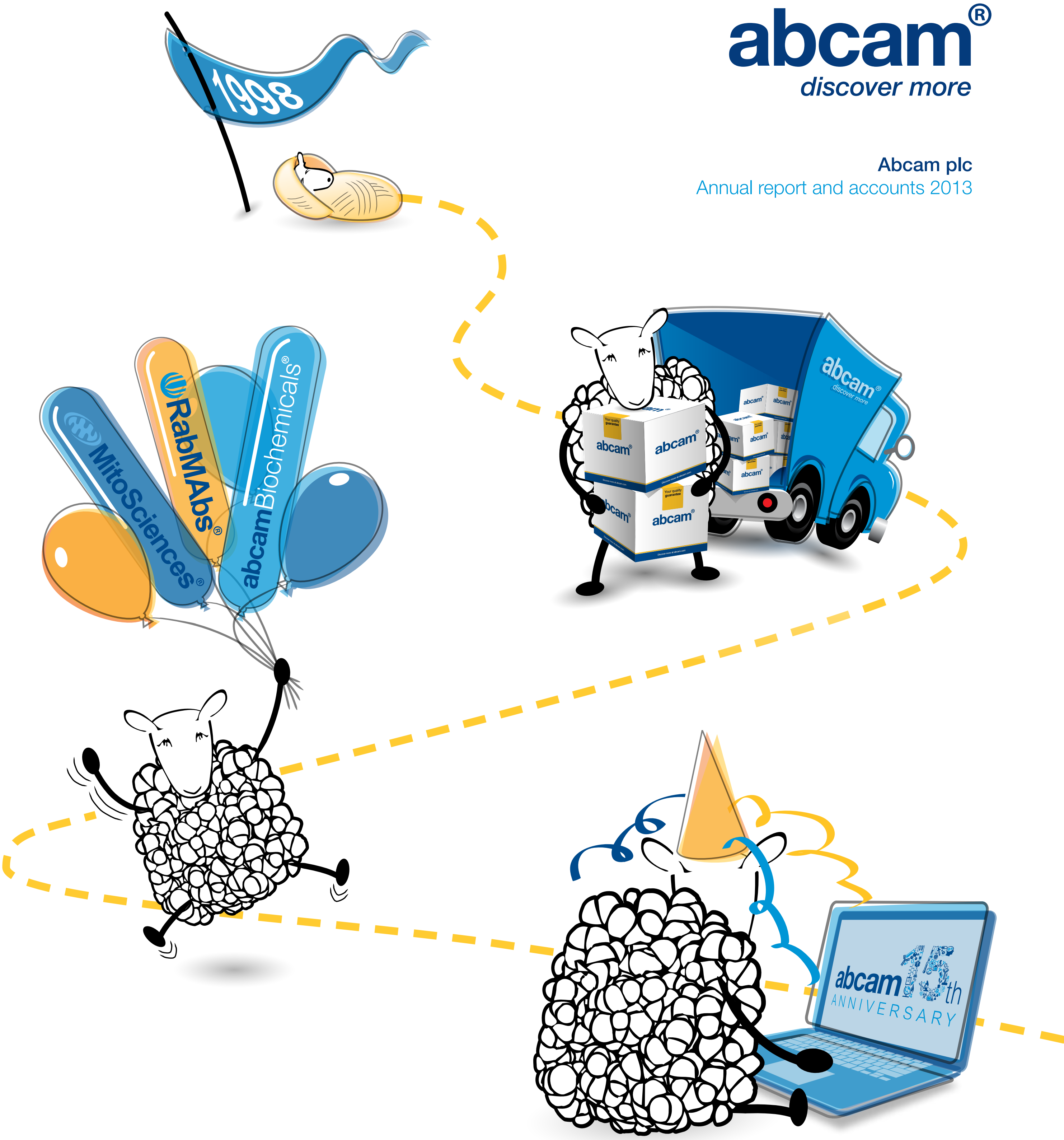
abcam®
discover more

Abcam plc
Annual report and accounts 2013



15 years
of doing business right…

...15 reasons our future is looking bright.

Our vision is to be the world's leading supplier of life science research tools.

We live in a golden age of biology where, almost daily, enormous breakthroughs are being made in mankind's understanding of how cells operate in health and disease. These breakthroughs are possible owing to the rapid growth in understanding at a molecular level of the role of proteins expressed by genes.

Over the last 15 years, Abcam has remained committed to supporting scientists on their quest for discovery. We've focused on continually improving our high-quality products and services by improving our global delivery times, enhancing our customer service offering and increasing the validation information of our products. We've also expanded our product range beyond primary antibodies to include secondaries, proteins and peptides, lysates, biochemicals, immunoassays and other kits as well as expanding our capabilities and services.

Throughout 2013, we worked hard to prioritise growth opportunities to ensure that our success continues. We will focus on our core business, as well as looking to extend our product offerings, capabilities and services, helping scientists to discover more.

Access this report online:
www.abcamplc.com/reports

With our 2013 Annual Report we celebrate 15 years of Abcam's continual drive for discovery

Abcam's success over the past 15 years reflects the strength of our vision to become the leading supplier of life science research tools. Our people and our drive to succeed support our mission of enabling scientists to discover more. Our global team always strives to offer the best products and services to our customers.

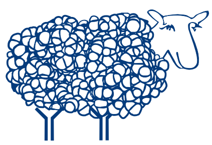
With three acquisitions over the previous two years, Abcam has worked hard on M&A integration as well as delivering business as usual. This ensures our customers benefit from both existing and new product additions as well as extended capabilities and service offerings.

Despite continued pressure on research budgets, Abcam has continued to produce strong growth. I am excited about the future and what Abcam can achieve.

Mike Redmond
Chairman

Throughout this report we have highlighted 15 areas we believe set us apart from the rest and are crucial to the ongoing success of our business.

Start turning the pages to discover more ▶



Abcam is a supplier of life science research tools, with an unrivalled range of products and expert technical support, enabling scientists to analyse living cells at the molecular level and improving the understanding of health and disease.

1 —

a performance that demonstrates continued progress

In 2012/13:

> Revenue increased by 24.9% to £122.2m (2012: £97.8m)

> Adjusted diluted earnings per share increased by 12.7% to 17.57p (2012: 15.59p)

> Adjusted operating profit increased by 20.6% to £46.5m (2012: £38.6m)

> Closing cash and term deposits increased by 119% to £38.3m (2012: £17.5m)

Revenue

£122.2m

Adjusted diluted earnings per share

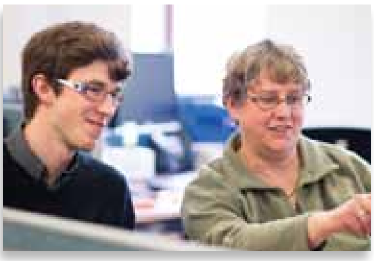
17.57p

Adjusted operating profit

£46.5m

Cash and term deposits

£38.3m




2—

our ongoing commitment to discover more

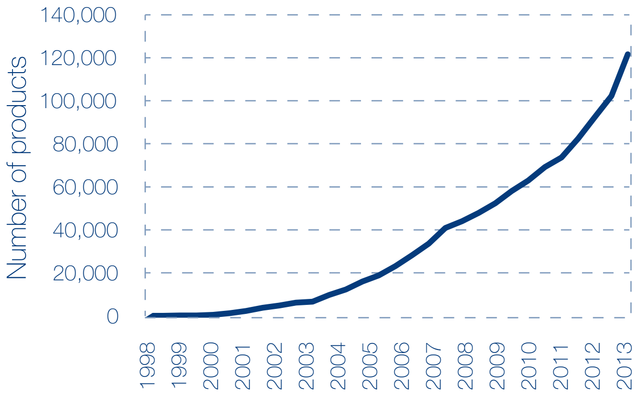
'Discover more' is the promise at the core of our business. It reflects researchers' quest for knowledge as well as our ongoing commitment to supporting their search in the fullest way possible.

What this means for us

> We have a catalogue of over 120,000 high-quality products to meet scientists' needs

> We have added more than 21,500 product data features, including references, images, applications and species reactivity during 2012/13

Catalogue size over 15 years



Growth in number of products in the past five years

+276%

3—

a leading web presence and innovation in digital channels

We achieved 99.99% uptime on the website during 2012/13, and customer satisfaction was consistently rated over 85% for new website functionality, via the website exit survey.

Our global sites

> abcam.com

> abcam.co.jp

> abcam.cn

Year-on-year increase in organic search traffic to the www.abcam.com website

+20%

We develop and manufacture our own products as well as externally sourcing high-quality products. Combining this model with in-house testing, as well as supporting products with information-rich datasheets, enables scientists and researchers to discover more.

4—

the best catalogue of products and services

By November 2012, we reached an important milestone of 100,000 products on our catalogue; by the end of June 2013 we reached more than 120,000.

5—

expert technical support

We promise guaranteed product quality and provide customer support in six languages. Investment in call-sharing phone systems enables us to extend customer service times in our main markets.

6—

the most up-to-date and honest data

We continually strive to improve our information-rich product datasheets by adding helpful and relevant scientific data to help scientists make informed product decisions.

7—

rapid global delivery

We are always working to improve our global distribution network and meet local customer needs. We deliver to more than 100 countries, with next-day delivery in most regions.

8—

a business model shaped by three main areas of focus

Customers

Our customers are predominantly research scientists requiring high performance products with detailed technical specifications, within the academic community. We continue to improve our information-rich datasheets, with scientifically relevant and helpful content, making it easily accessible for our customers.

Customer feedback

Friendly and helpful customer service and technical scientific support is always our top priority. We believe that honesty is the best policy, and we encourage our customers to share their experiences through satisfaction surveys. This feedback is used to improve products, update product datasheets, improve service levels and help other customers make informed product decisions.

Fast delivery

Through our bonded warehouse in Beijing, partnering with a local distributor in Brazil, and establishing a unified distribution network following our acquisitions, we have improved delivery times to ensure we meet the needs of our customers worldwide.

93.5%

of customers rate the quality of ordering, support and speed of delivery as good or excellent

Products

We are committed to providing scientists access to the right reagents and services for their research. Our catalogue evolves with industry trends and has expanded year-on-year.

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 customers.

Our products

- Primary antibodies, including RabMAbs® (rabbit monoclonal antibodies)
- Secondary antibodies
- Functional assays, ELISA and other kits
- Biochemicals
- Proteins and peptides
- Lysates

Every Abcam product is supported with detailed, up to date and unbiased data.

Our capabilities and services

- Custom antibody development and manufacture
- Custom bulk, custom formulation, assay development, packaging, labelling and applications testing
- ISO Good Manufacturing Practice (GMP)

120,000+

high-quality products

Worldwide service

Our people are our biggest asset and the success of Abcam to date has been down to exceptional teamwork and a shared passion for providing the best products and services to our customers.

We have over 100 in-house PhDs and our people offer both scientific knowledge and key business skills to ensure the global business runs efficiently, with customer needs at the heart of what we do. We also work closely with a network of local distributors in order to service local needs.

Scientific expertise

In addition to our own team, we collaborate with a large number of industry leading scientists. This enables us to be at the cutting edge of science and to provide the necessary tools for our customers. We have an established series of global scientific events and webinars and our chairs and invited speakers are leaders in their field. We provide forums for scientists to network and present their work and our events provide an environment for us to speak to our customers and understand their challenges and requirements in the laboratory.

700+

employees across eight offices worldwide

9 — passionate people across the globe…

Our expanding team work closely together across the globe, making Abcam what it is today. The mix of different cultures, personalities, backgrounds, experiences and skills at Abcam enables us to achieve great things. Our people always strive to make improvements in order to be the best and help Abcam achieve continued growth.

Our global presence
Our team works together across eight offices globally to deliver the best customer service and the highest quality products.

Did you know?

94% Staff participation from the last global staff survey.

Top 5 Friendly, fun, driven, open, ambitious. Words used in our staff survey to describe Abcam.

...who bring our business to life

2,400+ Mollies drawn by our in-house design team to date.

250+ Employees helped raise money for charities in 2012/13 and we donated to 64 charities nominated by staff members.

25+ Our employees come from over 25 countries, making up a strong team of 700+ people.

