464**	25,483
Investing activities			
Investment income		**584**	291
Proceeds on disposal of property, plant and equipment		**—**	30
Purchase of property, plant and equipment		**(1,890)**	(1,038)
Purchase of intangible assets		**(941)**	(147)
Acquisition of subsidiaries, net of cash and term deposits acquired	32	**(50,961)**	(2,448)
Net cash used in investing activities		**(53,208)**	(3,312)
Financing activities			
Dividends paid		**(10,061)**	(7,876)
Proceeds on issue of shares		**533**	895
Purchase of own shares		**—**	(4)
Decrease/(increase) in term deposits		**20,194**	(600)
Net cash arising from/(used in) financing activities		**10,666**	(7,585)
Net (decrease)/increase in cash and cash equivalents		**(18,078)**	14,586
Cash and cash equivalents at beginning of year		**31,932**	17,185
Effect of foreign exchange rates		**183**	161
Cash and cash equivalents at end of year		**14,037**	31,932

Company balance sheet
at 30 June 2012

	Notes	30 June 2012 £000	30 June 2011 £000
Non-current assets			
Intangible assets	18	**1,284**	434
Property, plant and equipment	19	**1,571**	2,007
Investments	20	**123,112**	4,041
Deferred tax asset	25	**2,413**	2,656
Derivative financial instruments	24	**204**	21
		128,584	9,159
Current assets			
Inventories	22	**13,539**	10,474
Trade and other receivables	23	**11,204**	10,843
Cash and cash equivalents		**8,005**	29,942
Term deposits		**1,000**	23,637
Derivative financial instruments	24	**883**	183
		34,631	75,079
Total assets		**163,215**	84,238
Current liabilities			
Trade and other payables	26	**(13,074)**	(7,336)
Current tax liabilities		**(3,850)**	(2,876)
Derivative financial instruments	24	**(86)**	(799)
		(17,010)	(11,011)
Net current assets		**17,621**	64,068
Non-current liabilities			
Derivative financial instruments	24	**(10)**	(152)
Total liabilities		**(17,020)**	(11,163)
Net assets		**146,195**	73,075
Equity			
Share capital	28	**397**	364
Share premium account	29	**71,813**	15,400
Own shares	30	**(1,586)**	(1,165)
Share-based payments reserve	31	**4,386**	2,877
Hedging reserve	31	**671**	(477)
Deferred tax reserve	31	**1,787**	2,089
Retained earnings	31	**68,727**	53,987
Total equity attributable to shareholders		**146,195**	73,075

The financial statements of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 5 September 2012.

They were signed on its behalf by:

Jeff Iliffe
Director

Company cash flow statement
for the year ended 30 June 2012

	Notes	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Net cash inflow from operating activities	33	**27,043**	23,493
Investing activities			
Investment income		**570**	286
Proceeds on disposal of property, plant and equipment		**—**	30
Purchases of property, plant and equipment		**(554)**	(922)
Purchases of intangible assets		**(921)**	(141)
Acquisition of subsidiaries	32	**(63,507)**	(2,570)
Dividends received		**2,323**	2,132
Net cash used in investing activities		**(62,089)**	(1,185)
Financing activities			
Dividends paid		**(10,061)**	(7,876)
Proceeds on issue of shares		**533**	895
Purchase of own shares		**—**	(4)
Decrease/(increase) in term deposits		**22,637**	(600)
Net cash arising from/(used in) financing activities		**13,109**	(7,585)
Net (decrease)/increase in cash and cash equivalents		**(21,937)**	14,723
Cash and cash equivalents at beginning of year		**29,942**	15,219
Cash and cash equivalents at end of year		**8,005**	29,942

Company statement of comprehensive income
for the year ended 30 June 2012

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Profit for the year	**24,501**	23,929
Reserve movements on cash flow hedges	**1,528**	(1,263)
Share-based payments charge recognised on behalf of subsidiaries	**129**	120
Tax relating to components of other comprehensive income	**(325)**	2,221
Other comprehensive income for the year	**1,332**	1,078
Total comprehensive income for the year	**25,833**	25,007

Company statement of changes in equity
for the year ended 30 June 2012

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve[1] £000	Hedging reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2011	**364**	**15,400**	**(1,165)**	**2,877**	**(477)**	**2,089**	**53,987**	**73,075**
Profit for the year	—	—	—	—	—	—	**24,501**	**24,501**
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	**129**	—	—	—	**129**
Movements on cash flow hedges	—	—	—	—	**1,528**	—	—	**1,528**
Tax relating to components of other comprehensive income	—	—	—	—	**(380)**	**(302)**	**357**	**(325)**
Total comprehensive income for the year	—	—	—	**129**	**1,148**	**(302)**	**24,858**	**25,833**
Issue of share capital	**33**	**56,413**	**(478)**	—	—	—	—	**55,968**
Own shares disposed of on exercise of share options	—	—	**57**	—	—	—	**(57)**	—
Share-based payments charge	—	—	—	**1,380**	—	—	—	**1,380**
Payment of dividends	—	—	—	—	—	—	**(10,061)**	**(10,061)**
Balance as at 30 June 2012	**397**	**71,813**	**(1,586)**	**4,386**	**671**	**1,787**	**68,727**	**146,195**

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve[1] £000	Hedging reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2010	360	12,920	(690)	1,731	445	1,315	36,836	52,917
Profit for the year	—	—	—	—	—	—	23,929	23,929
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	120	—	—	—	120
Movements on cash flow hedges	—	—	—	—	(1,263)	—	—	(1,263)
Tax relating to components of other comprehensive income	—	—	—	—	341	774	1,106	2,221
Total comprehensive income for the year	—	—	—	120	(922)	774	25,035	25,007
Issue of share capital	4	2,480	(483)	—	—	—	—	2,001
Own shares disposed of on exercise of share options	—	—	8	—	—	—	(8)	—
Share-based payments charge	—	—	—	1,026	—	—	—	1,026
Payment of dividends	—	—	—	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	364	15,400	(1,165)	2,877	(477)	2,089	53,987	73,075

1 IFRS 2 charge for fair value of share-based options and awards.
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.

Notes to the consolidated financial statements
for the year ended 30 June 2012

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 is a producer and distributor of high-quality research-grade antibodies and associated protein research tools. The Group operates through its ultimate parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited, Ascent Scientific Limited, Epitomics Inc and MitoSciences Inc, allowing it to serve a global customer base of over 130 countries.

2. Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements:

Standards affecting the financial statements

Amendment to IFRS 7 Financial Instruments: Disclosures

The amendment clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated financial assets.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 24 (2009) Related Party Disclosures

The revised Standard has a new, clearer definition of a related party, with inconsistencies under the previous definition having been removed.

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 yet been adopted by the EU):

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (amended)	Disclosures – Transfers of Financial Assets
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IAS 19 (revised)	Employee Benefits
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with 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 in the next few pages.

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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values at the date of exchange of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination that meet the recognition criteria under IFRS 3 (2008) are measured at their fair values at the date of acquisition, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments relating to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured as per that Standard.

Investments in subsidiaries are accounted for at cost less impairment. Where applicable, cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is reviewed and tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in subsequent periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

3. Significant accounting policies continued

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.

Custom service revenue is recognised when the outcome of the contract can be estimated reliably and is then based on the stage of completion of the contract activity at the balance sheet date. Where the outcome cannot be estimated reliably, revenue is recognised to the extent of costs incurred where it is probable these will be recovered. In instances where it is probable that the costs will be in excess of the contract revenue, the expected loss is recognised as an expense immediately.

Licence fee income is recognised on delivery of the licensed technology where the Group's continued performance or future research and development services are not required. Payments received prior to this are recorded as deferred revenue.

Royalty revenue is recognised based on the contractual terms and the substance of the agreements with the counterparty.

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.

Revenue derived from the Company's conferences is recognised when the conference is held; however, it is not material.

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.

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.

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 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.

3. Significant accounting policies continued

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.

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	12.5% per annum
Motor vehicles	20% 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 including internally generated intangible assets 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, distribution rights, capitalised development work and contract-based intangibles 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, the term of the deal in the case of distribution rights and the length of the contract for contract-based intangibles.

3. Significant accounting policies continued

Impairment of tangible and intangible assets excluding goodwill
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 post-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.

Available-for-sale financial assets
The Group has an investment in unlisted shares which is not traded in an active market but is classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured).

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.

Term deposits
Term deposits represent bank deposits with an original maturity of over three months.

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.

3. Significant accounting policies continued

Derivative financial instruments continued

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 the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement 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 twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain derivatives as either 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.

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 the income statement 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.