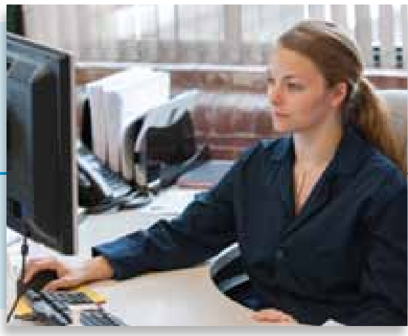
10 —

a rich history of successful growth

1998

Founded on a vision:

The largest catalogue of the best antibodies in the world



2000

Tenth employee hired

2003

Boston office opened

2005

Abcam listed on the London Stock Exchange's AIM Market

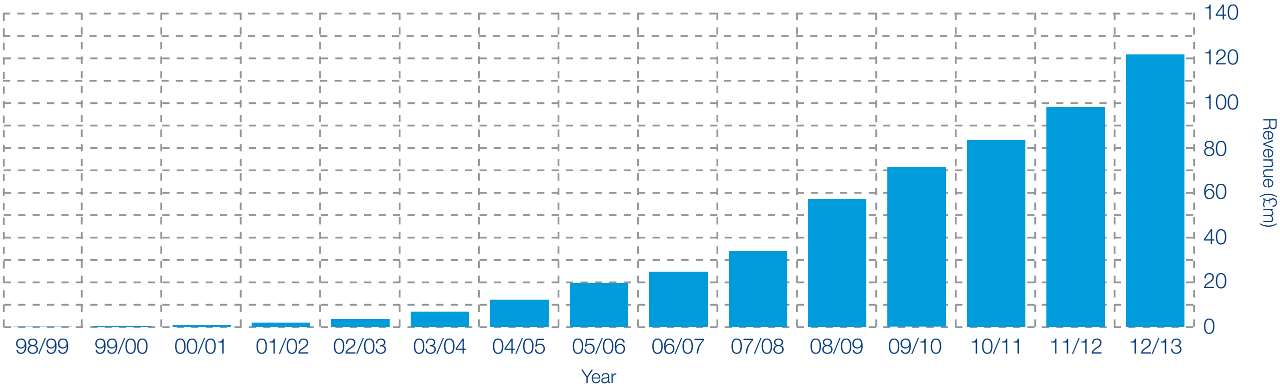
2009

Hong Kong office opened

2010

300th employee hired

Revenue growth

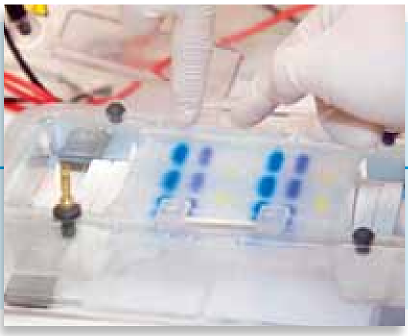


2006

Japan office opened and Abcam reaches a catalogue of more than 20,000 products

2008

Abcam's tenth anniversary, celebrating its 200th employee and more than 45,000 products



2011

Acquired Ascent Scientific and MitoSciences

2012

Acquired Epitomics and Abcam reaches 100,000+ products on the catalogue

2013

RabMAbs® available in most territories worldwide and we've been doing business right for more than 15 years.

What's next?

In this golden age of biology, we are well positioned to drive growth and we aspire to be the researcher's most recommended source for products. We aim to focus on growing our core business within protein research, as well as expanding into geographies with good growth potential.

Chairman's statement

We have a strong business model which has been bolstered by the addition of the RabMAb® technology. I am pleased to report on another successful year for Abcam.

The year to 30 June 2013 was a transformational one for Abcam in that it included the first full year contributions from our acquisitions in the 2012 financial year of Epitomics and Ascent Scientific, which contributed to our 24.9% reported revenue growth to £122.2m.

We have frequently cautioned that we expected western markets to remain challenging during the year as governments address fiscal deficits. That was certainly the case, particularly in the US which represents our largest market. Despite this, we achieved underlying constant currency revenue growth (as defined in the CEO review) of an estimated 11.8% and adjusted operating profit of £46.5m, before costs incurred during the year of £3.3m relating to the amortisation of the intangible assets arising on acquisitions and £0.4m of one-off integration costs.

The breadth and depth of our online catalogue are important business drivers and the enhancement of our product ranges has continued apace. We added a record 29,102 products to our catalogue during the year, which at 30 June 2013 comprised 121,558 products. By volume the main contributor to this growth has been our OEM supplier base but we have also exceeded our targets on new product additions, including RabMAbs®, from our own production facilities.

Our geographical expansion has also continued and we have achieved deeper penetration in Europe, for example through the successful switch to in-house channels of revenues that were previously generated by Epitomics through third party distributors. In China we have seen the full year effect of the benefits from having our bonded warehouse facility in Beijing.

With such an extensive catalogue and diverse customer base our website and e-commerce capabilities become ever more important tools for our business and we have continued our ongoing programme of investment in these areas.

Dividends

Whilst we continue to look for opportunities to increase shareholder value through external investments, we are committed to sharing the benefits of our strong cash flow directly with shareholders through the distribution of annual dividends. 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 and one off integration costs.

Consequently, after an interim dividend of 1.94 pence per share which was paid in April 2013, the Directors are recommending a 17.0% increase in the final dividend to 5.10 pence per share. This would make an annual total of 7.04 pence, which is an increase of 16.4% on that paid last year. Subject to shareholder approval at the Annual General Meeting (AGM) in November 2013, the final dividend will be paid on 29 November 2013 to shareholders on the register on 8 November 2013.

Governance and the Board

The composition of our Board is kept under regular review since it is important that its members bring the appropriate skills required to improve the Company's effectiveness and performance. The Board also needs to provide clear leadership and demonstrate the values for which the Company stands.

I am pleased to report that the Board has functioned well in all respects during the year. It has provided knowledgeable and robust challenge and support to the Executive Directors, which has helped ensure that the Company's business strategy is appropriately developed and well delivered.

There was one change to the Board early in the financial year when Professor Tony Kouzarides, a co-founder of the Company, retired at the AGM in October 2012. This was after 14 years of tremendous service during which he played a vital contribution to Abcam's success and for which we again offer him our sincerest thanks.

Looking ahead

We have cautioned for several years that pressures on research funding levels, particularly in our western markets, are a concern and could impact on our growth. We have also pointed out the strengths of our business which help mitigate this challenge. The success we have achieved in our 2012/13 results demonstrates the importance of our commitment to listening and responding to our customers' needs, and builds on the excellent work done in the business since it started 15 years ago.

Looking ahead we expect market conditions to remain challenging but we remain confident that we have the capabilities and plans in place for continued success. Trading since the year end has been in line with the Board's expectations.

Abcam's staff command widespread recognition for their knowledge and commitment. It is a privilege to be part of such a team and our thanks go to them once again for another great year.

Mike Redmond
Chairman
9 September 2013

Chief executive officer's review

In this golden age of biology, our role in the centre of this quest for knowledge is stronger than ever and the opportunities for us more abundant than at any time previously.

Jonathan Milner
Chief Executive Officer

In 2012/13, Abcam has again performed well in a tough environment, with impressive growth in sales and profits. Our success is a reflection of our continued commitment to provide an outstanding value-added service to our customers.

The original idea for Abcam came to me when as a research scientist I began to appreciate how much the effectiveness and productivity of the work I was doing could be improved if I could access highly validated, relevant antibodies, with top quality customer support. In the early days we experimented with a number of business models but relatively quickly the strategy we are still pursuing 15 years later began to take shape. It continues to evolve but key to our success has been the single minded pursuit of its core features which are to:

> drive hard the addition of relevant information on our products from as many sources as possible so that customers can validate them against their requirements;

> build strong relationships with the best OEM suppliers of the most relevant products;

> ensure we are supplying high-quality products with world-class service and scientific support to help customers be more successful in their research;

> complement the addition of products to the catalogue with our own in-house manufacturing capabilities;

> build the industry leading website through which researchers have easy access to relevant products and associated data which is gathered and presented in the most innovative and creative ways;

> Identify scientific areas which are of particular interest to our customer base and through the dedicated gathering and presentation of information and the hosting of conferences, seminars and webinars, to provide access to an unparalleled depth of data and the work of key opinion leaders in these areas;

> add new product ranges which are attractive to our existing customer base, either in the same or adjacent segments in which we operate;

> focus on understanding customer needs to help guide our product selection and presentation; and

> extend geographic penetration where possible so that more users have access to our products.

This approach and the continued development of new and innovative ways to improve in each of these areas has served us well and has created a world-class business. The 2012/13 year was no different in that regard and it is very pleasing to see how well our team has executed on our plans and the positive customer reaction we have received.

Key points in Jonathan's review:

1. RabMAb® growth in full swing with over 5,000 in the portfolio by the end of June 2013. More on page 16
2. Robust growth despite pressures on funding for research. More on page 14
3. Focus on customers – introduced feedback loops to make the customer service even better. More on page 16
4. Massive increase in the number of products in the catalogue – over 29,000 added during the year in antibodies, kits, biochemicals, proteins and peptides. More on page 18
5. Identified growth opportunities from our core. More on page 19

11 –

a strategic plan designed to drive strong performance, while also strengthening our business model

Objectives	Strategic priorities
Win new customers We aim to listen to the needs of the scientific community we serve, win new customers in our traditional markets and those showing growth potential and broaden our customer base through our extended product range, capabilities and services.	> Invest in IT infrastructure and processes to provide high-quality, easily accessible content for customers, in order to continue to improve customer experience and interactions with Abcam > Continue to better understand the needs of our academic and commercial customers in order to provide the right products for the different customers we serve > Continue to expand our capabilities to serve commercial entities across their entire development process in the life sciences sector > Invest resource into markets with good growth potential
Enhance product range We strive to broaden and enhance our catalogue of products, supporting data and service offerings, through selective in-house production, the addition of high-quality OEM products and offering custom services.	> Remain in close contact with customers to enable us to understand and match their needs > Introduce new products to existing product ranges > Continue to build upon our in-house production capabilities globally > Continue to focus on providing relevant and accessible scientific data to help customers choose the right products for their research
Improve worldwide service levels We are focusing on service by improving our current levels of geographic market support as well as implementing new and improved distribution channels to further support rapidly growing markets.	> Continue to invest in consumer insight about our products and services and provide opportunities for customers to give instant feedback of their experience > Invest in our inventory holding and logistical capabilities worldwide > Continue to develop our website to provide a best in class experience for our customers across the world > Explore territories with good growth potential

2012/13 update

- Hosted 21 scientific events and 16 scientific webinars enabling us to communicate with over 5,500 customers and build awareness of Abcam and its expanding high-quality range of products and services
- Invested resource into global customer focus groups and rolled out 69 customer surveys to better understand our customers and make improvements to our product and service offerings
- Launched improved search functionality on the website to enable customers to filter and narrow down search results
- Customer satisfaction with new search functionality has been consistently rated over 85% in 2012/13 via the website exit survey
- Invested in both local and international public relations to raise awareness of Abcam and its expanding product range
- Developed our Abreview™ system, in addition to primary antibody customer reviews, so customers can now submit, share and read product reviews for non-antibody products, including kits and reagents

- Launched a global marketing campaign for RabMAbs® focusing on raising awareness of the product features and benefits for the researcher
- Our Abcam Eugene production facility has continued its focus on products that support critical research areas as well as updating protocols and revising content for ELISA kits
- With increased focus on OEM partnerships, Abcam Bristol has built a critical mass of over 2,000 products in the biochemicals catalogue
- Over 29,000 new products added to the catalogue from both in-house and OEM suppliers in 2012/13
- Our in-house laboratory continued its internal testing strategy to add application data and images to a wide range of in-house and OEM products, adding more than 3,500 new product features in 2012/13
- Expanded our in-house production capabilities to enable us to offer a range of conjugated secondary antibodies

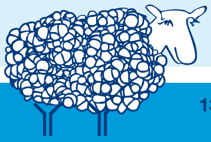
- Opened the Canadian virtual office enabling us to offer French speaking support to customers in Canada
- Introduced a series of language-specific scientific webinars in French, Spanish, German, Portuguese and Japanese to enhance the technical understanding of our products to non-native English speakers
- Stocked a greater number of in-house products at our stock-holding hubs in Cambridge, UK, Cambridge, US, Tokyo and Beijing, enabling us to offer same day despatch of customer orders
- By switching all RabMAb® sales to our own distribution platform we reduced delivery times in Germany and Japan, which reduced order fulfilment times from over one week to the next working day
- Since February 2013 we have received over 1,500 responses to our customer transactional survey which we will use to improve our product and service offerings

Case studies

Understanding and investing in our customers
Turn to page 14

RabMAb® integration and product launch
Turn to page 16

Taking the ‘Agile’ approach for a robust IT future
Turn to page 18



Geographic market review

The table below outlines our revenues in each geographic region, along with estimated underlying growth rates.

The Americas

The US is our largest market and has been our most challenging during the year. After a succession of budget extensions and much political debate, sequestration was finally passed into law on 1 March 2013, to take effect for the period through to 30 September 2013. Under these arrangements the budget for the National Institutes of Health ("NIH"), which is the largest funding body for our US customers, was reduced by 5.5% to $29.2 billion.

In reality the uncertainty caused by the political discussions about potential cuts has slowed down our growth for some time and the NIH had begun cutting grants earlier in the year. At this point however it is too soon to say what impact sequestration will have over the longer term, nor whether the current discussions about the 2013/14 budget which will be effective from 1 October 2013 will lead to more uncertainty or indeed further cuts. Taken together, we think this means funding uncertainties look like being a feature of the US market for some time to come.

Elsewhere within The Americas region, the introduction of French language support, dedicated telephone lines and local currency invoicing for Canadian customers has been very successful, as has our change of distribution arrangements in Brazil.

Europe, Middle East & Africa (EMEA)

The German, UK and French markets are the largest within our EMEA region. In each of these markets, and several smaller ones, relationships with former Epitomics distributors were terminated during the year or not renewed and additional marketing successfully helped drive revenue and margin growth as customers began to order directly from Abcam.