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, SIP and 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 Black Scholes 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 UK-based 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 goodwill and other 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 intangibles

As part of the business combinations during the year, the Group acquired the following intangible assets: licence fees, customer relationships, patents, trade names, technology and know-how. Further to this the Group has begun to capitalise IT development costs relating to the rebuilding of the Group's IT core systems, since these costs meet the recognition criteria of IAS 38. The Group reviews the carrying amount of all intangible assets held at each balance sheet date and no impairment was considered necessary for these assets.

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis or more frequently when there are indications of possible impairment. The impairment review requires a value in use calculation of the cash-generating units to which the goodwill is allocated. In estimating the value in use, management is required to make an estimate of the expected future cash flows attributable to the cash-generating unit and to choose an appropriate discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2012 was £82,356,000 (2011: £2,062,000). Further details are given in note 17.

Fair value of derivatives and other financial instruments

As described in note 27, 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 and normal levels 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. In assessing this, management takes into 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 2012 of £24,501,000 (2011: £23,929,000).

6. Revenue

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

	Note	**Year ended 30 June 2012 £000**	Year ended 30 June 2011 £000
Sales of goods		**97,839**	83,272
Investment revenue	11	**500**	398
		98,339	83,670

7. Operating segments

Products and services from which reportable segments derive their revenues

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, who is considered the chief operating decision maker, 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.

Geographical information

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

	Revenue		Non-current assets	
	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000	**As at 30 June 2012 £000**	As at 30 June 2011 £000
US	**40,750**	34,374	**34,901**	2,094
Japan	**11,304**	8,998	**159**	33
Germany	**7,368**	6,474	**—**	—
UK	**7,098**	6,278	**86,587**	4,496
Other countries	**31,319**	27,148	**769**	17
	97,839	83,272	**122,416**	6,640

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 June 2012 £000**	Year ended 30 June 2011 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss		**(211)**	(74)
Other net foreign exchange losses/(gains)		**335**	(725)
R&D expenditure (including amortisation as detailed below)		**4,214**	3,231
Operating lease rentals – land and buildings	13	**1,362**	905
Depreciation of property, plant and equipment	19	**1,474**	1,380
Loss on disposal of property, plant and equipment		**—**	8
Amortisation of intangible assets included within administration and management expenses	18	**716**	210
Impairment loss on intangible assets included within administration and management expenses	18	**—**	38
Amortisation of intangible assets included within R&D expenditure	18	**528**	—
Cost of inventories recognised as an expense		**29,381**	26,310
Write down of inventories recognised as an expense		**882**	929
Staff costs	10	**18,105**	14,656
Impairment loss recognised on trade receivables	23	**4**	42
Auditor's remuneration	9	**612**	164

9. Auditor's remuneration

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

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**93**	75
Fees payable in relation to acquisition-related audit services	**17**	—
Fees payable to the Company's auditor for other services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	**3**	3
Total audit fees	**113**	78
– Audit-related assurance services	**20**	16
– Taxation compliance services	**23**	17
– Corporate finance services	**374**	30
– Other taxation advisory services	**56**	—
– Other services[1]	**26**	23
Total non-audit fees	**499**	86
Total auditor's remuneration	**612**	164

1 Other services relates to training provided by the not-for-profit organisation Cambridge Network Limited and its subsidiaries. This is disclosed due to the audit partner also being a director of the Cambridge Network Limited. Consistent with the not-for-profit status, neither the audit partner nor Deloitte receives any remuneration in relation to this arrangement.

Details on the Company's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report. During the year, the auditor was used for due diligence work as this was considered most beneficial to the Group due to the auditor's established knowledge and experience of the Group's activities. The auditor's independence and objectivity was safeguarded through the use of separate engagement teams. No services were provided pursuant to contingent fee arrangements.

10. Staff costs

The average monthly number of employees (including Executive Directors) was:

	Group		Company	
	Year ended 30 June 2012 Number	Year ended 30 June 2011 Number	Year ended 30 June 2012 Number	Year ended 30 June 2011 Number
Management, administrative, marketing and distribution	**309**	245	**171**	156
Laboratory	**96**	52	**41**	50
	405	297	**212**	206

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30 June 2012 Number £000	Year ended 30 June 2011 Number £000	Year ended 30 June 2012 Number £000	Year ended 30 June 2011 Number £000
Wages and salaries	**14,157**	11,131	**8,402**	7,556
Social security costs	**1,443**	1,247	**625**	717
Pension costs	**949**	1,132	**769**	1,012
Charge in respect of share options and awards granted	**1,556**	1,146	**1,381**	1,027
Total staff costs	**18,105**	14,656	**11,177**	10,312
Staff costs capitalised*	**(65)**	—	**(65)**	—
Net staff costs	**18,040**	14,656	**11,112**	10,312

* £65,000 (2011: £nil) relates to Group staff costs directly attributable to the rebuild of the IT core systems being capitalised as part of an internally generated intangible asset under IAS 38 (see note 18).

11. Investment revenue

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Interest on cash and term deposits	**500**	398

12. Finance costs

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Interest on bank loan	**73**	—

13. Operating lease arrangements

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– land and buildings	**1,362**	905

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 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Within one year	**2,208**	1,551	**833**	765
In the second to fifth years inclusive	**5,554**	4,325	**1,272**	1,870
After five years	**70**	388	**—**	131
	7,832	6,264	**2,105**	2,766

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 charge in 2012/13 on these operating leases is expected to be £1.9m for the Group and £0.5m for the Company.

14. Tax

	Note	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Current tax		**9,741**	8,972
Deferred tax	25	**(485)**	(666)
		9,256	8,306

Corporation tax is calculated at 25.5% (2011: 27.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 which became substantively enacted in March 2012.

The UK Government also announced a further reduction in the standard rate of corporation tax to 23% effective 1 April 2013, which was substantively enacted in July 2012, and has proposed a further reduction of 1% per annum to 22% by 1 April 2014. These further tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in these financial statements.

Notes to the consolidated financial statements continued

14. Tax continued

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

The impact of the rate reduction to 23%, which will be reflected in the next reporting period, is estimated to reduce the UK deferred tax asset and liability provided at 30 June 2012 by £121,000 and £19,000 respectively.

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

	Year ended 30 June 2012 £000	**Year ended 30 June 2012 %**	Year ended 30 June 2011 £000	Year ended 30 June 2011 %
Profit before tax	**34,662**		32,111	
Tax at the UK corporation tax rate of 25.5% (2011: 27.5%)	**8,839**	**25.5**	8,831	27.5
Effect of different tax rates of subsidiaries operating in different jurisdictions	**423**	**1.2**	350	1.1
Tax effect of expenses that are not deductible in determining taxable profit	**904**	**2.6**	67	0.2
R&D tax credit uplift	**(713)**	**(2.1)**	(812)	(2.5)
Prior year adjustments	**(219)**	**(0.6)**	(142)	(0.4)
Effect of difference between closing deferred tax rate and current tax rate	**22**	**0.1**	12	0.0
Tax expense and effective rate for the year	**9,256**	**26.7**	8,306	25.9

15. Dividends

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2011 of 3.800 pence (2010: 2.922 pence*) per share	**6,958**	5,256
Interim dividend for the year ended 30 June 2012 of 1.690 pence (2011: 1.450 pence) per share	**3,103**	2,620
Total distributions to equity holders in the period	**10,061**	7,876
Proposed final dividend for the year ended 30 June 2012 of 4.36 pence (2011: 3.800 pence) per share	**8,642**	6,906

* This comparative has been rebased to reflect the five for one share sub-division which took place on 15 November 2010.

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 EPS is based on the following data:

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent company	**25,406**	23,805
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	**185,131,455**	179,865,322
Effect of dilutive potential ordinary shares:		
– share options	**3,383,068**	3,541,456
Weighted average number of ordinary shares for the purposes of diluted EPS	**188,514,523**	183,406,778

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. Diluted EPS is calculated on the same basis as basic EPS 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-based options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year or where it is considered non-market performance conditions will not be met resulting in the options not vesting.

16. Earnings per share continued

Adjusted earnings per share

The calculation of adjusted EPS excluding acquisition costs and amortisation of associated intangible assets is based on earnings of:

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent	**25,406**	23,805
Acquisition costs	**3,397**	202
Amortisation of associated intangible assets	**964**	11
Tax effect of adjusting items	**(374)**	(24)
Profit after tax excluding acquisition costs and amortisation of associated intangible assets	**29,393**	23,994

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

Adjusted EPS after adding back acquisition costs and amortisation of associated intangible assets:

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
Adjusted basic EPS	**15.88p**	13.34p
Adjusted diluted EPS	**15.59p**	13.08p

The adjusted EPS information is considered to provide a fairer representation of the Group's trading performance.