Growth in our main markets was pleasing, whilst we saw the impact of funding pressures in some of the smaller Southern Europe markets, with low or no growth in Italy and Spain. Elsewhere growth was good overall, with notably strong performances in The Netherlands, following the change in distributor we mentioned last year.

	Revenue 2012/13 £000	Revenue 2011/12 £000	Increase in reported revenue	Estimated underlying growth rate*
The Americas	**48,711**	42,346	15.0%	4.8%
Europe, Middle East & Africa	**38,287**	33,615	13.9%	12.5%
Japan	**12,035**	11,229	7.2%	14.2%
Asia Pacific	**12,279**	8,893	38.1%	27.4%
Reagent product revenue	**111,312**	96,083	15.8%	10.6%
Non product revenue**	**10,894**	1,756	520.5%	25.1%
Total reported revenue	**122,206**	97,839	24.9%	11.8%

* Calculated by taking into account the unaudited, pre-acquisition revenues of businesses acquired during the 2012 financial year and comparing 2012/13 revenues to 2011/12 revenues, in both periods using the exchange rates from 2011/12 for the currencies in which the Group sells.

** Includes custom service, IVD/IHC, royalties and licence income.

The introduction of French language support, dedicated telephone lines and local currency invoicing for Canadian customers has been very successful.

Customers

We invested in understanding what our customers think about our products and services and actively encouraged customer feedback so that we can improve our offerings.

In February 2013, we launched our transactional survey which encourages customers to feed back on products and services after every interaction with our customer service and technical support teams. We introduced a simple satisfaction scale on all support emails, which asks customers to rate their experience.

Understanding and investing in our customers

We receive over 400 responses from our transactional survey every month and over 82% of customers rate our service as good or excellent. For dissatisfied customers, our support teams follow up with a personal call to see how we can improve their experience.

In addition, our in-house market research team has conducted 69 unique customer surveys, which have resulted in nearly 23,000 responses globally. The results of the surveys are analysed and help us with strategic business decisions by understanding our customers' needs, perceptions and interactions with Abcam.

Survey areas include:

- customer satisfaction;
- product awareness and satisfaction;
- website user experience;
- brand awareness and perception;
- post event and webinar follow up; and
- post complaint follow up.

We have also carried out focus groups to better understand our customers through a more qualitative method.

We will continue to invest our efforts in understanding our customers' thoughts and requirements going into 2013/14 in order to help us shape the future of Abcam's products, processes and services.

Japan

The estimated underlying growth rate (as defined in the table on page 14) for our Japanese business was 14.2% in the year. This was a good performance particularly considering that the comparators were challenging after a very strong performance in the previous year. The Japanese government announced a significant stimulus package in January 2013 that will invest $11 billion into science and technology, including $240 million specifically for stem cell research, although the timescale for this additional expenditure is not yet clear.

The switch from the former Epitomics distributor was also very successfully implemented in Japan.

Asia Pacific

Given the strong funding in the region, particularly in China, Asia Pacific continues to be a market of significant potential for us. We saw strong growth in China which was driven in part by the improvements in delivery times from having our bonded warehouse in Beijing. Looking forward we plan further improvements in customer service and to combine the Abcam and the ex-Epitomics distribution arrangements in China, which are currently operating separately.

Elsewhere in the region growth was also good, notably in Singapore and South Korea.

Other lines of revenue

Our custom services business leverages our proprietary RabMAb® technology to provide custom antibody solutions to meet customers' specific requirements. Revenue growth over the period was driven by demand from our established customers and an increasing international presence.

The royalties and licence income comes from certain royalty payments and licence deals with life science tools companies that use aspects of Epitomics's patented RabMAb® technology in the development and manufacture of their own antibodies. These arrangements, which generated revenue of £3.2m in the year, were put in place prior to the acquisition of Epitomics and are not core to our strategy. Consequently growth has been modest in the year and we expect revenue levels from these activities to reduce over time.

We continually strive to improve the service we offer customers. The best way to do this is through regular contact and creating as many opportunities as possible to receive feedback on our performance.

Other lines of revenue continued
The small in vitro diagnostics immunohistochemistry (IVD IHC) arm of the business showed good growth. It uses the RabMAb® technology to generate high-quality antibodies for anatomical pathology. During the year our facility in Burlingame, California, received GMP certification which enables us to manufacture products directly for sale and take full control of the process. The end user market for these products is dominated by the suppliers of the analytical machines several of whom are now customers and are a focus for our business development efforts.

Acquisition integration
A major focus for us during the year has been the integration of the two companies acquired during the 2011/12 financial year.

Ascent Scientific Limited (Ascent, now known as Abcam Bristol) supplies biochemicals to our existing customer base which are complementary to Abcam's catalogue of other protein research tools. During the year the integration initiatives saw further IT development on the website to make biochemical products more accessible for customers and to facilitate the extension of Abcam's OEM strategy to this product range. In the past few months the range has expanded significantly and at 30 June 2013 there was a total of 2,766 biochemical products on the catalogue, which represents growth of over 300% on the figure at the start of the year.

The focus for the integration of the Epitomics business has been initially around the transfer of revenues to the Abcam platform, which involved the transfer of orders previously fulfilled directly by Epitomics and also products previously sold via distributors within Europe. Other initiatives have seen the successful increase in production to 1,450 RabMAbs® in the year, coordination between the teams on new target selection and some exciting work on the new product development, such as working with Abcam Eugene to introduce new kits incorporating RabMAbs®. The commercialisation of the RabMAb® technology is still at an early stage and we have many initiatives planned, targeted on revenue growth, which have the technology at their core.

Running what is now a truly global business brings exciting new challenges and I am delighted with the way in which our teams across the organisation are working together. We work hard on cross-communication, with regular visits from senior staff and global video-conferencing linking each office. This will remain a key priority going forward.

Improvements in our customer service
We continually strive to improve the service we offer customers. The best way to do this is through regular contact and creating as many opportunities as possible to receive feedback on our performance.

In addition to our quarterly customer satisfaction surveys, which give us a broad view of customer experience, in February this year we introduced an online "transactional" feedback facility. This is a way of getting very quick feedback at every interaction point with the customer – taking only a couple of seconds or just one click to do so. This allows us to build a much more granular and immediate feedback mechanism which, in turn, allows us to respond faster and with greater flexibility to customer experiences.

Products

Expand our product range with high-quality RabMAbs®

The acquisition of Epitomics has enabled us to grow our RabMAb® portfolio to offer over 5,000 RabMAbs® to our customers by the end of June 2013.

Our team has also enriched RabMAb® datasheets by adding over 1,000 images from additional testing for tissue specificity and an additional 350+ scientific citations to provide our customers with the best available information.

Market intelligence input into the RabMAb® production pipeline since June 2012 enables us to prioritise the most valuable RabMAbs®. There are also ongoing collaborations between all our product manufacturing sites to ensure we are meeting the needs of our customers.

RabMAb® integration and product launch

A unified distribution network for our customers

From September 2012 our customers could identify and buy the same products through both the Abcam and Epitomics websites. Direct links were offered at product level between both websites to enable ease of ordering and ensure a smooth transition for customers.

The successful switch from the distributor arrangements in place pre-acquisition has helped to grow revenues and margins. With the exception of revenues from the former Epitomics business in China, we have completed our plans to move catalogue sales to the Abcam platform in early 2013 and have since provided a single channel for customers to buy RabMAbs® and other Abcam products.

Marketing the benefits of RabMAbs®

A global marketing campaign was launched in November 2012, positioned around the benefits of RabMAbs® over traditional antibodies and focused on the end user benefits. RabMAbs® demonstrates a higher affinity and specificity than traditional monoclonals, which means they bind 10 to 100 times more powerfully on average.

Adoption was driven through free RabMAb® trials and local language campaigns were run in Europe and Japan to match local needs.

We also won Transaction of the Year Award at the 2013 European Mediscience Awards for the acquisition of Epitomics.

For the transactional feedback, users are invited to rate a particular interaction on a five-point ranking with the option to add some explanatory text. We are receiving over 400 responses a month through this system with around 82% of our customers rating their experience as good or excellent. This method also allows us to give immediate follow up where a customer has had a problem, as well as to give our support staff individual feedback on how they are performing.

Our IT team has also been involved in a number of projects during the year to enable our systems to scale up for growth and improve our visitor experience on the website. Our customers have seen a significant improvement in the search facility on the site which has been redeveloped to enable products to be located more easily and quickly, and our product datasheets have been redesigned for easy access to key information.

Worldwide service

IT systems are critical to Abcam and investment in our software development capability is vitally important for continuing to develop innovative business enhancing systems.

The 'Agile' approach for a robust IT future

Over the last year, Abcam's development team has been working with an external software consultancy, practising and bedding in 'Agile' project management methodologies and best practice modern software engineering principles. Instead of traditional 'waterfall' project management, where all the requirements are gathered up front and vast effort is spent before any development starts, the Agile approach encourages more incremental development in a lean way with requirements identified in a more 'just in time' fashion.

The biggest impact for our developers is that they now work in tightly knit multifunctional teams and adhere to practices such as test automation, pair programming and daily 'standups' where the team members share their progress and raise any challenges they face. The benefits for the business include the delivery of robust, easy-to-use systems that are flexible and easy to change when our rapid growth requires them to adapt in the future.

Additional benefits include more efficient use of resources, as well as motivating, retaining and recruiting talent due to the implementation and best practice approach now in place. It also enables us to release business critical functional enhancements to our IT platform on a quicker and more efficient basis.

Improvements in our customer service continued

With improved customer feedback facilities and more initiatives in the pipeline, we are confident we can build on our already strong position and improve further the levels of service we offer.

Enhancements to our product range

We added over 29,000 products to our on-line catalogue in the year as we broadened our product offering and deepened our coverage in existing areas. Of these products 10,748 were non-RabMAb® primary antibodies as we continue to drive the extension of what is still by far our largest revenue contributing range. In addition the number of RabMAb® branded products passed through the 5,000 product mark, some of which are sourced from our OEM suppliers. We also continued the strategy of significantly increasing our range of protein, peptides and kits, which grew by 87% in number, and through the introduction of our OEM strategy to the biochemical field, hugely increased the range of products on offer.

We manufacture many of our own products at our various production facilities. Each of our facilities has met or exceeded its launch targets for the year and together our own produced products now account for 33% of our product revenue (2011/12: 23%). The remainder come from our OEM suppliers and it is through their efforts and our own investment in new IT systems to improve our speed and efficiency in uploading products that we have been able to set new records for the rate of product additions.

We have broken records in the amount of data added to the website and have also made enhancements to our Abreview™ system so that researchers can leave reviews of our non-antibody products alongside customer Q&A; all displayed with filter and sort functionality on each product datasheet.

Investment for growth

In my review last year I said that 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. I'm pleased to say these priorities are serving us well.

During the year we have undertaken a great deal of analysis to identify where we see the opportunities for our core business, which we now regard as including the acquisitions we have made. This has identified new areas for organic growth which, for a modest level of investment, have the potential to boost our revenues in the medium and longer term. In particular we see the opportunity to:

> enhance the way in which we select protein targets on which to source products;

> improve customer engagement with a focus on both current and potential new customers; and

> improve our marketing by making it more targeted and relevant.

These organic growth initiatives may be supplemented by our M&A and in-licensing strategy where they can create the opportunity to accelerate growth further.

So as to fully capitalise on these opportunities, it is our intention to step up our annual expenditure in areas such as marketing, e-commerce and operational infrastructure, by £3m to £4m per annum. We believe that the returns and higher growth will more than justify the investment made.

Board changes

One of my fellow co-founders of the Company, Professor Tony Kouzarides, retired from the Board at the AGM in October 2012. Everyone at Abcam is enormously grateful to Tony for the tremendous contribution he made during 14 years as a director and we greatly value the support he continues to provide from his laboratory in Cambridge. Without him Abcam would not be the successful company it is today. Thank you Tony.

Summing up

The pace of scientific discovery in protein interactions and their role in health and disease is accelerating. Since Abcam was founded in 1998 and the decoding of the human genome in 2000, there has been a huge increase in scientific knowledge in this area. Abcam has played a central role in contributing to this tremendous gift to humanity and to the health of future generations. In this golden age of biology our role at the centre of this quest for knowledge is stronger and more important than ever. We are therefore in the fortunate position of having an abundance of growth opportunities to pursue.

Our success would not be possible without the continued and loyal support of all our stakeholders, including investors, suppliers, customers and scientific collaborators. Especially I would like to thank our staff whose dedication, through the provision of high-quality tools and support, is unparalleled. Thank you for your contribution to our common purpose and to another successful Abcam year.

Jonathan Milner
Chief Executive Officer
9 September 2013

During the year we have undertaken a great deal of analysis to identify where we see the opportunities for our core business, which we now regard as including the acquisitions we have made. This has identified new areas for organic growth which, for a modest level of investment, have the potential to boost our revenues in the medium and longer term.

Revenue

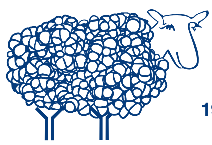
+24.9%

(since 2012)

Adjusted diluted earnings per share

+12.7%

(since 2012)



It is pleasing that the Group reported good growth in 2012/13 whilst going through a period of significant change as we worked on the integration of the former Epitomics and Ascent businesses.

Jeff Iliffe
Chief Financial Officer

Revenues of £122.2m were 24.9% ahead of last year and adjusted profit before tax was £46.6m, an increase of 19.4%. Adjusted diluted earnings per share were up by 12.7% to 17.57p.

A focus for the year has been the further integration of the two acquisitions made in 2011/12 and positioning them for future growth.

The acquisitions of Epitomics and Ascent were of different magnitudes with net consideration paid of US$150.0m and £9.8m respectively, but our approach to the integration of each has been similar. In both cases this involves the transitioning of their catalogue sales to the Abcam platform, using Abcam's extensive market data to select attractive products for their in-house production, scaling up the output of their production facilities and adding relevant data to their products.

Elsewhere in the Group we have continued the programme of investment in our core IT systems, which has made them more robust and has helped drive efficiencies. We have also undertaken a product and market review which has identified many areas which we believe are attractive for further revenue growth.

Strong growth in profitability and cash generation continues to underpin our policy to distribute dividends amounting to 40% of adjusted post tax profits. Consequently the Directors have recommended payment of a total dividend of 7.04 pence per share in respect of 2012/13, representing a 16.4% year-on-year increase.

The following table overleaf shows revenues, costs and expenses for the year, which have been adjusted to aid comparison by separately identifying the amortisation of acquisition related intangible assets other than goodwill, other related charges arising from the recent acquisitions and the one-off costs incurred in their integration.

Revenue

Reported revenue for the year was £122.2m, representing growth of 24.9% over the prior year, which is 25.8% growth on a constant currency basis (assuming exchange rates for the currencies in which the Group sells had remained unchanged from 2011/12). This includes a full year contribution from Epitomics and Abcam Bristol. Taking into account the unaudited revenues of these businesses for the same period last year, we estimate that this represents underlying constant currency growth of approximately 11.8%.

Gross margin

Gross margin increased to 71.0%, compared with 69.0% in the prior year. 1.8% of the uplift came from the reagents business due to a combination of higher selling prices, product mix and effective cost control. A further 0.5% arose in the Epitomics business and a negative 0.3% from the impact of less favourable exchange rates compared to the prior year.

Administration and management expenses

The acquisition of Abcam Bristol was completed on 12 September 2011 and that of Epitomics on 19 April 2012. For comparison purposes the table opposite shows the like-for-like analysis of costs excluding the direct expenses from these businesses in both years and separately identifies the impact of foreign exchange gains and losses, the amortisation of acquisition-related intangibles and one-off integration costs incurred in the year. This shows that like-for-like costs grew by 17.9%, the main movements being:

- an increase in staff and related expenditure of 10% (£1.4m);
- a market and product review was undertaken in support of Abcam's growth strategy (£1.3m); and
- marketing costs increased by 18.4% (£0.3m).

There was also an increase of £0.5m in the amount credited back to profit and loss from production related activities.

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 88.6% in the year to £7.9m (2011/12: £4.2m) reflecting the first full year of ownership of Abcam Bristol and Epitomics. £4.8m was incurred in our acquired entities,

	2012/13				2011/12			
	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Integration costs £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	**122,206**			**122,206**	97,839			97,839
Cost of sales	**(35,500)**			**(35,500)**	(30,282)			(30,282)
Gross profit	**86,706**			**86,706**	67,557			67,557
Gross margin	**71.0%**			**71.0%**	69.0%			69.0%
Administration and management expenses	**(33,987)**	**(1,525)**	**(400)**	**(35,912)**	(25,275)	(436)	(3,397)	(29,108)
R&D expenses	**(6,189)**	**(1,757)**	**—**	**(7,946)**	(3,686)	(528)		(4,214)
Operating profit	**46,530**	**(3,282)**	**(400)**	**42,848**	38,596	(964)	(3,397)	34,235
Operating margin	**38.1%**			**35.1%**	39.4%			35.0%
Investment income	**129**			**129**	500			500
Finance costs	**(83)**			**(83)**	(73)			(73)
Profit before tax	**46,576**	**(3,282)**	**(400)**	**42,894**	39,023	(964)	(3,397)	34,662
Tax	**(11,452)**	**1,258**	**(42)**	**(10,236)**	(9,630)	374	—	(9,256)
Profit after tax	**35,124**	**(2,024)**	**(442)**	**32,658**	29,393	(590)	(3,397)	25,406
Basic EPS	**17.76p**	**(1.02)p**	**(0.22)p**	**16.52p**	15.88p	(0.32)p	(1.84)p	13.72p
Diluted EPS	**17.57p**	**(1.01)p**	**(0.22)p**	**16.34p**	15.59p	(0.31)p	(1.80)p	13.48p

	2012/13 £000	2011/12 £000	Reported increase	Like-for-like increase*
Total administration and management expenses	**34,934**	25,155	38.9%	17.9%
As % of revenue	**28.6%**	25.7%		
Foreign exchange (gain)/loss	**(947)**	120		
Integration costs	**400**	—		
Acquisition-related intangible amortisation	**1,525**	436		
Other acquisition-related charges	**—**	3,397		
Total reported administration and management expenses	**35,912**	29,108	23.4%	4.5%

* Excluding costs directly from Abcam Bristol and Epitomics.

Abcam Eugene, Abcam Bristol and Epitomics, reflecting our strategy to invest in these businesses and in particular in new product development. In Cambridge UK, R&D costs were £1.3m. The amortisation of the acquisition-related intangibles attributed to patents and technological know-how are also classified as R&D expenditure, amounting to £1.8m in the year (2011/12 £0.5m).

The output of this investment is reflected in the number of new product launches which saw a 14% increase from own manufactured products from Abcam Bristol and a 62% increase in new RabMAbs® from Epitomics in China. The work in Cambridge UK contributed to the first new conjugated secondary antibody product range, whilst a significant portion of the output of Abcam Eugene was dedicated to the development of a new Elisa kit range due for launch later this year.

Operating profit and expenses

As a consequence of the additional investment made in the year the adjusted operating margin reduced slightly to 38.1% (2011/12: 39.4%).

Earnings and tax

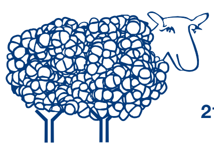
The adjusted profit before tax in 2012/13 was £46.6m, the effective tax rate on which was 24.6% (2011/12: 24.7%), reflecting the benefit of announced changes to the UK corporation tax rate and tax efficiencies arising from a Group reorganisation, which were offset by the impact of higher foreign tax rates and a reduction in R&D tax credits due to the Company now being treated by the UK tax authorities as a large company rather than an SME. After taking into account the deferred tax impact of acquisition-related intangible amortisation and one-off integration costs of £0.4m, the reported effective tax rate was 23.9% (2011/12: 26.7%).

Adjusted basic earnings per share (EPS) increased by 11.8% to 17.76 pence per share and adjusted diluted EPS by 12.7% to 17.57 pence. The basic weighted average number of shares in issue during the period was 197.7m (2011/12: 185.1m), reflecting the full year effect of shares issued on the acquisitions made during 2011/12 and shares issued on the exercise of share options.

Balance sheet and cash flow

Goodwill and other intangibles

Goodwill at 30 June 2013 was £82.0m compared with £82.4m at 30 June 2012. The decrease in goodwill is due to a credit of £1.4m resulting from fair value adjustments made to the assets acquired in the Epitomics and Ascent acquisitions, which was offset by a foreign exchange adjustment of £1.0m.



Cash flow

	2012/13 £000	2011/12 £000
EBITDA	**48,676**	36,953
Integration costs	**400**	—
Acquisition costs	**—**	3,397
Adjusted EBITDA	**49,076**	40,350
Add back non-cash movements	**1,292**	1,351
Changes in working capital	**1,420**	(3,998)
Cash generated by operations	**51,788**	37,703
As a percentage of revenue	**42.4%**	38.5%
Pre-acquisition non-trading liabilities	**—**	(2,094)
Acquisition-related costs	**—**	(3,055)
Integration costs	**(400)**	—
Capital expenditure and disposals	**(7,215)**	(2,831)
Interest and taxation	**(11,839)**	(7,506)
Dividends and share issues	**(11,790)**	(9,528)
Purchase of investments	**42**	(50,961)
Net cash inflow/(outflow)	**20,586**	(38,272)
Opening cash and term deposits	**17,480**	55,569
Foreign exchange movements	**245**	183
Closing cash and term deposits	**38,311**	17,480

Balance sheet and cash flow continued

Goodwill and other intangibles continued

Following the acquisitions of MitoSciences, Ascent and Epitomics there has been considerable change in the way these entities are structured and integrated within the Group. These changes have resulted in discrete information available for an individual entity not reflecting the true substance of the performance of that entity and the value being added. Therefore it is not possible to accurately assess the fair value in use of the acquired entities as separate identifiable cash-generating units (CGUs) as such the goodwill has been reallocated to a single CGU, being the Abcam Group. 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 12 to the financial statements.

Other intangible assets at 30 June 2013 were £33.1m, compared with £34.3m at 30 June 2012. The movement primarily reflects amortisation of the intangible assets and the additions to capitalised software costs from the project to invest in our core IT systems which is described in more detail below. Fair value adjustments totalling £1.0m were also made during the year in respect of intangible assets from the Epitomics acquisition. Further analysis can be found in note 13 to the financial statements. Other intangible assets are amortised through the income statement over their estimated useful lives, and the amortisation of acquisition-related intangible assets has been added back in arriving at adjusted profit, as outlined above.

Capital expenditure

Additions of tangible and intangible assets amounted to £7.3m (2011/12: £3.0m) reflecting major items as follows:

- further stages of an investment in our core IT systems and website (£3.2m). This investment supports the delivery of Abcam's next stage of growth and includes the capitalisation of internal salary costs of £0.4m;
- during the year £3.8m was transferred from assets under construction to software costs reflecting the roll out of completed phases of the project;
- development of new hybridomas by Epitomics (£1.3m), with a further £0.4m having been incurred on hybridomas under construction; and
- investment in laboratory equipment (£1.3m).

Cash flow

We maintained strong cash generation in the year. Cash generated by operations was £51.8m, or 42.4% of Group revenue (2011/12: £37.7m, 38.5% of revenue).

Following high working capital outflow in the previous year, the inflow in 2012/13 mainly reflects payables increasing by £3.6m due to an unusually high level of creditors and accruals at the year-end, offset by an increase in inventories of £1.3m and receivable balances increasing by 9% reflecting increased sales activity and a marginal increase in debtor days to 34.5 (2011/12: 34.0).

Overall, including foreign exchange movements, the Group reported a net cash inflow of £20.8m (2011/12: outflow of £38.1m). The main reason for the change is due to there being no cash outflows on acquisitions in 2012/13 compared with the £51m net outflow on acquisitions in 2011/12. Higher outflows on capital expenditure, taxation and dividends reflect the increase in the size of the business.

Net cash and term deposits at the year-end totalled £38.3m compared with £17.5m at the end of 2011/12 and there is no bank debt on the balance sheet.

Looking ahead

It is pleasing that the Group reported good growth in 2012/13 whilst going through a period of significant change as we worked on the integration of the former Epitomics and Ascent businesses.

The review of our business which we undertook this year has identified several new opportunities to boost our growth. These organic initiatives require investment in areas such as marketing, e-commerce and operational infrastructure which will begin this year. We expect to see the benefits from this investment in increases in revenues in the medium to longer term and believe that the returns will more than justify the investment made.

We will of course continue to manage the Group on a prudent basis, control our costs tightly, maintain sound financial controls and ensure we have scalable systems to support our growth.

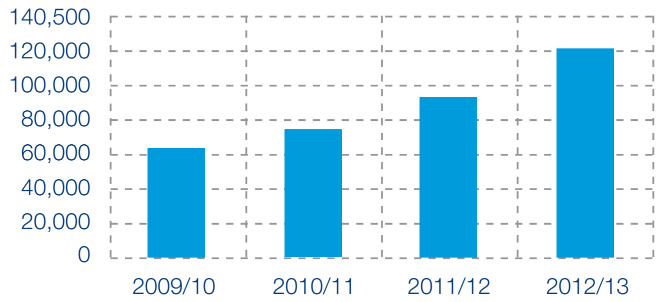
Jeff Iliffe
Chief Financial Officer
and Company Secretary
9 September 2013

Strong KPIs to highlight our continued success

Number of products in catalogue

121,558 products

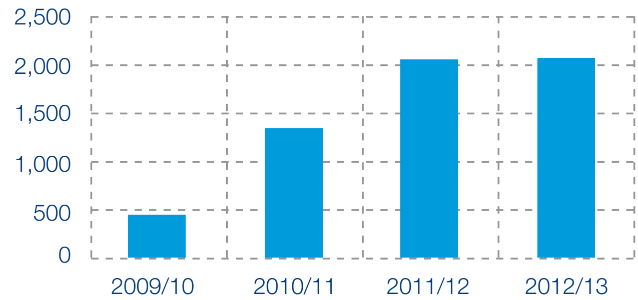
+31.5%



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

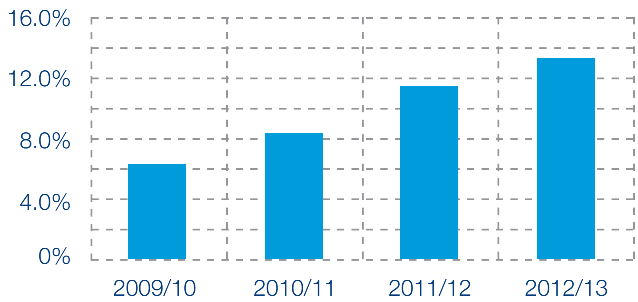
2,041 images



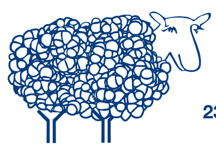
We aim to make our product range as meaningful as possible to assist researchers to discover more. A key component is our continued drive to source more information on our products, including work by our in-house characterisation team.