17. Goodwill

	Note	£000
Cost		
At 1 July 2011		2,062
Recognised on acquisition of subsidiaries	32	80,067
Fair value adjustments during measurement period		227
At 30 June 2012		**82,356**
Accumulated impairment losses		
At 1 July 2011 and 30 June 2012		—
Carrying amount		
At 30 June 2011		2,062
At 30 June 2012		**82,356**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Year ended 30 June 2012 £000	Year ended 30 June 2011 £000
MitoSciences business	**2,289**	2,062
Ascent Scientific business acquired 12 September 2011 (see note 32)	**7,589**	—
Epitomics business acquired 19 April 2012 (see note 32)	**72,478**	—
	82,356	2,062

The Group performs an annual test for impairment or more frequently if there are any indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions considered most sensitive for the value in use calculations are those regarding the discount rates, growth rates and anticipated movements in selling prices and direct costs during the period.

17. Goodwill continued

Management has projected cash flows based on financial forecasts over a period of four years. No growth rate has been used in the extrapolation of cash flows beyond the four years. A discount rate of 11% has been estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

Management has performed sensitivity analysis on the key assumptions mentioned above. Based on the results of this analysis, management is satisfied that the carrying amount of goodwill exceeds its recoverable amount. As such, no impairment of goodwill has been recognised at the balance sheet date.

18. Intangible assets

Group

	Up front licence fees £000	Distribution rights £000	Software £000	Contract -based £000	Assets under construction £000	Customer relationships £000	Patents, technology and know-how £000	Trade names £000	Total £000
Cost									
At 1 July 2010	322	1,393	195	—	—	—	—	—	1,910
Additions	65	—	53	—	—	—	—	—	118
Acquisition of subsidiary	—	—	2	1,666	—	—	—	—	1,668
At 1 July 2011	387	1,393	250	1,666	—	—	—	—	3,696
Additions	47	81	117	—	773	—	—	—	1,018
Acquisition of subsidiaries	9	—	13	1,901	—	5,455	22,812	2,236	32,426
At 30 June 2012	**443**	**1,474**	**380**	**3,567**	**773**	**5,455**	**22,812**	**2,236**	**37,140**
Amortisation and impairment									
At 1 July 2010	227	1,025	99	—	—	—	—	—	1,351
Charge for the year	66	64	69	11	—	—	—	—	210
Impairment loss	—	38	—	—	—	—	—	—	38
At 1 July 2011	293	1,127	168	11	—	—	—	—	1,599
Charge for the year	64	147	69	255	—	134	528	47	1,244
At 30 June 2012	**357**	**1,274**	**237**	**266**	**—**	**134**	**528**	**47**	**2,843**
Carrying amount									
At 30 June 2011	94	266	82	1,655	—	—	—	—	2,097
At 30 June 2012	**86**	**200**	**143**	**3,301**	**773**	**5,321**	**22,284**	**2,189**	**34,297**

18. Intangible assets continued

Company

	Up front licence fees £000	Distribution rights £000	Software £000	Assets under construction £000	Total £000
Cost					
At 1 July 2010	322	1,393	192	—	1,907
Additions	65	—	48	—	113
At 1 July 2011	387	1,393	240	—	2,020
Additions	47	244	98	773	1,162
At 30 June 2012	**434**	**1,637**	**338**	**773**	**3,182**
Amortisation and impairment					
At 1 July 2010	227	1,025	99	—	1,351
Charge for the year	66	64	67	—	197
Impairment loss	—	38	—	—	38
At 1 July 2011	293	1,127	166	—	1,586
Charge for the year	63	187	62	—	312
At 30 June 2012	**356**	**1,314**	**228**	**—**	**1,898**
Carrying amount					
At 30 June 2011	94	266	74	—	434
At 30 June 2012	**78**	**323**	**110**	**773**	**1,284**

The amortisation period for the up front licence fees and software is three years. The amortisation period for the distribution rights is the term of the agreement.

Contract-based intangibles predominately relates to two agreements: an agreement with the University of Oregon, under which the university supplies monoclonal antibodies to MitoSciences, who has full rights and entitlement to commercially exploit these materials in exchange for an ongoing fee. The remaining amortisation period is twelve years, being the remaining term of the agreement; and an agreement between Epitomics and Loyola University Chicago for access to a patent. The remaining amortisation period is to February 2015 being the expiry date of the agreement.

Assets under construction relates to the development of the core IT systems architecture. These are not amortised until being available for use in the business.

Customer relationships relates to access to new customers as part of the Epitomics acquisition, namely in the reagents and services business. The remaining amortisation period is ten years in line with the history of the business.

Patents, technology and know-how relates to the acquired RabMAb® technology as part of the Epitomics business. The remaining amortisation period is 15 years being the remaining term of the primary patent.

Trade names relates to RabMAb® and Epitomics. The remaining amortisation period is eight years.

19. Property, plant and equipment

Group

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2010	1,019	5,598	1,617	88	—	—	8,322
Additions	196	554	35	96	—	—	881
Acquisition of subsidiary	—	128	18	—	—	—	146
Exchange differences	(14)	(24)	(42)	—	—	—	(80)
Disposals	—	(49)	(28)	—	—	—	(77)
At 1 July 2011	1,201	6,207	1,600	184	—	—	9,192
Additions	307	962	423	211	115	—	2,018
Acquisition of subsidiaries	46	732	208	984	604	94	2,668
Exchange differences	7	22	20	25	16	2	92
Disposals	(2)	(9)	(14)	—	—	—	(25)
At 30 June 2012	**1,559**	**7,914**	**2,237**	**1,404**	**735**	**96**	**13,945**
Accumulated depreciation							
At 1 July 2010	724	3,963	695	45	—	—	5,427
Charge for the year	178	884	278	40	—	—	1,380
Exchange differences	(10)	(19)	(28)	—	—	—	(57)
Eliminated on disposals	—	(19)	(20)	—	—	—	(39)
At 1 July 2011	892	4,809	925	85	—	—	6,711
Charge for the year	231	817	341	83	—	2	1,474
Exchange differences	4	2	16	—	—	—	22
Eliminated on disposals	(2)	(9)	(14)	—	—	—	(25)
At 30 June 2012	**1,125**	**5,619**	**1,268**	**168**	**—**	**2**	**8,182**
Carrying amount							
At 30 June 2011	309	1,398	675	99	—	—	2,481
At 30 June 2012	**434**	**2,295**	**969**	**1,236**	**735**	**94**	**5,763**

19. 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 2010	750	5,213	928	88	6,979
Additions	143	501	24	96	764
Disposals	—	(49)	—	—	(49)
At 1 July 2011	893	5,665	952	184	7,694
Additions	211	328	50	39	628
Disposals	—	(3)	(9)	—	(12)
At 30 June 2012	**1,104**	**5,990**	**993**	**223**	**8,310**
Accumulated depreciation					
At 1 July 2010	525	3,681	266	45	4,517
Charge for the year	133	810	206	40	1,189
Eliminated on disposals	—	(19)	—	—	(19)
At 1 July 2011	658	4,472	472	85	5,687
Charge for the year	166	633	211	54	1,064
Eliminated on disposals	—	(3)	(9)	—	(12)
At 30 June 2012	**824**	**5,102**	**674**	**139**	**6,739**
Carrying amount					
At 30 June 2011	235	1,193	480	99	2,007
At 30 June 2012	**280**	**888**	**319**	**84**	**1,571**

20. Investments in subsidiaries

The Company's subsidiaries at 30 June 2012 are:

	Country of incorporation	Proportion of shares held	Proportion of voting power held
Abcam Inc	US	100%	100%
Abcam KK	Japan	100%	100%
Abcam (Hong Kong) Limited	Hong Kong	100%	100%
Abcam Employee Share Benefit Trust Limited	UK	100%	100%
Abcam US Holdings, Inc	US	100%	100%
Abcam LLC	US	100%	100%
Ascent Scientific Limited	UK	100%	100%
Ascent Scientific LLC	US	100%	100%
Camgene Limited (dormant)	UK	100%	100%
Epitomics Inc	US	100%	100%
Epitomics (Hangzhou) Biotechnology Co., Limited	China	100%	100%
Epitomics (Hong Kong) Limited	Hong Kong	100%	100%
MitoSciences Inc	US	100%	100%

Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited and MitoSciences Inc are involved in the sale and distribution of antibodies and related products. MitoSciences Inc also develops and manufactures related products for use in metabolism research. Ascent Scientific Limited is a specialist provider of biochemical tools. Epitomics Inc is focused on the development, production and distribution of monoclonal antibodies (RabMAbs®). The Abcam Employee Share Benefit Trust Limited holds in trust the shares purchased on behalf of employees participating in the Share Incentive Plan. Camgene Limited is dormant.

20. Investments in subsidiaries continued

Analysis of changes in investments

	Note	£000
At 1 July 2010		203
Additions*		120
Addition relating to acquisition of subsidiary	32	3,718
At 1 July 2011		4,041
Additions*		129
Addition relating to acquisition of subsidiaries	32	118,942
At 30 June 2012		**123,112**

* These additions represent share-based payment charges for share options issued by the Company to employees of the subsidiaries.

Investments are held at cost less provision for impairment.

21. Available-for-sale financial asset

	30 June 2012 £000	30 June 2011 £000
Shares	**679**	—

As part of the Epitomics acquisition (see note 32) the Group acquired a 13% interest in Plexbio Co., Ltd (Plexbio), a privately owned biotechnology company headquartered in Taiwan. Plexbio was established to research, develop and manufacture IVD kits.

22. Inventories

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Raw materials	**497**	30	**—**	—
Work in progress	**621**	60	**—**	—
Finished goods	**14,296**	10,605	**13,539**	10,474
	15,414	10,695	**13,539**	10,474

23. Financial assets

Trade and other receivables

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Amounts receivable for the sale of goods	**10,478**	8,267	**3,051**	3,430
Allowance for doubtful debts	**(433)**	(323)	**(101)**	(124)
	10,045	7,944	**2,950**	3,306
Amounts owed by subsidiary undertakings	**—**	—	**6,278**	6,408
Other debtors	**2,701**	886	**1,198**	373
Prepayments	**1,540**	1,080	**778**	756
	14,286	9,910	**11,204**	10,843

23. Financial assets continued

Trade receivables

The average credit period taken for sales is 34.0 days (2011: 35.0 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 90 days past due because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 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. Neither the Group nor Company holds any collateral or other credit enhancements over these balances, nor do they have a legal right to offset against any amounts owed to the counterparty.

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
0 to 30 days overdue	**1,721**	1,302	**454**	378
30 to 60 days overdue	**467**	151	**41**	—
	2,188	1,453	**495**	378

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Balance at the beginning of the year	**(323)**	(297)	**(124)**	(107)
Acquisition of subsidiaries	**(106)**	—	**—**	—
Impairment (losses)/gains recognised through income statement	**(4)**	(42)	**17**	(28)
Exchange differences on translation of foreign operations	**(3)**	12	**—**	—
Amounts written off as uncollectable	**25**	24	**10**	11
Amounts recovered during the year	**(22)**	(20)	**(4)**	—
Balance at the end of the year	**(433)**	(323)	**(101)**	(124)

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.

Ageing of impaired receivables

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
0 to 30 days overdue	**94**	79	**16**	25
30 to 60 days overdue	**178**	152	**51**	68
60 to 90 days overdue	**89**	39	**21**	16
More than 90 days overdue	**72**	53	**13**	15
	433	323	**101**	124

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

24. Derivative financial instruments

Group and Company: 30 June 2012

	Current		Non-current		
	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	**708**	**(20)**	**204**	**(10)**	**882**
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	**175**	**(66)**	**—**	**—**	**109**
	883	**(86)**	**204**	**(10)**	**991**

Group and Company: 30 June 2011

	Current		Non-current		
	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	60	(573)	21	(152)	(644)
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	123	(226)	—	—	(103)
	183	(799)	21	(152)	(747)

Further details of derivative financial instruments are provided in note 27.

25. 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 periods.

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2010	(243)	(174)	1,791	43	1,417
Acquisition of subsidiary	(18)	—	—	(406)	(424)
Credit to income	142	—	291	233	666
Credit to equity	—	341	1,086	—	1,427
Exchange differences	2	—	(4)	(5)	(7)
At 30 June 2011	(117)	167	3,164	(135)	3,079
Acquisition of subsidiaries	(601)	—	—	(10,341)	(10,942)
(Charge)/credit to income	(120)	—	229	376	485
Fair value adjustments (note 32)	—	—	—	(233)	(233)
Charge to equity	—	(380)	(619)	—	(999)
Exchange differences	(20)	—	2	92	74
At 30 June 2012	**(858)**	**(213)**	**2,776**	**(10,241)**	**(8,536)**

25. Deferred tax continued

Group continued

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 June 2012 £000	30 June 2011 £000	30 June 2010 £000
Deferred tax assets	**4,401**	3,509	1,417
Deferred tax liabilities	**(12,937)**	(430)	—
	(8,536)	3,079	1,417

The deferred tax liability of £12,937,000 (2011: £430,000) has been recognised in relation to the acquired intangible assets as a result of the acquisitions (note 32). Amounts released from this liability during the period were £374,000 (2011: £3,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets.

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2010	(219)	(174)	1,475	(96)	986
Credit to income	157	—	267	131	555
Credit to equity	—	341	774	—	1,115
At 30 June 2011	(62)	167	2,516	35	2,656
Credit/(charge) to income	113	—	331	(5)	439
Charge to equity	—	(380)	(302)	—	(682)
At 30 June 2012	**51**	**(213)**	**2,545**	**30**	**2,413**

At the balance sheet date, there are no aggregate temporary differences associated with undistributed earnings of subsidiaries for which a deferred tax liability has not been recognised (2011: £nil). No temporary differences exist in the current year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

26. Other financial liabilities

Trade and other payables

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Amounts falling due within one year				
Trade payables	**4,148**	3,534	**3,175**	3,160
Amounts owed to subsidiary undertakings	**—**	—	**1,373**	431
Borrowings owed to subsidiary undertakings	**—**	—	**5,059**	—
Accruals and deferred income	**5,665**	4,515	**3,193**	3,479
Other taxes and social security	**333**	271	**274**	265
Other creditors	**580**	15	**—**	1
	10,726	8,335	**13,074**	7,336

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2012, the Group had an average of 34 days of purchases (2011: 37 days) outstanding in trade payables (excluding accruals and deferred income). 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 timeframe. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

27. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern 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 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	**—**	—	**6,278**	6,408
Trade receivables	**10,045**	7,944	**2,950**	3,306
VAT recoverable (included in other debtors)	**1,244**	515	**1,171**	361
	11,289	8,459	**10,399**	10,075
Cash and cash equivalents				
Cash and cash equivalents and term deposits	**17,480**	55,569	**9,005**	53,578
Loans and receivables (including cash and cash equivalents)	**28,769**	64,028	**19,404**	63,653
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables*	**(5,061)**	(3,820)	**(3,449)**	(3,426)
Current tax liabilities	**(3,791)**	(2,891)	**(3,850)**	(2,876)
Amortised cost	**(8,852)**	(6,711)	**(7,299)**	(6,302)

* Financial liabilities at amortised cost within trade and other payables consist of trade payables, intercompany payables, other taxes and other payables.

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.

Fair value measurements recognised in the balance sheet

Financial instruments that are measured subsequent to initial recognition at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

> Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

> Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

> Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The Group's derivatives meet the definition of Level 2, as outlined above. There were no transfers between Level 1 and 2 during the year.

27. Financial instruments continued

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.

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 34.0 days (2011: 35.0 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 34.0 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 major financial institutions. Funds are split between at least two institutions. The carrying amount best represents the maximum exposure to credit risk.

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 US Dollars, Euros and Japanese Yen.

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, not denominated in the local functional currency, are as follows:

	Liabilities		Assets	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Euros	**(243)**	(179)	**2,400**	2,493
US Dollars	**(3,455)**	(2,074)	**13,114**	6,030
Japanese Yen	**(77)**	(49)	**2,229**	1,794
Hong Kong Dollars	**—**	(4)	**34**	56
	(3,775)	(2,306)	**17,777**	10,373

27. Financial instruments continued

Foreign currency sensitivity analysis

The Group's principal functional currency is Sterling. The Group is mainly exposed to US Dollars and Euros but has an increasing exposure to Japanese Yen. Since opening an office in Hong Kong, the Group is also exposed to Hong Kong Dollars. This exposure is not considered material and hence is not included in the analysis below.

The following table details 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. 8% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts in the balance sheet at the end of the relevant accounting period and adjusts their translation at the period end for an 8% change in foreign currency rates. It does not represent the overall impact on Group profitability if the exchange rate sensitivity had been applied through the reporting period. A positive number indicates an increase in profit or equity.

	Yen currency impact		Euro currency impact		US Dollar currency impact	
	2012 £000	2011 £000	**2012 £000**	2011 £000	**2012 £000**	2011 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	**35**	—	**—**	—	**45**	—
Other equity	**535**	407	**1,289**	1,305	**1,266**	785
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	**(42)**	—	**—**	—	**(53)**	—
Other equity	**(628)**	(478)	**(1,513)**	(1,532)	**(1,486)**	(922)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since it is limited to the year-end exposure and does not reflect the exposure during the year.