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

13.5%



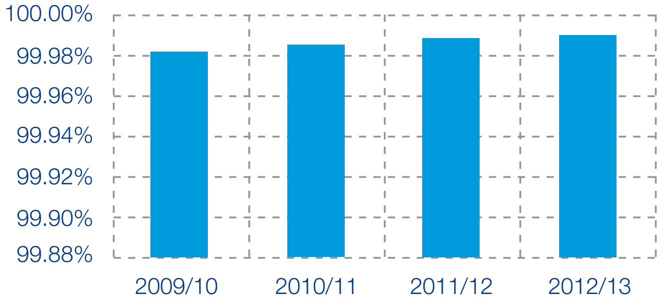
We continue to work on enhancing the breadth of our product catalogue by identifying new product ranges, in particular non-primary antibody products, such as secondary antibodies, kits, proteins, peptides, lysates and biochemicals.



KPIs continued

Website uptime

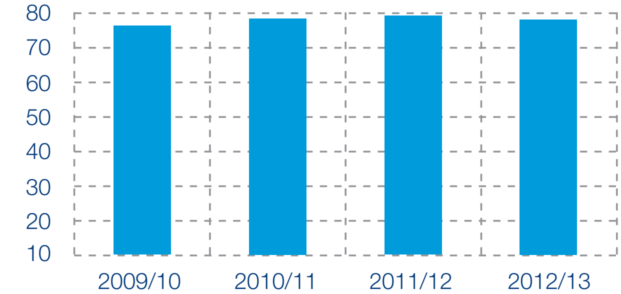
99.99%



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.

Orders fulfilled directly from stock (average for year)

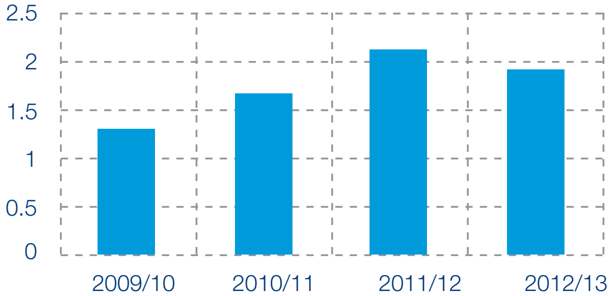
78.7%



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

Website response time (seconds)

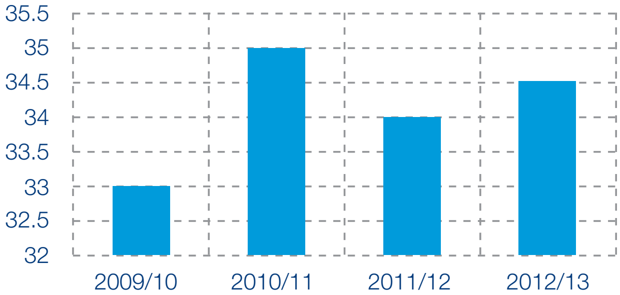
1.88 seconds



We aim to achieve a website response time to www.abcam.com globally of less than two seconds.

Number of debtor days at year end

34.5 days



Effective credit control procedures have allowed us to maintain our debtor days at acceptable levels despite a marginal increase in 2012/13. We continue to expect some increase in debtor days over time in line with practice in local markets as the geographical spread of sales widens.

Principal risks and uncertainties

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.

	Risk	Mitigation
Strategic **Changing market conditions**	Whilst it is difficult to ascertain a precise figure, a large 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. Separate from sources of funding, there is also a long term trend of shifting market power and influence to the faster growing economies, particularly in China and the Far East.	One of Abcam's key long term strategic objectives is to continue to expand its geographic diversity, particularly in markets which are growing and where funding, whether from public or private sources, is increasing, 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. Abcam has also established a team that monitors and evaluates companies developing technologies or market approaches that are relevant to our strategy with a view to potential partnership or acquisition.
Commercial **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 whilst each is unique, and 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 2013 financial year no third party supplier accounted for more than 3% of Group revenue. Abcam has its own production capabilities which could also be utilised to generate alternative products. Revenues from our own manufactured products, services and licences currently contribute approximately 39% of total Group revenue.

Principal risks and uncertainties continued

	Risk	Mitigation
Commercial **Product defensibility**	It is possible that new technologies may emerge in the future as viable alternatives to the use of antibodies in protein detection.	Abcam has many contacts in the industry and dedicates resource, particularly within our M&A team, to research emerging technologies within our sector. 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 **Intellectual property (IP)**	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. Abcam has registered IP over the underlying RabMAb® technology, rather than particular antibodies. The risk here is of work-arounds to this IP.	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 0.6% of Group revenues, meaning that any infringement actions are likely to have a minimal impact on sales. It is also our strategy to quickly commercialise our RabMAb® technology. Having products already in market provides defensibility and limits the potential impact of any work-arounds. Our RabMAb® technology is defended by a number of patents, and we take steps to enhance this protection through further IP registrations as well as working to improve the underlying technology to remain differentiated from competing work-arounds.
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. Increasing geographical reach and continual expansion of our portfolio 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.
Health & safety (H&S) and regulatory	As our product range expands, the number of different potential H&S/regulatory risks is growing. An example is with Abcam Bristol, where we are exposed to chemical substances.	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 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 15% of total sales in the 2013 financial year. We have a team dedicated to maintaining close relationships with our distributors and continuing to deliver revenue growth.

	Risk	Mitigation
Legal/regulatory/financial		
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.
Complexity	The size of our operation and the number of employees has grown rapidly both organically and by acquisition. This brings with it the challenges of managing over large geographic distances and implementing appropriate systems, policies and compliance procedures in different jurisdictions.	Abcam has grown quickly for several years and is familiar with many of the issues this presents. The Group continues to invest in its infrastructure and apply the resources necessary to support the business and ensure that appropriate controls are in place.
Operational		
Infrastructure	Abcam operates in a market which it has been able to exploit through the use of online and e-Commerce-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 e-Commerce 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 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.

12—

we aspire to carry out business to the highest of ethical standards

"Supporting our community is really important to Abcam. We've been incredibly fortunate over the years and are now really pleased to be able to now give something back, providing support at what is a critical point for some of these charities. We look forward to helping other good causes in the future."

Jonathan Milner
Chief Executive Officer

What our employees say about Abcam:

People and the workplace

The recruitment of excellent people has driven our success. Our culture is one that empowers individuals. The working environment is fun and intense, with everybody working together as a team to deliver great service and the best products to our customers. We recruit using an online system which gives openness and transparency, and seek to work to best practice in all our recruitment activities.

We value our employees and listen to our staff, understanding their views on Abcam as an employer. We undertake a range of surveys, including global staff surveys which consider regional offices and departments, giving us a clear picture about the health of the organisation from an employee perspective.

As the Group becomes more complex and global, we ensure we communicate regularly on both business performance and employee matters, through formal and informal meetings.

Building on our success

Over the past 15 years, our staff have driven Abcam forward and made us the company we are today. To continue our success we have identified key Abcam behaviours that define our global culture:

- being customer-centric;
- focussing on success; and
- being bold.

Giving back to the community

Abcam is committed to ongoing support of the community of entrepreneurial businesses clustered around Cambridge, UK. We support the Cambridge Network, the University of Cambridge and the Judge Business School by giving talks and presentations and host students from a range of academic institutions.

Abcam regularly donates to a range of local, national and international causes through its Charity Committee. The Committee, which consists of Abcam employees, has been administrating funding to charities since 2004. We give a maximum of 0.1% of the previous year's pre-tax profits to charity. In 2012/13 we have decided to increase this by the amount we have saved from two of the executive directors waiving their pension entitlements. Donations are allocated by a committee of staff volunteers in each of our offices working within guidelines set by the Board.

The Group made no political donations during 2012/13 and made charitable donations of £91,960 (2012: £51,230).

Health, safety and the environment

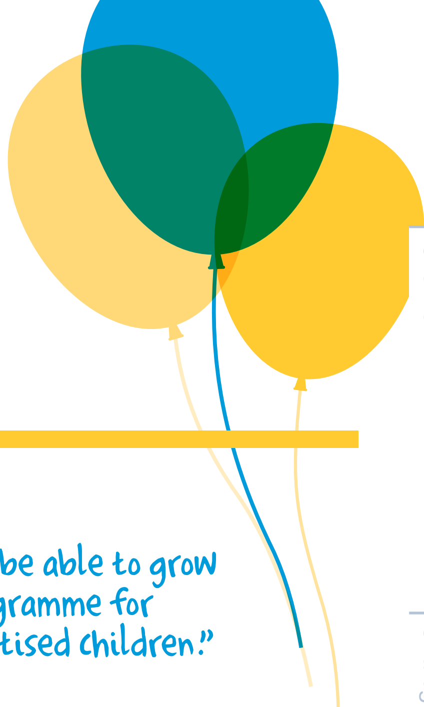
Supporting health, safety and the environment are essential elements of our ongoing success.

Our approach 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. Health and safety in the Group is ultimately the responsibility of the Chief Executive Officer.

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

Far left: Jacob Gray from Abcam's Charity Committee presents a £15,000 cheque to Dr Carrie Herbert, Chief Executive of Red Balloon.

Left: Encouraging health and wellbeing at our Cambridge, UK office with daytime yoga classes.



The Group continues to be 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. We have added to our capabilities by appointing an external health and safety consultant in China.

From a commercial perspective, the health and safety function supports the fast efficient flow of products to the catalogue.

The environment is very important to us and we have a range of initiatives from recycling to encouraging staff to cycle to work, and wherever possible using bicycle couriers to deliver and collect unwanted packaging.

Wellbeing

Abcam believes that wellbeing directly affects how engaged people are in their work and together, engagement and wellbeing enable outstanding performance. Wellbeing is dependent on both physical and psychological health and by supporting these Abcam creates and promotes a healthy working environment.

Abcam in the community

"With Abcam's help we shall be able to grow and deliver our recovery programme for severely bullied and traumatised children."

Dr Carrie Herbert
Founder and Chief Executive of Red Balloon

"We are delighted to welcome Abcam as the latest member of our Community Foundation 100 initiative, supporting local voluntary and community groups that are working hard to improve the quality of life across the communities of Cambridgeshire."

Jane Darlington
CEO of Cambridge Community Foundation

"We would like to thank Abcam for their donation as we look to develop new initiatives that will give those that are homeless or vulnerably housed the skills to help them get back into employment."

Rachel Newell
Social Enterprise and Business Development Manager, Wintercomfort

2013 achievements	Future activities
Ensured the scalability of the health and safety function through a global safety network covering all Abcam offices	> Strengthening our global safety network to enable future growth and complexity of product types
Created a global health and safety auditing system	> Building on our global safety standards across all offices
Introduced wellbeing events across all sites	> Building on our wellbeing initiatives to ensure a healthy working environment
By working with government initiatives and hosting travel and cycle events we have encouraged environmentally friendly ways to travel to work	> Making further recommendations on reducing the environmental impact of our staff travelling to work

In this section

Nurturing employee excellence is key to our success

Abcam plc is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. This section contains the primary financial statements, and the accounting policies applied, for the financial year ended 30 June 2013.

13—

a rich history of
successful growth

Mike Redmond
Chairman
9 September 2013

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.

This year, activities have focussed on the integration of and investment in the two companies acquired during 2011/12. Abcam's success is built on good governance and sound management and the Board has continued to play an active role in ensuring that these principles are core to the way we do business, with particular emphasis on new activities and geographies in which the Company operates. Commitment to these principles extends through the business and I have been encouraged by the extent of the wide-ranging discussions and the constructive and positive approach to issues that has taken place between the Board and the members of the Executive Management Team during the year.

Compliance with the Code

The Code is the standard against which we have chosen to measure ourselves in 2012/13 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 37 to 49 detail how the Group has applied the principles of good governance contained within the Code.

Board skills and experience

Following the appointment of three new Non-Executive Directors in the 2011/12 financial year, which increased the knowledge base and experience of the Board specifically in the life science reagents sector and e-Commerce trading, I feel we have a good balance of the skills required to take the Group forward through its next stage of development.

We recognise that none of the current members of the Board are women but remain open to the prospect of appointing women to the Board in the future. Women represent 52% of Abcam's workforce as a whole and we have two female members of the Executive Management Team.

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

Appointments and succession

We have made no appointments to the Board this year which reflects a balance between financial, sector specific and general business skills, with a highly experienced Executive and Non-Executive team.

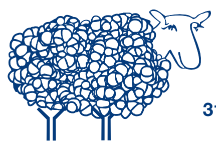
As previously mentioned, following the completion of 14 years' service as a Non-Executive Director, Professor Tony Kouzarides retired from the Board at last year's AGM.

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 monitor and test our understanding of risk and our tolerance as our business evolves.

I continue to be pleased with the performance of the Group and believe that we have a strong and very able Board in place which has demonstrated its commitment to drive and support future growth.

Overview
Strategic review
Performance review
Corporate governance
Financial statements



14—

an experienced and enthusiastic group of leaders

Abcam's Board has the breadth and depth necessary to guide the Group as it seeks to take full advantage of new opportunities and contend with new challenges.

3 Jim Warwick
MA (Cantab)
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, and took over operational management of the UK office as Managing Director in June 2004, working on both cost saving and efficiency improvement projects. 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.

Fact: Jim wrote two commercial programs with friends for the BBC Microcomputer which were published by Acornsoft.

1 Mike Redmond
MA (Cantab)
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.

Fact: Mike is never happier than when crashing around in a windy North Sea in his boat.

2 Jonathan Milner
PhD
Chief Executive Officer

Appointment: April 1998

Experience: Jonathan is an experienced entrepreneur and business leader. 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, 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. He identified the market opportunity for supplying high-quality antibodies to support protein interaction studies, and in 1998, Jonathan founded Abcam with David Cleevely and Professor Tony Kouzarides.

External appointments: Jonathan is an active supporter of the Cambridge, UK business community. He is a non-executive director of Horizon Discovery, and also a non-executive director of Frontier Developments. He is also Chairman of Axol Bioscience Ltd.

Fact: Jonathan is a fanatic RUSH fan, going to their gigs whenever possible.

4 Jeff Iliffe
ACA
Chief Financial Officer and Company Secretary

Appointment: November 2007

Experience: Jeff is a chartered accountant who was appointed as Abcam's Chief Financial Officer after previously working for the Company as a financial consultant. He has extensive 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 Plethora Solutions plc. Prior to joining Abcam, he was chief financial officer at the e-Commerce company St Minver Ltd. Jeff is also a non-executive director of Treatt plc and a trustee of the Cambridge Arts Theatre.

Fact: Jeff has a passion for live music, particularly jazz.

5 Peter Keen
ACA
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 experience in the financing and management of biotechnology companies.

External appointments: Peter is the recently appointed chief executive of the technology investment firm Cambridge Innovation Capital plc and is currently a non-executive director of a number of life science companies including the Biotech Growth Trust plc, MRC Technology Ltd and Oval Medical Technologies Ltd. Peter was chief financial officer of Arakis Limited until its successful trade sale in 2005 and was also co-founder and finance director of Chiroscience Group plc, after which he helped establish and was UK managing director of the venture firm Merlin Biosciences.

Fact: Peter plans to complete the 630 mile South West Coast Path.

6 Michael Ross
MA (Cantab)
Non-Executive Director

Appointment: November 2011

Experience: Michael is an e-Commerce executive and advisor with a high level of technical expertise.

External appointments: He co-founded eCommera in 2006, an e-Commerce technology and advisory business where he is an executive director. He is currently a non-executive director of warehouseexpress.com. He is also an e-Commerce 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.

Fact: Michael played chess for England (once).

8 Anthony Martin
PhD
Non-Executive Director

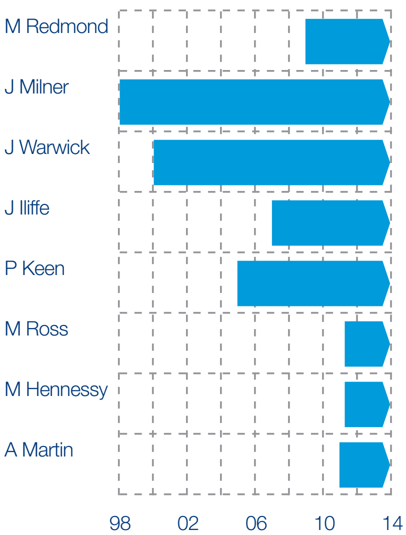
Appointment: September 2011

Experience: Anthony has more than 25 years' experience in the life science industry within the UK and USA, in both executive and non-executive roles.

External appointments: He is currently non-executive chairman of Immunodiagnostics Systems Holdings plc, Sphere Medical Holding plc and PhicoTherapeutics Ltd. Anthony has a Doctorate in Immunology from the University of Manchester Medical School. He has been chief executive officer of British Bio-Technology Products, AZUR Environmental, the molecular biology division of Invitrogen Corporation, and Molecular Probes Inc. Anthony's previous non-executive appointments include PreludeTrust plc and chairman of NeuTec Pharma plc. and Molecular Insight Pharmaceuticals Inc. He has also served on the boards of Invitrogen Corporation and Agilent Technologies.

Fact: Anthony runs to keep fit and sings in a local choir.

Length of tenure



7 Murray Hennessy
MBA
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.

Fact: Murray grew up in both the US and Ireland.

For information on the Board's operation and responsibilities
Turn to page 37

Executive management team

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 and 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. Michael Hadjisavas joined the EMT in April 2013 and Danielle Miller in early June 2013. Alan Hirzel joined Abcam as CMO on 5 August 2013.

5 Philippe Cotrel

PhD

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.

Fact: Philippe enjoys cycling challenges involving either long distances or high climbs.

From left to right:

1 Jonathan Milner

Chief Executive Officer

2 Jeff Iliffe

Chief Financial Officer and Company Secretary

3 Jim Warwick

Chief Operating Officer

(Biographies on page 32)

4 Mark Bushfield

PhD

Scientific Director

Experience: Mark joined Abcam in 2008 as Scientific Director, responsible for product development, manufacturing and scientific business development.

Mark is a biologist with over 20 years' research and management experience in academia, pharma and biotechnology. Prior to joining Abcam, Mark trained in cellular signalling and then worked for Pfizer before co-founding Cambridge Drug Discovery Ltd (CDD). After successfully integrating CDD into BioFocus, Mark joined Celltech as research director at Celltech-UCB. Mark has co-authored over 30 peer reviewed scientific papers and given over 40 presentations to scientific meetings and societies.

Fact: Mark has just re-embarked on a challenge to climb all 282 of Scotland's Munros.

6 Michael Hadjisavas
PhD
General Manager and VP Corporate Strategy and Development

Experience: Michael joined Abcam in January 2013 as an executive with over 20 years' experience in life sciences, genomics, translational medicine and diagnostics. He leads the Strategic Portfolio Management Committee to drive M&A and other external investment strategies and oversees the integration of acquired entities. He has held numerous leadership positions at: Gen-Probe; Life Technologies; Applied Biosystems; Sigma-Aldrich; Genosys Biotechnologies, and holds advisory roles with two start-up genomics companies. He holds BSc., Honours and PhD degrees in molecular and cellular biology from the University of Adelaide, South Australia and post-doctoral training at Texas A&M University.

Fact: Michael lives with his family in the Bay Area, San Francisco, enjoys travel, food, wine and volunteers as an executive mentor to managers in the life sciences research sector.

8 Danielle Miller
PhD
Operations Director

Experience: Danielle joined Abcam in 2001 and over the last 12 years has overseen the growth in customer support and logistics capabilities, championing investment in automated stock storage solutions and the importance of scientific support in our service offering. She works closely with the regional general managers to drive consistency and efficiency of operational processes, and to ensure that customers can expect similar high levels of service across the world. Prior to joining Abcam, Danielle worked as a strategic management consultant and holds a PhD and degree in Natural Sciences, both from the University of Cambridge.

Fact: Danielle plays tennis for her local club, enjoys skiing and has recently re-learned how to do a handstand in the Abcam yoga class!

10 Jane Cooke
Corporate Services Director

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.

Fact: Jane is an enthusiastic yachtswoman sailing the family's Westerly Falcon and in addition to her sailing qualifications she also completed a course on marine engine maintenance.

7 Ed Ralph
PhD
Chief Information Officer

Experience: Ed's academic background is in molecular biology and he started developing websites in 1996. Joining Abcam in 2000, he was instrumental in growing the technology capabilities that have supported Abcam's rapid growth and is responsible for the software development team, the IT operations team and the e-Commerce department. 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.

Fact: Ed has cycled to Abcam's offices approximately 2,500 times, compared to driving 1,100.

9 Alan Hirzel
Chief Marketing Officer

Experience: Alan has over 20 years of global business and leadership experience. Prior to joining Abcam, he spent 14 years with leading management consultant Bain & Company, most recently serving as head of the UK healthcare practice and head of its London office operations. Earlier in his career, he led product innovation efforts for several brands at Kraft Foods. Alan has a BS in Plant Molecular Biology, an MS from Cornell University, and an MBA from the Johnson Graduate School of Business at Cornell.

Fact: Alan fulfils his passion for social enterprise as a Trustee at The Social Business Trust and as a non-executive director of UK National Citizen Service Trust.

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.

2 Bill Campbell

PhD

Director and General Manager of Abcam, Inc.

Experience: Bill joined Abcam in April 2005 in the Scientific Support department, became responsible for US Operations in 2007 and General Manager in February 2012. He is currently responsible for sales, customer support, distribution and operations in the Americas as well as the day to day running of the Cambridge, US office. Prior to joining Abcam, Bill received his PhD in Biology from Brown University where he studied proteins involved in cancer. He also completed a four year post doctorate at Harvard Medical School studying proteins involved in Alzheimer's Disease and has authored or co-authored 16 scientific publications.

Fact: Bill is the only General Manager who started in an entry level role at Abcam.

4 James Murray

PhD

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. After graduation he moved to the United States to perform post-doctoral research studies in the area of mitochondrial biology at the University of Oregon's Institute of Molecular Biology. He joined MitoSciences in 2004 as one of the first employees and was the R&D manager at the time of acquisition by Abcam in 2011.

Fact: James is a keen marathon runner – his next goal is to qualify for the Boston Marathon.

1 Nick Lines

BA (Hons)

General Manager, Abcam KK

Experience: Nick is an expert in establishing and developing businesses in Japan. He has worked in international relations for the Japanese government and has advised companies seeking to establish representative offices in Japan through UKTI at the British Embassy in Tokyo. On joining Abcam in 2006, Nick's first role was to establish the Tokyo office and manage the expansion of a distribution model to a network of local sub-dealers. Nick is responsible for sales, distribution and operations (customer service, scientific support, and logistics) in the Japanese market. 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 also acted as interpreter for the Football Association and several England players during the 2002 World Cup in Japan.

Fact: Nick is a fully qualified JFA Level 4 football referee and regularly referees local Japanese league football matches at weekends.

3 Steve Roome

PhD

General Manager, Abcam Bristol

Experience: Steve has considerable experience within the life science reagents industry. He obtained his degree in biochemistry and 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, subsequently running the business unit in Bristol with responsibility for the development of the Abcam Biochemicals range of products.

On 31 August 2013, Steve left his position as General Manager at Abcam Bristol. We thank him for all his hard work and dedication over the last year and wish him well in his future endeavours.

Fact: Steve has a keen interest in rocketry and astrophysics and his ideal dinner date (except his wife, of course) would be Professor Brian Cox.

5 Peter Lee

MBA

General Manager, Abcam (Hong Kong) Ltd

Experience: Peter joined Abcam in 2009 to establish an office in Hong Kong to serve our Asia Pacific market. He has a degree in Applied Biology, an MPhil in Biochemistry and holds an MBA. Peter has over 18 years' experience in the life sciences market in both direct and channel sales within the Asia Pacific region. In particular, he has spent 15 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. Peter is responsible for sales, distribution and operations (customer service, scientific support and logistics) for the Asia Pacific region.

Fact: Peter enjoys sightseeing and taking photos, as well as cooking and eating.

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 conference call 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 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, the Corporate Services Director, the General Manager and Vice President Corporate Strategy and Development, the Operations Director and the Chief Marketing Officer. Brief biographies and responsibilities of these key members of staff are set out on pages 34 and 35. 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 36.

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;

> 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.

The Chairman meets with the Executive Directors prior to scheduled and ad hoc meetings to discuss and set each Board agenda.

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 ensure that there is no one individual or group dominating the decision making process 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.

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.

Effectiveness continued

How do we make sure our Board is effective? continued

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.

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. The Board considers Mike Redmond, Murray Hennessy, Peter Keen, Anthony Martin and Michael Ross to be independent within the meaning of the Code. 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 51. 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 during the year. 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;

Board meeting attendance

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

1 Retired 22 October 2012.

> 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 by the EMT as matters arise.