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 valued 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 June 2012**	**Foreign currency 30 June 2012 000**	**Contract value 30 June 2012 £000**	**Fair value 30 June 2012 £000**
Sell US Dollars				
Less than 3 months	**1.58**	**$5,977**	**3,780**	**(29)**
3 to 6 months	**1.56**	**$6,050**	**3,879**	**23**
7 to 12 months	**1.56**	**$12,400**	**7,951**	**43**
13 to 15 months	**1.56**	**$6,350**	**4,071**	**20**
	1.56	**$30,777**	**19,681**	**57**
Sell Euros				
Less than 3 months	**1.16**	**€4,758**	**4,091**	**243**
3 to 6 months	**1.19**	**€4,825**	**4,050**	**143**
7 to 12 months	**1.19**	**€9,925**	**8,340**	**284**
13 to 15 months	**1.19**	**€5,075**	**4,258**	**129**
	1.19	**€24,583**	**20,739**	**799**
Sell Yen				
Less than 3 months	**128.26**	**¥209,486**	**1,633**	**(42)**
3 to 6 months	**121.79**	**¥215,350**	**1,768**	**42**
7 to 12 months	**121.42**	**¥448,700**	**3,696**	**89**
13 to 15 months	**121.03**	**¥233,575**	**1,930**	**46**
	122.65	**¥1,107,111**	**9,027**	**135**
Total of outstanding forward contracts			**49,447**	**991**

27. Financial instruments continued

Forward exchange contracts continued

Outstanding contracts	Average rate 30 June 2011	Foreign currency 30 June 2011 000	Contract value 30 June 2011 £000	Fair value 30 June 2011 £000
Sell US Dollars				
Less than 3 months	1.55	$5,400	3,482	115
3 to 6 months	1.59	$4,385	2,759	23
7 to 12 months	1.59	$9,173	5,778	43
13 to 15 months	1.58	$4,352	2,747	21
	1.58	$23,310	14,766	202
Sell Euros				
Less than 3 months	1.17	€4,618	3,934	(235)
3 to 6 months	1.15	€4,297	3,726	(147)
7 to 12 months	1.16	€9,028	7,808	(309)
13 to 15 months	1.16	€4,208	3,634	(140)
	1.16	€22,151	19,102	(831)
Sell Yen				
Less than 3 months	137.24	¥244,476	1,781	(108)
3 to 6 months	128.48	¥170,555	1,328	7
7 to 12 months	128.91	¥356,772	2,768	(5)
13 to 15 months	129.29	¥161,536	1,249	(12)
	130.98	¥933,339	7,126	(118)
Total of outstanding forward contracts			40,994	(747)

At 30 June 2012, the fair value of contracts held as cash flow hedges is an asset of £883,000 (2011: liability of £644,000). The remaining contracts are not held as cash flow hedges.

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, 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 five years. At 30 June 2012, the average maturity of balances was 856 days (2011: 83 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

Trade payables are normally payable within 30 days of invoice and the standard payment terms for intra-group receivables are 45 days.

27. Financial instruments continued

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					
2012					
Trade payables	—	**(3,948)**	**(180)**	**(20)**	**(4,148)**
Accruals and deferred income	—	**(2,057)**	**(1,390)**	**(2,218)**	**(5,665)**
		(6,005)	**(1,570)**	**(2,238)**	**(9,813)**
Company					
2012					
Trade payables	—	**(3,073)**	**(96)**	**(6)**	**(3,175)**
Accruals and deferred income	—	**(1,202)**	**(1,185)**	**(806)**	**(3,193)**
		(4,275)	**(1,281)**	**(812)**	**(6,368)**

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2011					
Trade payables	—	(3,296)	(237)	(1)	(3,534)
Accruals and deferred income	—	(2,764)	(163)	(1,588)	(4,515)
		(6,060)	(400)	(1,589)	(8,049)
Company					
2011					
Trade payables	—	(2,981)	(177)	(2)	(3,160)
Accruals and deferred income	—	(2,377)	(108)	(994)	(3,479)
		(5,358)	(285)	(996)	(6,639)

27. Financial instruments continued

Interest rate risk sensitivity analysis

An increase of 0.25% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £91,000 (2011: £120,000) and by the Company of £78,000 (2011: £115,000). A decrease of 0.25% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £91,000 (2011: £120,000) and by the Company of £78,000 (2011: £115,000). There would have been no effect on equity reserves.

The average cash and term deposits balance throughout the year has been used as the basis for the calculations. A 0.25% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

28. Share capital

Group and Company

	30 June 2012 £000	30 June 2011 £000
Issued and fully paid:		
198,211,177 (2011: 181,724,652) ordinary shares of 0.2 pence each	**397**	364

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

	2012 Number	**2012 £000**	2011 £000
Balance at beginning of year	**181,724,652**	**364**	360
Issue of share capital	**16,486,525**	**33**	4
Balance at end of year	**198,211,177**	**397**	364

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

28. Share capital continued

Group and Company continued

During the year the Company issued 0.2 pence ordinary shares as follows:

Date issued	Number of shares	Exercise price £	Total paid £
September 2011	1,157,481*	3.4558	4,000,023
September 2011	2,800	0.125	350
September 2011	3,000	0.624	1,872
September 2011	20,150	0.624	12,574
September 2011	500	0.624	312
October 2011	8,600	0.125	1,075
October 2011	3,215	0.56	1,800
October 2011	1,000	0.624	624
October 2011	15,410	0.624	9,616
October 2011	12,555	0.624	7,834
October 2011	1,000	0.624	624
October 2011	138,558**	3.448	477,721
November 2011	3,655	0.448	1,637
November 2011	19,600	0.924	18,110
November 2011	48,785	0.924	45,077
November 2011	25,500	0.924	23,562
November 2011	6,250	0.624	3,900
November 2011	57,440	0.924	53,075
November 2011	3,150	0.924	2,911
November 2011	45,175	0.924	41,742
November 2011	22,035	0.924	20,360
November 2011	4,385	0.448	1,964
November 2011	6,250	0.924	5,775
November 2011	19,585	0.924	18,097
November 2011	243	0.624	152
November 2011	18,250	0.924	16,863
November 2011	13,180	0.924	12,178
November 2011	3,400	0.56	1,904
November 2011	2,750	0.924	2,541
November 2011	30,000	0.002	60
November 2011	119,010	0.924	109,965
January 2012	14,620	0.448	6,550
March 2012	2,500	0.924	2,310
March 2012	300	0.924	277
March 2012	7,411	0.924	6,848
March 2012	12,449	0.924	11,503
March 2012	30,560	0.56	17,114
March 2012	6,230	0.624	3,888
March 2012	3,500	0.924	3,234
March 2012	5,445	0.924	5,031
March 2012	2,500	0.924	2,310
April 2012	2,295	0.56	1,285
April 2012	1,500	0.624	936
April 2012	2,800	0.125	350
April 2012	1,215	0.624	758
April 2012	1,000	0.624	624
April 2012	9,500	0.924	8,778
April 2012	3,450	0.624	2,153
April 2012	2,650	0.624	1,654
April 2012	11,695	0.448	5,239
April 2012	14,498,923***	3.5475	51,434,929
April 2012	7,450	0.624	4,649
April 2012	1,000	0.924	924
April 2012	2,600	0.05	130
May 2012	22,920	0.624	14,302
May 2012	1,750	0.924	1,617
May 2012	3,300	0.56	1,848
May 2012	2,300	0.624	1,435
May 2012	11,750	0.924	10,857
	16,486,525		56,445,831

* Shares issued as part consideration for the acquisition of Ascent Scientific Limited. For further details refer to note 32.

** 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.

***Shares issued as part consideration for the acquisition of Epitomics Inc. For further details refer to note 32.

Further details of the Company's share option schemes are provided in note 34.

29. Share premium
Group and Company

	£000
Balance at 1 July 2010	12,920
Premium arising on issue of equity shares	2,480
Balance at 1 July 2011	15,400
Premium arising on issue of equity shares	56,413
Balance at 30 June 2012	**71,813**

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

30. Own shares
Group and Company

	£000
Balance at 1 July 2011	(1,165)
Acquired in the period	(478)
Disposed of on exercise of options	57
Balance at 30 June 2012	**(1,586)**

This balance represents the cost of 866,435 shares with a nominal value of £1,733 in Abcam plc (2011: 670,472) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP. See note 34 for further details of this scheme.