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 25 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, 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 to senior management in strict confidence about any unethical business practices, fraud, misconduct or wrongdoing. They can do so without fear of recrimination and the Audit Committee receives any such confidential reports. There were no whistleblowing reports throughout 2012/13 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 public relations advisors, make themselves available and expect to meet with shareholders at least twice a year.

Where appropriate the Company 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 public relations advisor who, in turn, obtain feedback from analysts and brokers following investor roadshows.

Numis Securities Limited remains as the Company's nominated advisor, financial advisor and joint broker. Peel Hunt LLP remains as joint broker with Numis Securities Limited.

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

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.

Peter Keen
Audit Committee Chairman

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 28 years' experience in the financing and management of biotechnology companies.

Other members of the Board, the Group 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 since the last report?

> The composition of the Committee was reviewed to ensure that it contains the appropriate balance of knowledge, skills and experience to support the business.

> A review of the performance of the Committee was undertaken which confirmed that it is operating effectively.

> Any formal announcements relating to the Group's financial performance and any significant financial reporting judgements were reviewed. This included consideration of a report from the external auditor on their audit and review of the June 2012 Annual Report and financial statements and the December 2012 half-yearly financial report.

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

> A review of the performance of the auditor was undertaken, assessing their independence and objectivity, and the effectiveness of the audit process.

> A review of the Group's policy on the engagement of the external auditor to supply non-audit services was undertaken, together with an assessment of its implementation during the year.

> A report was received from the Internal Controls Committee following a review of the application of the Group's internal control policies across each of the newly acquired entities.

> The Committee recommended to the Board that at the end of the 2012/13 financial year the contract to provide external audit and taxation advisory and compliance services for the Group should be put out to tender for the purposes of good corporate governance.

> The requirement for a formal internal audit function was considered.

What is the action plan for 2013/14?

The Committee continues to remain focused on the audit, assurance and risk process within the business. We intend to continue the debate around risk tolerance and appetite to ensure the Board maintains sound risk management and internal controls.

We will also continue to keep under review the need for a separate internal audit function and will consider the findings of internal reviews of the operations in Burlingame, Hong Kong and Tokyo which are planned for 2013/14.

External auditor

In accordance with the principles of good governance contained in the Code, the Audit Committee seeks to ensure the continued independence and objectivity of the Group's external auditor. The Committee also recognises that it needs to ensure that the Group observes due process from a corporate governance standpoint in their appointment. Consequently, as noted above, the Committee decided during the year to recommend that a tender process be undertaken in respect of the Group's audit and taxation advisory and compliance services for the year ending 30 June 2014. Whilst the engagement partner has been rotated in line with

Who is on our Committee?

Committee members	Date of appointment	Meetings attended in the year	Available meetings
Peter Keen (Chairman)	October 2005	2	2
Murray Hennessy	January 2012	2	2
Anthony Martin	January 2012	2	2
Michael Ross	January 2012	1	2

guidelines from the Auditing Practices Board, the current firms have been the auditors of the Company since its formation in 1998.The tender process will enable the Group to benchmark the current level of service, fees and value being delivered by our existing auditor and provide a range of insight and advice from other advisors.

Internal audit

Abcam does not currently have a formal 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. In addition a rolling programme of auditing key processes has been implemented and is carried out by members of the finance team, involving visits to all worldwide locations across the Group. The results are reviewed by the Internal Controls Committee and reported to the Audit Committee and where necessary actions are taken to rectify any control deficiencies identified.

Having reviewed these arrangements the Committee 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 means that the establishment of a formal internal audit function is not necessary at present. The need for such a formal function will however continue to be kept under review.

Other services

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. As a consequence of the geographic expansion of the Group, other non-audit fees were paid to Deloitte during the year, mainly in respect of tax and corporate finance advice. In addition we have commissioned considerable work, including tax advisory and executive remuneration advice, from other professional service firms including PricewaterhouseCoopers LLP and Ernst & Young LLP.

Nomination committee

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.

Mike Redmond
Nomination Committee Chairman

What has the Committee done during the year?

> 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 provider of life science reagents tools.

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

> Overseen the recruitment process for the Group's Chief Marketing Officer, which is a new position on the EMT.

What is the action plan for 2013/14?

> 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 other disclosures on page 51 and their biographical details are shown on pages 32 and 33.

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)	November 2009	1	1
Peter Keen	October 2005	1	1
Tony Kouzarides	Retired October 2012	—	—
Michael Ross	January 2012	—	1

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

Our philosophy for remuneration is to attract and retain leaders who are focused and encouraged to deliver business priorities within a framework that is aligned with the long term interests of the Company's shareholders. Against a background of the increasingly international footprint of our business, our aim is to ensure that our remuneration packages are appropriate to incentivise high levels of performance and attract professionals of the calibre required to develop a fast growing, internationally competitive business.

Peter Keen
Remuneration Committee Chairman

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 unaudited and audited information.

Unaudited information

Remuneration Committee

What has the Committee done since the last report?

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

> agreement of 2012/13 bonuses;

> review and agreement of Executive Director salary and cash bonus for 2013/14;

> review and agreement of the Chairman's remuneration for 2013/14;

> review of Non-Executive Director fees for 2013/14;

> agreement to and finalisation of the vesting level for the 2009 award under the LTIP which matured in November 2012;

> agreement to and finalisation of the vesting level of the earnings per share component of the 2010 awards under the LTIPs which mature in December 2013;

> consideration of the future operation of the staff profit sharing scheme;

> review of pension entitlements for those Executive Directors who have elected to preserve their life time allowances for pension contributions;

> approval of the 2012/13 Directors' Remuneration Report; and

> review of the proposal for which shareholder approval will be sought at the 2013 AGM for the operation of the LTIP for a further period of five years.

What is the action plan for 2013/14?

> the latest benchmarking of Executive Directors' salary levels took place in 2010 and the Committee intends to carry out a new comparative study to support the 2014/15 salary review;

> continue to review the operation of the Executive bonus scheme; and

> review remuneration structures where appropriate across all Group companies.

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 to be 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 with commensurate rewards appropriately linked to performance;

> 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

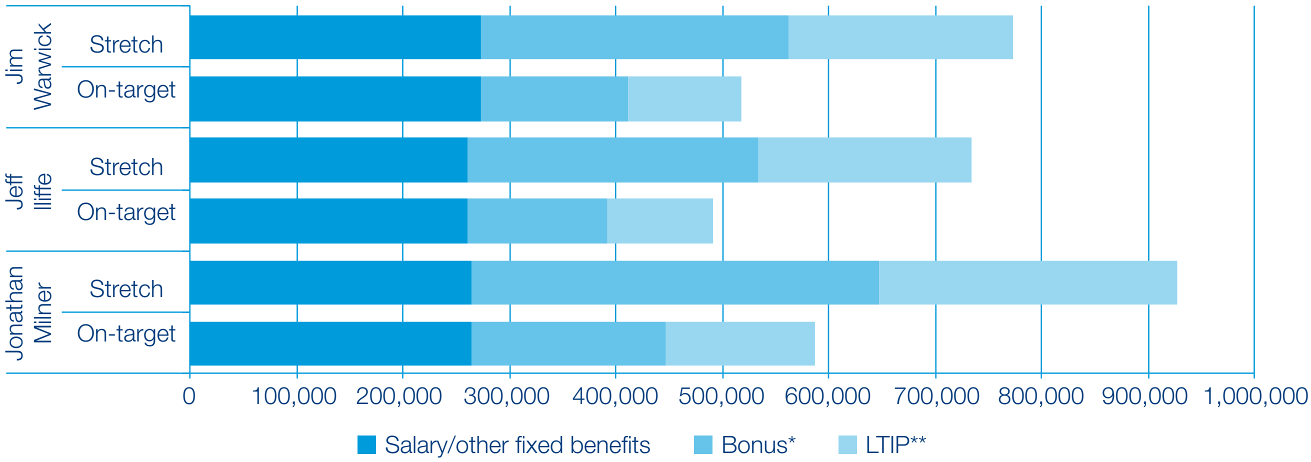
> ensure that the overall package reflects market practice and takes account of levels of remuneration elsewhere in the Group.

The policy is that a substantial proportion of the package should be performance related. The chart on page 43 illustrates the proportion of the remuneration package provided in 2012/13 comprising fixed and variable elements of remuneration.

Who is on our Committee?

Committee members	Date of appointment	Meetings attended	Total available meetings
Peter Keen (Chairman)	October 2005	3	3
Murray Hennessy	January 2012	3	3
Anthony Martin	January 2012	3	3

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



* Being the total of the Cash Award and the Deferred Share Award which was introduced for the first time in 2012/13. The percentage of salary for on-target performance for the Cash Award was 57.5% (2011/12: 57.5%), and for the Deferred Share Award 20% (2011/12: £nil).

** The stretch value of the LTIP is based on the full value of the award when it was made in 2012/13 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. On this basis the value of shares vesting for on-target performance would be 25% of salary (2011/12: 50%).

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 which are closely aligned to the Company's strategy.
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 their 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.

Amendments to base salaries for 2013/14 (see page 44)

	2013/14 £000	2012/13 £000
Jonathan Milner	**360**	319*
Jeff Iliffe	**260**	227
Jim Warwick	**260**	239

* For 2012/13 Jonathan Milner waived an increase of £103,000. His bonus arrangements and other benefits were based on the pre-waived figure of £319,000.

Basic salary

The Executive Directors' basic salaries are normally reviewed annually by the Committee, with any revisions 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 were 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.

The Committee has previously stated its intention to realign salaries to the median of the comparator group but since that time little progress has been made to bridge the gap with no salary increase being provided in 2011/12 and 3% in 2012/13. The Committee has agreed that Executive Directors' salaries should be increased for 2013/14 to their respective median levels from the 2010 review, notwithstanding that the Group is now much larger and complex than was the case three years ago. A new study will be commissioned to support the 2014/15 salary review.

The amendments to base salaries for 2013/14 are shown in the table on page 43.

Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the forthcoming AGM in November 2013.

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.

During 2012/13 and after consultation with shareholders, a revised Annual Bonus Plan was introduced which included an opportunity to earn Cash Awards and Deferred Share Awards subject to performance conditions. Having reduced the LTIP award by at least 50%, the Committee increased the maximum annual bonus from 110% to 150% of salary for the Executive Directors. The maximum bonus potential in relation to a Cash Award is 110% of salary, in addition to which an amount of up to 40% of salary can be paid in shares, subject to a two year deferral.

The Cash Awards for 2012/13 provided a maximum bonus of 110% of salary, with 77.3% of the maximum award (85% of salary) payable on the achievement of stretching EPS targets, and 22.7% of the maximum award (25% of salary) on achievement of personal targets, which included 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.

The Deferred Share Award was a new component in 2012/13, with a maximum award equal to 40% of salary, dependent on one-year EPS performance 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.

As a percentage of salary the bonus payable to each Executive Director for 2012/13 amounted to 78.3% for the Cash Awards (53.3% based on EPS performance and 25% for the achievement of personal targets) and 25.1% for the Deferred Share Awards.

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.

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, then the options become exercisable. If the target is not met on any of those dates, the options will lapse on the fourth anniversary.

In the year under review no options were granted under the Plan to the Executive Directors.

The graph on page 44 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 2013 then all performance conditions in relation to the options would have been met. Details of these options are set out in note 28 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 vesting after two, three and four years, rather than our current arrangements which vest after three years. Permission from shareholders was granted at the AGM held in October 2012 to amend the terms of the Plan to allow the granting of such options and the Plan has been rolled out to all eligible staff within Abcam's US-based offices.

SAYE scheme

The Company has previously established a non-discretionary HMRC approved SAYE scheme in which all UK employees, including the Executive Directors, can participate. As at 30 June 2013, no options were outstanding under the SAYE scheme.

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.

Following a review of the operation of the LTIP, the Committee concluded that 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, after consultation with our major shareholders, the Committee decided that LTIP awards for 2012/13 would have no Total Shareholder Return (TSR) element with 100% of the award being based on EPS targets. These awards 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.

The Committee plan to make LTIP awards on the same basis subject to EPS performance conditions to be determined at the time of the award.

The LTIP was approved by shareholders in November 2008, with the authority to grant awards under it for the following five years. The plan has worked well in meeting its objectives and consequently a resolution will be put to the AGM in November to renew the authority to make awards under the plan for a further five year period.

The EPS condition

In respect of the 2012/13 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 10% growth per annum, equating to 33.1% 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 2009 TSR awards and EPS awards vested at 96.3% in November 2012, having achieved a TSR ranking within the median quartile and an EPS growth per annum of 31.6%.

The table below illustrates the percentage of TSR and EPS awards which would have vested if the awards had crystallised as at 30 June 2013.

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 aforementioned £30,000 limit.

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

	TSR awards					EPS awards	
Year of award	No. of companies in comparator group	Position of 75th percentile	Abcam position	Median position	TSR award vesting %	EPS growth per annum	EPS award vesting
2010	16	4.75	14	8.50%	nil	15.9%	17.3%
2011	250	63.25	158	125.5%	nil	12.2%	nil
2012	n/a	n/a	n/a	n/a	n/a	21.2%	100%

Pension contributions and other benefits

The Company operates a flexible benefits scheme which the Executive Directors are entitled to contributions to be made by the Company on their behalf equivalent to 12% of basic salary. The Executive Director 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 a contribution to each Executive Director's pension fund. This amount is included within the employer's pension contribution figures disclosed in the table of remuneration details on page 47.