31. Retained earnings and other reserves
Group

	Notes	Translation reserve[1] £000	Share-based payments reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total £000
Balance as at 1 July 2010		247	1,806	445	1,550	36,584	40,632
Exchange differences on translation of foreign operations		4	(21)	—	—	—	(17)
Share-based payments charge		—	1,146	—	—	—	1,146
Deferred tax asset recognised		—	—	341	1,086	—	1,427
Current tax deduction for exercise of share options		—	(50)	—	—	1,525	1,475
Profit for the year		—	—	—	—	23,805	23,805
Own shares disposed of on exercise of options		—	—	—	—	(8)	(8)
Increase in fair value of hedging derivatives		—	—	(1,263)	—	—	(1,263)
Payment of dividends	15	—	—	—	—	(7,876)	(7,876)
Balance as at 1 July 2011		251	2,881	(477)	2,636	54,030	59,321
Exchange differences on translation of foreign operations		495	12	—	—	—	507
Share-based payments charge		—	1,556	—	—	—	1,556
Deferred tax asset recognised		—	—	(380)	(619)	—	(999)
Current tax deduction for exercise of share options		—	—	—	—	388	388
Profit for the year		—	—	—	—	25,406	25,406
Own shares disposed of on exercise of options		—	—	—	—	(57)	(57)
Decrease in fair value of hedging derivatives		—	—	1,528	—	—	1,528
Payment of dividends	15	—	—	—	—	(10,061)	(10,061)
Balance as at 30 June 2012		**746**	**4,449**	**671**	**2,017**	**69,706**	**77,589**

1 Exchange differences on translation of overseas operations.
2 IFRS 2 charge for fair value of share-based options and awards.
3 Gains and losses recognised on cash flow hedges and associated deferred tax assets and liabilities created.
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.

31. Retained earnings and other reserves continued
Company

	Notes	Translation reserve[1] £000	Share-based payments reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total £000
Balance as at 1 July 2010		1,731	445	1,315	36,836	40,327
Share-based payments charge		1,026	—	—	—	1,026
Share-based payments charge recognised on behalf of subsidiaries		120	—	—	—	120
Deferred tax asset recognised		—	341	774	—	1,115
Current tax deduction for exercise of share options		—	—	—	1,106	1,106
Profit for the year		—	—	—	23,929	23,929
Own shares disposed of on exercise of options		—	—	—	(8)	(8)
Increase in fair value of hedging derivatives		—	(1,263)	—	—	(1,263)
Payment of dividends	15	—	—	—	(7,876)	(7,876)
Balance as at 1 July 2011		2,877	(477)	2,089	53,987	58,476
Share-based payments charge		1,380	—	—	—	1,380
Share-based payments charge recognised on behalf of subsidiaries		129	—	—	—	129
Deferred tax asset recognised		—	(380)	(302)	—	(682)
Current tax deduction for exercise of share options		—	—	—	357	357
Profit for the year		—	—	—	24,501	24,501
Own shares disposed of on exercise of options		—	—	—	(57)	(57)
Decrease in fair value of hedging derivatives		—	1,528	—	—	1,528
Payment of dividends	15	—	—	—	(10,061)	(10,061)
Balance as at 30 June 2012		**4,386**	**671**	**1,787**	**68,727**	**75,571**

1 IFRS 2 charge for fair value of share-based options and awards.
2 Gains and losses recognised on cash flow hedges and associated deferred tax assets and liabilities created.
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.

32. Acquisition of subsidiaries during the year
Ascent Scientific Limited

On 12 September 2011, the Company acquired 100% of the issued share capital of Ascent Scientific Limited (Ascent) for total consideration of £10m. Total consideration comprised £6m cash and 1,157,481 Abcam plc ordinary shares of 0.2 pence each with a fair value of £4m being derived from the rolling 25 day average price of 345.58 pence per share terminating three trading days prior to completion.

Ascent, a UK-based company, focuses on building a range of high-quality biochemicals for use by scientific researchers for modulating the function of proteins. The acquisition further extends the Group's product portfolio and is in line with the strategy of becoming the world's leading life science reagents company.

The table below summarises the consideration paid for Ascent as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed.

Under IFRS 3 (revised) Abcam has a period of twelve months to finalise the provisional fair values of the assets and liabilities acquired.

32. Acquisition of subsidiaries during the year

Ascent Scientific Limited continued

	Provisional fair value £000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Non-current assets	
Intangible assets	2,241
Property, plant and equipment	136
Current assets	
Inventories	511
Trade and other receivables	263
Cash and cash equivalents	199
Current liabilities	
Trade and other payables	(189)
Current tax liabilities	(67)
Borrowings	(14)
Non-current liabilities	
Borrowings	(86)
Deferred tax liability	(583)
Total identifiable net assets	**2,411**
Goodwill	7,589
Total consideration	**10,000**
Settled by:	
Cash	6,000
Equity instruments (1,157,481 ordinary shares of Abcam plc)	4,000
Total consideration transferred	**10,000**
Net cash outflow arising on acquisition	
Cash consideration	6,000
Less: cash and cash equivalent balances acquired, net of borrowings	(99)
	5,901

The goodwill of £7,589,000 arising from the acquisition represents the acquired product pipeline opportunities, a highly knowledgeable workforce and the going concern value to perpetuity relating to the identified intangible assets with assumed finite lives. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totaling £146,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2012. No further acquisition-related costs have been incurred since the balance sheet date.

The fair value of trade and other receivables is £263,000 which includes trade receivables with a fair value of £131,000 and a gross contractual value of £168,000, of which £37,000 is expected to be uncollectable.

During the period from the date of acquisition to the balance sheet date, Ascent contributed £1,373,000 to the Group's revenue from sales to third parties and a profit of £18,000 to the Group's profit before tax, after amortisation of intangibles of £360,000.

If Ascent had been consolidated from 1 July 2011, Group revenues for the period would have been £98,127,000 and Group profit before tax would have been £34,573,000, after amortisation of intangibles of £1,047,000.

Epitomics Inc

On 19 April 2012, the Company acquired 100% of the issued share capital of Epitomics Inc for total consideration of US$170.0m (£108.9m). Total consideration comprised US$92.5m (£57.5m) cash and 14,498,923 Abcam plc ordinary shares of 0.2 pence with a value of US$77.5m based upon the average of the high and low trading prices of Abcam ordinary shares on the Alternative Investment Market of the London Stock Exchange for the five trading days ending on 2 March 2012, being the date of execution of the Merger Agreement and a fair value of £51.4m based on the closing share price on the date of acquisition in accordance with IFRS 3.

32. Acquisition of subsidiaries during the year continued

Epitomics Inc continued

Epitomics Inc based in the USA, with operations in China, is focused on the development, production and distribution of monoclonal antibodies (RabMAbs®). It has three core business units: reagents (antibodies), custom antibodies and in vitro diagnostics immunohistochemistry (IVD IHC). The reagents (antibodies) business unit develops and distributes RabMAbs® for academic and pharmaceutical research applications. The custom antibodies business unit develops RabMAbs® to address customers' specific needs where catalogue antibodies are not suitable and provides solutions for research and diagnostic applications. The IVD business unit provides RabMAbs® primarily for clinical diagnosis and prognosis of certain cancers including colon, prostate, ovarian and lymphoma. Additionally, Epitomics generates income from certain royalty payments and licence deals that it has with life science tools companies that pay to utilise aspects of Epitomics's patented RabMAb® technology in the development and manufacture of their own antibodies.

Epitomics represents a highly compelling strategic fit for the Group and supports the Company's vision of becoming the world's leading life science reagents company. The acquisition provides the Group with extensive know-how in RabMAb® technology and will help to diversify the Group's product offering and customer base. Epitomics also provides the Group with a custom antibody service offering and a high quality entry-point to the IVD IHC market. The Group intends to leverage its existing customer base and strong global marketing and distribution expertise with Epitomics's RabMAb® products, technology and product pipeline.

The table below summarises the consideration paid for Epitomics Inc as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed.

Under IFRS 3 (revised) Abcam has a period of twelve months to finalise the provisional fair values of the assets and liabilities acquired.

	Provisional fair value £000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Non-current assets	
Intangible assets	30,184
Property, plant and equipment	2,532
Deferred tax asset	1,023
Current assets	
Available-for-sale investment	662
Inventories	2,109
Trade and other receivables	3,230
Current tax prepaid	502
Cash and cash equivalents	7,800
Term deposits	4,647
Deferred tax asset	683
Current liabilities	
Trade and other payables	(4,843)
Non-current liabilities	
Deferred tax liability	(12,065)
Total identifiable net assets	**36,464**
Goodwill	72,478
Total consideration	**108,942**
Settled by:	
Cash	57,507
Equity instruments (14,498,923 ordinary shares of Abcam plc)	51,435
Total consideration transferred	**108,942**
Net cash outflow arising on acquisition	
Cash consideration	57,507
Less: cash, cash equivalent balances and term deposits acquired	(12,447)
	45,060

32. Acquisition of subsidiaries during the year continued

Epitomics Inc continued

The goodwill of £72,478,000 arising from the acquisition represents the acquired product pipeline opportunities, a highly knowledgeable workforce and the going concern value to perpetuity relating to the identified intangible assets with assumed finite useful lives. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totalling £3,213,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2012. No further acquisition-related costs have been incurred since the balance sheet date.

The fair value of trade and other receivables is £3,230,000 which includes trade receivables with a fair value of £2,176,000 and a gross contractual value of £2,245,000, of which £69,000 is expected to be uncollectable.

During the period from the date of acquisition to the balance sheet date, Epitomics contributed £3,246,000 to the Group's revenue from sales to third parties and a profit of £496,000 to the Group's profit before tax, after amortisation of intangibles of £476,000.

If Epitomics had been consolidated from 1 July 2011, Group revenues for the period would have been £110,468,000 and Group profit before tax would have been £34,584,000, after amortisation of intangibles of £3,356,000.

Details of prior year acquisition

On 23 May 2011, the Company acquired 100% of the issued share capital of MitoSciences Inc for total consideration of US$6.0m (£3.7m). Total consideration comprised US$4.2m (£2.6m) cash and 279,521 Abcam plc ordinary shares of 0.2 pence with a fair value of US$1.8m (£1.1m) based on the rolling five day average price of 397.1 pence per share terminating three days prior to completion. At the balance sheet date a further $0.06m (£0.04m) cash consideration had been recognised as a result of adjustments made following the post-acquisition completion review.

MitoSciences Inc, based in the USA, is recognised as one of the leading providers of mitochondrial research tools focusing on areas of metabolism and apoptosis. The acquisition supports the Group's strategy of becoming the world's leading life science reagents company and will serve to enhance the exceptional range of such products available to new and existing customers. The combined entity is a market leader in mitochondrial research and the acquisition has extended the Group's manufacturing and product development capability, particularly in the area of assay development.

The table below summarises the consideration paid for MitoSciences Inc as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed. In accordance with IFRS 3 (revised), the Company has considered all pertinent factors in relation to information obtained after the acquisition date which would affect the provisional values reported. During the permitted measurement period of one year from the acquisition date, adjustments have been made to the provisional values and these are summarised in the table overleaf:

32. Acquisition of subsidiaries during the year continued
Details of prior year acquisition continued

	Provisional values reported £000	Fair value adjustments £000	Final values £000
Recognised amounts of identifiable assets acquired and liabilities assumed			
Non-current assets			
Intangible assets	1,668	—	1,668
Property, plant and equipment	146	2	148
Current assets			
Inventories	235	(11)	224
Trade and other receivables	194	—	194
Cash and cash equivalents	122	—	122
Deferred tax asset	9	—	9
Current liabilities			
Trade and other payables	(211)	15	196
Current tax liabilities	(74)	—	(74)
Non-current liabilities			
Deferred tax liability	(433)	(233)	(666)
Total identifiable net assets	**1,656**	**(227)**	**1,429**
Goodwill	2,062	227	2,289
Total consideration	**3,718**	**—**	**3,718**
Settled by:			
Cash	2,570	—	2,570
Deferred cash consideration	38	—	38
Equity instruments (279,521 ordinary shares of Abcam plc)	1,110	—	1,110
Total consideration transferred	**3,718**	**—**	**3,718**
Net cash outflow arising on acquisition			
Cash consideration	2,570	—	2,570
Less: cash and cash equivalent balances acquired	(122)	—	(122)
	2,448	**—**	**2,448**

The revised goodwill of £2,289,000 arising from the acquisition represents the acquired product pipeline opportunities, expanded customer base and a highly knowledgeable workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totalling £202,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2011. Further acquisition-related costs of £38,000 have been incurred in the year ended 30 June 2012.

The fair value of trade and other receivables is £194,000 which includes trade receivables with a fair value of £190,000 and a gross contractual value of £203,000 of which £13,000 is expected to be uncollectable.

During the period from the date of acquisition to 30 June 2011, MitoSciences Inc contributed £162,000 to the Group's revenue from sales to third parties and £31,000 to the Group's profit before tax.

If MitoSciences Inc had been consolidated from 1 July 2010, Group revenues for the year ended 30 June 2011 would have been £84,758,000 and Group profit before tax £32,048,000, after amortisation of intangibles.

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33. Note to the cash flow statement

	Group		Company	
	30 June 2012 £000	30 June 2011 £000	**30 June 2012 £000**	30 June 2011 £000
Operating profit for the year	**34,235**	31,713	**29,275**	28,355
Adjustments for:				
Depreciation of property, plant and equipment	**1,474**	1,380	**1,064**	1,189
Loss on disposal of property, plant and equipment	**—**	8	**—**	—
Amortisation of intangible assets	**1,244**	210	**312**	197
Impairment losses on intangible assets	**—**	38	**—**	38
Decrease in provisions	**5**	25	**5**	25
Change in fair value of derivatives outstanding at year end	**(210)**	(74)	**(210)**	(74)
Share-based payments charge	**1,556**	1,146	**1,381**	1,026
Operating cash flows before movements in working capital	**38,304**	34,446	**31,827**	30,756
Increase in inventories	**(2,048)**	(1,388)	**(3,066)**	(1,432)
Increase in receivables	**(736)**	(1,628)	**(413)**	(1,181)
(Decrease)/increase in payables	**(2,966)**	1,423	**5,389**	1,394
Cash generated by operations	**32,554**	32,853	**33,737**	29,537
Income taxes paid	**(8,017)**	(7,370)	**(6,577)**	(6,044)
Finance costs paid	**(73)**	—	**(117)**	—
Net cash inflow from operating activities	**24,464**	25,483	**27,043**	23,493

34. 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 payments charge relates to option awards from the EMI scheme, Unapproved Share Option Plan, the Abcam Inc share scheme, the Abcam 2005 share option scheme, the SAYE scheme, the Abcam Company Share Option Plan (CSOP), the LTIP and the SIP. Option grants under each scheme have been aggregated.

The vesting period for grants under the SAYE scheme is either three years or five years, as selected by the employee at the date of grant. 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 ten 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 payments expense of £1,556,000 in the year (2011: £1,146,000), of which £1,370,000 (2011: £985,000) was included within administration and management expenses and £186,000 (2011: £161,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2012 had an exercise price of between 5 pence and 370 pence (2011: 5 pence and 345 pence). The weighted average remaining contractual life is 6.69 years (2011: 7.08 years). The weighted average fair value of the options outstanding at the end of the year was 57.18 pence (2011: 41.28 pence). The Group recorded a total share-based payments expense of £310,000 (2011: £252,000) in the year relating to all schemes excluding the SIP and LTIP.

34. Share-based payments continued

Summary of all schemes, excluding SIP and LTIP continued

	2012 Number of share options	2012 Weighted average exercise price pence	2011 Number of share options	2011 Weighted average exercise price pence
Outstanding at beginning of year	**3,019,754**	**126.16**	4,319,510	83.11
Granted during year	**467,400**	**370.00**	386,849	345.00
Forfeited during year	**(194,019)**	**237.63**	(130,605)	164.35
Exercised during year	**(675,053)**	**79.97**	(1,556,000)	57.51
Outstanding at the end of year	**2,618,082**	**173.35**	3,019,754	126.16
Exercisable at end of year	**1,323,857**	**63.09**	1,274,530	57.46

Enterprise Management Incentive (EMI) scheme

	2012 Number of share options	2012 Weighted average exercise price pence	2011 Number of share options	2011 Weighted average exercise price pence
Outstanding at beginning of year	**489,425**	**56.33**	1,420,840	55.30
Forfeited during year	**—**	**—**	—	—
Exercised during year	**(129,438)**	**53.66**	(931,415)	54.77
Outstanding at the end of year	**359,987**	**57.29**	489,425	56.33
Exercisable at end of year	**359,987**	**57.29**	489,425	56.33

The Group has exceeded the limits set by HMRC for new option grants under the EMI scheme, under which no further grants can subsequently be made.

Unapproved Share Option Plan

	2012 Number of share options	2012 Weighted average exercise price pence	2011 Number of share options	2011 Weighted average exercise price pence
Outstanding at beginning of year	**758,705**	**58.02**	909,705	53.25
Exercised during year	**(12,555)**	**62.40**	(151,000)	62.40
Outstanding at the end of year	**746,150**	**57.95**	758,705	58.02
Exercisable at end of year	**746,150**	**57.95**	758,705	58.02

Further grants of unapproved options are now being made under the Abcam 2005 Share Option Scheme.

Abcam Inc share scheme

	2012 Number of share options	2012 Weighted average exercise price pence	2011 Number of share options	2011 Weighted average exercise price pence
Outstanding at beginning of year	**26,400**	**62.40**	435,620	64.28
Forfeited during year	**—**	**—**	—	—
Exercised during year	**(26,400)**	**62.40**	(409,220)	63.17
Outstanding at the end of year	**—**	**—**	26,400	62.40
Exercisable at end of year	**—**	**—**	26,400	62.40

Further grants of options to Abcam's US employees are now being made under the Abcam 2005 Share Option Scheme.

34. Share-based payments continued

SAYE scheme

	2012		2011	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**58,640**	**46.87**	123,005	48.40
Forfeited during year	**—**	**—**	—	—
Exercised during year	**(47,845)**	**46.21**	(64,365)	49.80
Outstanding at the end of year	**10,795**	**49.80**	58,640	46.87
Exercisable at end of year	**10,795**	**49.80**	—	—

The Abcam 2005 Share Option scheme

	2012		2011	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**1,150,248**	**155.59**	1,049,615	118.30
Granted during year	**319,345**	**370.00**	202,823	345.00
Forfeited during year	**(168,105)**	**237.65**	(102,190)	148.46
Exercised during year	**(458,815)**	**92.40**	—	—
Outstanding at the end of year	**842,673**	**254.88**	1,150,248	155.59
Exercisable at end of year	**206,925**	**92.40**	—	—

The Abcam CSOP

	2012		2011	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**536,336**	**234.98**	380,725	180.80
Granted during year	**148,055**	**370.00**	184,026	345.00
Forfeited during year	**(25,914)**	**237.52**	(28,415)	221.48
Outstanding at the end of year	**658,477**	**265.24**	536,336	234.98
Exercisable at end of year	**—**	**—**	—	—

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 June 2003	16 June 2003	5 July 2004	17 December 2004	27 May 2005	5 September 2005
Share price at grant (pence)*	2	2	5	6	12.5	12.5
Fair value at valuation date (pence)*	0.52	0.52	1.70	2.46	3.84	3.82
Exercise price (pence)*	5	7.5	5	5	12.5	12.5
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%

* Rebased to reflect the five for one share sub-division which took place on 15 November 2010.

34. Share-based payments continued

Unapproved Share Option Plan

Grant date	20 December 2004	20 December 2004	30 September 2005	30 September 2005	27 October 2005
Share price at grant (pence)*	6	6	12.5	12.5	33.4
Fair value at valuation date (pence)*	2.24	2.32	3.78	2.04	11.15
Exercise price (pence)*	5	5	12.5	25	30
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%

* Rebased to reflect the five for one share sub-division which took place on 15 November 2010.

SAYE scheme

Grant date	2 October 2006	2 October 2006	8 November 2007	8 November 2007
Share price at grant (pence)*	56	56	62.4	62.4
Fair value at valuation date (pence)*	20.8	22.6	21.2	24.4
Exercise price (pence)*	44.8	44.8	49.8	49.8
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%

* Rebased to reflect the five for one share sub-division which took place on 15 November 2010.

The Abcam 2005 Share Option Scheme

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

Grant date	7 September 2006	8 November 2007	7 May 2008	6 November 2008	9 November 2009	2 December 2010	1 November 2011
Share price at grant (pence)*	56	62.4	82.6	92.5	180.8	373	370
Fair value at valuation date (pence)*	16.8	17.8	24.6	23	57.6	138	119
Exercise price (pence)*	56	62.4	82.6	92.4	180.8	345	370
Expected volatility	30%	30%	30%	24%	34%	37%	39%
Expected life (years)	3	3.01	3	3	6	6	6
Expected dividend yield	1.1%	1.5%	1.5%	0.87%	1.24%	0.62%	1.42%
Risk-free rate	4.57%	4.80%	4.79%	3.90%	3.21%	2.56%	1.50%
Employee exercise multiple	2	2	2	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%	0.00%	0.00%	0.00%

* Rebased to reflect the five for one share sub-division which took place on 15 November 2010.

SIP

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 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.

34. Share-based payments continued

SIP continued

	Number of Free Shares		Number of Matching Shares	
	2012	2011	**2012**	2011
Outstanding at beginning of year	**486,923**	418,015	**102,696**	86,910
Granted during year	**133,837**	113,598	**38,514**	29,494
Forfeited during year	**(27,624)**	(40,717)	**(5,862)**	(13,595)
Released during year	**(52,806)**	(3,973)	**(4,599)**	(113)
Outstanding at the end of year	**540,330**	486,923	**130,749**	102,696
Exercisable at end of year	**163,930**	—	**30,650**	—

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 £404,000 (2011: £264,000) in the year related to Matching and Free Share awards.

LTIP

The Company approved a new LTIP in 2008. To date, vesting of performance share awards made under this scheme to the executive management team have been conditional upon achievement of two separate performance conditions. Full details of these performance conditions are shown in the Directors' Remuneration Report. In 2010, LTIP awards were also made to members of senior management, in addition to the executive management team. Vesting of awards made in 2010 to senior management were conditional on market-based performance criteria and calculated using the Monte Carlo model. Vesting criteria for awards made to senior management from 2011 onwards are aligned with those awarded to the executive management team. The awards made on 9 February 2012 were to senior management and based on specific operating performance conditions over a vesting period of two years. Awards made in 2008 were nil cost options which vest, subject to achievement of the relevant performance conditions, after three years, and can be exercised over the following seven years. All other awards made under this scheme are conditional share awards with 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 2012	LTIP awards 2011
Outstanding at beginning of year	**1,612,737**	1,285,095
Granted during year	**342,688**	327,642
Forfeited during year	**(38,269)**	—
Exercised during the year	**(30,000)**	—
Outstanding at the end of the year	**1,887,156**	1,612,737
Exercisable at end of year	**739,747**	—

Of the performance share awards granted during the year, 321,888 awards were made on 1 November 2011 and 20,800 awards on 9 February 2012 (2011: 2 December 2010). The aggregate of the fair values of the awards made on 1 November 2011 is £958,000 and on 9 February 2012 £67,000, totalling £1,025,000 (2011: £1,009,000).

The estimated fair values of the awards are calculated using the Monte Carlo model, with the Black Scholes model used to calculate those with a performance condition based on EPS. The inputs into the models for awards granted are as follows:

Grant date	6 and 17 November 2008	9 November 2009*	9 November 2009	2 December 2010	1 November 2011	9 February 2012
Weighted average exercise price (pence)	—	—	—	—	—	—
Expected volatility	24%	34%	34%	37%	39%	38%
Expected life	3 years	4 years	3 years	3 years	3 years	1.6 years
Expected dividend yield	0.87%	1.24%	1.24%	0.62%	1.42%	1.58%
Risk-free rate	3.41%	2.52%	2.03%	1.36%	1.50%	0.39%

* Awards made to senior management based on market-based performance criteria only.

The Group recognised a total expense of £842,000 (2011: £630,000) in the year related to performance share awards under the LTIP.

35. 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 US, Japan, China and Hong Kong are members of state-managed retirement benefit schemes operated by the governments of the US, Japan, China and Hong Kong 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 2012 was £949,000 (2011: £1,132,000). As at 30 June 2012 contributions of £74,000 (2011: £76,000) due in respect of the current reporting period had not been paid over to the schemes.

36. Related party transactions

Remuneration of key personnel

The remuneration of the EMT, 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. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report.

Group and Company	**30 June 2012 £000**	30 June 2011 £000
Short-term employee benefits and fees	**1,842**	1,844
Share-based payments charge	**848**	614
	2,690	2,458

Directors' 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 £30,363 (2011: £20,394) and paid £77,455 in royalties (2011: £63,101). £14,074 relating to these royalties was outstanding at the year end (2011: £12,648).

Dividends totalling £1,738,171 were paid in the year in respect of ordinary shares held by the Company's Executive and Non-Executive Directors.

Company transactions with its subsidiaries

The Company provided goods for resale to, received dividends from, and was charged management fees by its subsidiaries in the current and prior years as summarised in the following table:

	30 June 2012 £000	30 June 2011 £000
Sales of goods	**47,472**	38,880
Purchase of goods	**(3,326)**	(101)
Dividends received	**2,323**	2,132
Management fees charged	**(1,167)**	(1,008)
	45,302	39,903

Amounts remaining outstanding at the year end can be seen in the Company Balance Sheet.

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Once again, we would like to thank our employees, who are essential to our continued success.

Their skill and dedication has been invaluable in making the Company what it is today.

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