Where Executive Directors have elected to preserve their current lifetime allowance for pension contributions, meaning that no further pension contributions can be made into their pension schemes, then they are entitled to draw an amount in salary or other benefits equivalent to the cost to the Company of their pension entitlement, as adjusted for employer's national insurance contributions.

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.

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.

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 2012/13 and 2011/12 are shown in the table below.

Basic and committee fees for the Chairman and Non-Executive Directors for 2013/14 will increase by approximately 4%, effective from 1 July 2013.

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 are summarised below.

	Date of contract	Notice period (months)
Executive		
Jonathan Milner	June 2000	6
Jeff Iliffe	November 2007	6
Jim Warwick	September 2001	6

	Date of contract	Notice period (months)
Non-Executive		
Mike Redmond	March 2009	1
Murray Hennessy	November 2011	1
Peter Keen	October 2005	1
Anthony Martin	September 2011	1
Michael Ross	November 2011	1

	2013 £000	2012 £000
Directors' remuneration		
Emoluments	**1,506**	1,357
Gains on exercise of share options	**1,833**	—
Money purchase pension contributions	**50**	124
	3,389	1,481

Remuneration of the Non-Executive Directors

	2012/13 £000	2011/12 £000
Chairman	**68**	66
Non-Executive Director basic fee	**32**	32
Additional fee per annum:		
– Chairman of Audit Committee	**6**	6
– Chairman of Remuneration Committee	**5**	5
– Chairman of Nomination Committee	**2**	4
– Member of Audit or Remuneration Committee	**3**	3
– Member of Nomination Committee	**1**	2

Directors' emoluments

	Fee/basic salary[1] £000	Benefits in kind £000	Performance payments £000	Pension contributions[12] £000	Total 2013 £000	Total 2012 £000
Executive						
Jonathan Milner	206	2	250	—	**458**	433
Jeff Iliffe	207	2	177	50	**436**	395
Jim Warwick	239	2	187	—	**428**	408
Non-Executive						
Mike Redmond	70	—	—	—	**70**	70
Tim Dye[3]	—	—	—	—	**—**	13
Murray Hennessy	37	—	—	—	**37**	24
Peter Keen	44	—	—	—	**44**	44
Tony Kouzarides[4]	10	—	—	—	**10**	33
Anthony Martin	37	—	—	—	**37**	27
Michael Ross	36	—	—	—	**36**	23
Mark Webster[3]	—	—	—	—	**—**	11
	886	6	614	50	**1,556**	1,481

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 £216,000, Jeff Iliffe £227,000 and Jim Warwick £239,000. For 2012/13 Jonathan Milner waived an increase in salary of £103,000 (2012: £100,000) which would have taken his salary up to £319,000. For 2012/13 and 2011/12 his bonus and benefits were based on his salary prior to the waiver.

2 From 6 April 2012, Jonathan Milner and Jim Warwick have both elected to preserve their current lifetime allowances for pension contributions, meaning that no further pension contributions have been made since this date. In 2012/13, the Company has made contributions to charities of its choosing, equivalent to the amount saved.

3 Resigned from the Board, 21 October 2011.

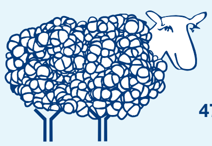
4 Resigned from the Board, 22 October 2012.

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. The gains on options exercised during the year are as follows:

	Gain on LTIP exercise 2013 £000	Gain on other scheme exercise* 2013 £000	Total gain on exercise 2013 £000	Gain on exercise 2012 £000
Jeff Iliffe	**433**	**81**	**514**	—
Jim Warwick	**71**	**551**	**622**	—
Tony Kouzarides	**—**	**697**	**697**	—
	504	**1,329**	**1,833**	—

* 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.



Directors' share options continued

Details of options over 0.2 pence ordinary shares in the Company for Directors who served during the year, all of which had vested before the start of the year are detailed in the table below.

The market price of the ordinary shares at 30 June 2013 was 453 pence and the range during the year was 355 pence to 474 pence.

Vested options over 0.2 pence ordinary shares for Directors

Name of Director	Number of options at 30 June 2012	Granted	Exercised	**Number of options at 30 June 2013**	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	—	(22,255)	**210,460**	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	—	(397,265)	**440,480**			

LTIP awards

Details of LTIP awards for Directors who served during the year are detailed below.

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.

LTIP awards for Directors

Name of Director	Number of awards at 30 June 2012	Awarded*	Exercised	Lapsed	**Number of awards at 30 June 2013**	**Number of vested awards at 30 June 2013****
Jonathan Milner	535,501	39,326	—	(5,103)	**569,724**	**359,162**
Jeff Iliffe	429,215	28,495	(105,000)	(4,361)	**348,349**	**174,384**
Jim Warwick	440,656	30,100	(16,590)	(4,609)	**449,557**	**291,911**
	1,405,372	97,921	(121,590)	(14,073)	**1,367,630**	**825,457**

* The market price at the date of award for all awards made during the year was 385 pence.

** These relate to the 2008 and 2009 awards and are included in the number of awards at 30 June 2013 in the table above.

Annual bonus plan deferred share award

An Annual Bonus Plan was introduced in 2012/13 under which the Executive Directors are eligible to receive up to a maximum of 40% salary as a Deferred Share Award, tested against stretching one-year EPS targets. The table below summarises the resulting vesting of the 2012/13 award based on the EPS performance at 30 June 2013. These will be exercisable at the end of a further two-year holding period subject to continued employment.

Name of Director	Value of Deferred Share Award 100% target £000	Percent vesting based on EPS achieved	Value of Deferred Share Award vested £000	Number of awards*
Jonathan Milner	128	62.7	80	17,278
Jeff Iliffe	91	62.7	57	12,262
Jim Warwick	96	62.7	60	12,931
	315		197	42,471

* The number awarded is based on the 30-day average share price up to the deemed grant date, being the date these financial statements were approved.

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 45 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 2012*	Free shares conditionally awarded during the period	Matching shares conditionally awarded during the period	Conditionally awarded shares transferred to beneficial ownership during the period	**Number conditionally awarded shares as at 30 June 2013***	Number beneficially owned shares as at 30 June 2012*	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 2013***	Total shares held in SIP as at 30 June 2012*	**Total shares held in SIP as at 30 June 2013***
7 Nov 08	8 Nov 11	92.4	–	–	–	–	**–**	3,245	–	–	–	**3,245**	3,245	**3,245**
27 Nov 08	28 Nov 11	97.0	–	–	–	–	**–**	3,090	–	–	–	**3,090**	3,090	**3,090**
8 Dec 08	8 Dec 08	95.0	–	–	–	–	**–**	30	–	–	–	**30**	30	**30**
29 Apr 09	29 Apr 09	132.0	–	–	–	–	**–**	25	–	–	–	**25**	25	**25**
5 Nov 09	6 Nov 12	187.0	800	–	–	(800)	**–**	800	–	–	800	**1,600**	1,600	**1,600**
9 Nov 09	9 Nov 12	180.8	1,655	–	–	(1,655)	**–**	–	–	–	1,655	**1,655**	1,655	**1,655**
15 Dec 09	15 Dec 09	199.8	–	–	–	–	**–**	60	–	–	–	**60**	60	**60**
26 Apr 10	26 Apr 10	243.2	–	–	–	–	**–**	40	–	–	–	**40**	40	**40**
3 Dec 10	3 Dec 13	390.0	385	–	–	–	**385**	385	–	–	–	**385**	770	**770**
2 Dec 10	2 Dec 13	345.0	869	–	–	–	**869**	–	–	–	–	**–**	869	**869**
2 Dec 10	2 Dec 10	345.0	–	–	–	–	**–**	75	–	–	–	**75**	75	**75**
19 May 11	19 May 11	401.8	–	–	–	–	**–**	42	–	–	–	**42**	42	**42**
26 Oct 11	26 Oct 14	344.8	1,306	–	–	–	**1,306**	436	–	–	–	**436**	1,742	**1,742**
15 Dec 11	15 Dec 14	333.8	–	–	–	–	**–**	150	–	–	–	**150**	150	**150**
26 Apr 12	26 Apr 15	364.8	–	–	–	–	**–**	61	–	–	–	**61**	61	**61**
26 Oct 12	26 Oct 15	381.1	–	787	393	–	**1,180**	–	393	–	–	**393**	–	**1,573**
29 Nov 12	29 Nov 12	359.3	–	–	–	–	**–**	–	–	182	–	**182**	–	**182**
8 May 13	8 May 13	450.7	–	–	–	–	**–**	–	–	66	–	**66**	–	**66**
			5,015	787	393	(2,455)	**3,740**	8,439	393	248	2,455	**11,535**	13,454	**15,275**

* 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.

Other disclosures

The following additional disclosures are required by the Companies Act 2006 or have been included voluntarily in compliance with the UK Corporate Governance Code 2010 or the Disclosure and Transparency Rules. These disclosures are not required by the AIM listing rules.

Principal activities and Business Review

Abcam is a producer and distributor of high-quality research-grade antibodies and associated protein research products which 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. 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 e-Commerce 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 of the Group in the year are listed in note 15 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 2013 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 10;

> Chief Executive Officer's review on pages 11 to 19;

> Financial Review on pages 20 to 24;

> Principal risks and uncertainties on pages 25 to 27; and

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

Pages 1 to 52 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 5.10 pence (2012: 4.36 pence) per ordinary share to be paid on 29 November 2013 to shareholders on the register on 8 November 2013. Together with the interim dividend of 1.94 pence per share paid on 19 April 2013, this makes a combined dividend for the year of 7.04 pence (2012: 6.05 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 note 24. 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 28. 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.

Acquisition of the Company's own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions of 22 October 2012, to purchase through the market 19,820,000 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 8 November 2013.

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

Substantial shareholdings

On 30 August 2013, 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 below (excluding Directors' interests which are set out opposite).

Change of control

All of Abcam's equity-based plans contain provisions relating to a change of control. Under the 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

Substantial shareholdings	Number of ordinary shares held	Percentage of issued share capital
Baillie Gifford	**17,348,852**	8.70%
BlackRock Investment Management	**15,020,171**	7.53%
Standard Life Investments	**12,120,638**	6.08%
T.Rowe Price Global Investments	**9,745,684**	4.89%
William Blair & Company	**8,154,603**	4.09%
Wasatch Advisors	**7,059,867**	3.54%

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
> Murray Hennessy
> Peter Keen
> Tony Kouzarides (retired 22 October 2012)
> Anthony Martin
> Michael Ross

Brief biographical descriptions of the Directors are set out on pages 32 and 33.

The Company's Articles of Association require that a minimum of one-third of the Directors must retire by rotation each year. At the AGM to be held on 8 November 2013 Jonathan Milner, and Jeff Iliffe who last stood for re-election in 2010 will retire by rotation as required under the Articles and Anthony Martin who last stood for election in 2011 will also retire and stand for re-election in order to meet the minimum requirement.

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 re-election at this year's AGM.

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 42 to 49.

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 those terms and to abide by them, 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 2013 were equivalent to 32 days purchases (2012: 34 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.

Directors' interests

The Directors who held office at 30 June 2013 had the following interests in the ordinary shares of the Company. There have been no changes in the Directors' interests in shares of the Company between 30 June 2013 and 9 September 2013.

	0.2 pence ordinary shares on 30 June 2013		0.2 pence ordinary shares on 30 June 2012	
Name of Director	Beneficial interest	Non-beneficial interest	Beneficial interest	Non-beneficial interest
Mike Redmond	75,000	—	75,000	—
Jonathan Milner	26,494,885	300,155	27,432,784	496,655
Jeff Iliffe	274,185	—	21,439	—
Jim Warwick	2,942,335	—	2,939,239	—
Murray Hennessy	—	—	—	—
Peter Keen	169,125	—	169,125	—
Anthony Martin	—	—	—	—
Michael Ross	—	—	—	—
Total	29,955,530	300,155	30,637,587	496,655

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 24, reviewed the Group forecasts and budgets as well as the Group's principal risks and uncertainties as set out on pages 25 and 27.

The Directors are 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, UK on 8 November 2013 at 11am. 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.

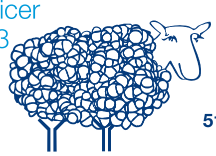
This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Following a recommendation from the Audit Committee, it was decided that at the end of the audit for 2012/13 financial year the contract to provide external audit and taxation advisory and compliance services for the Group would be put out to tender. This will be the first such tender process since the Company floated in 2005 and will enable the Committee to compare the quality and effectiveness of the services provided by our current auditor Deloitte LLP, with those of other firms.

The Notice of Meeting for the forthcoming AGM will contain a resolution to appoint the firm whose tender is successful as auditors for the 2013/14 financial year.

By order of the Board

Jeff Iliffe
Chief Financial Officer
9 September 2013



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

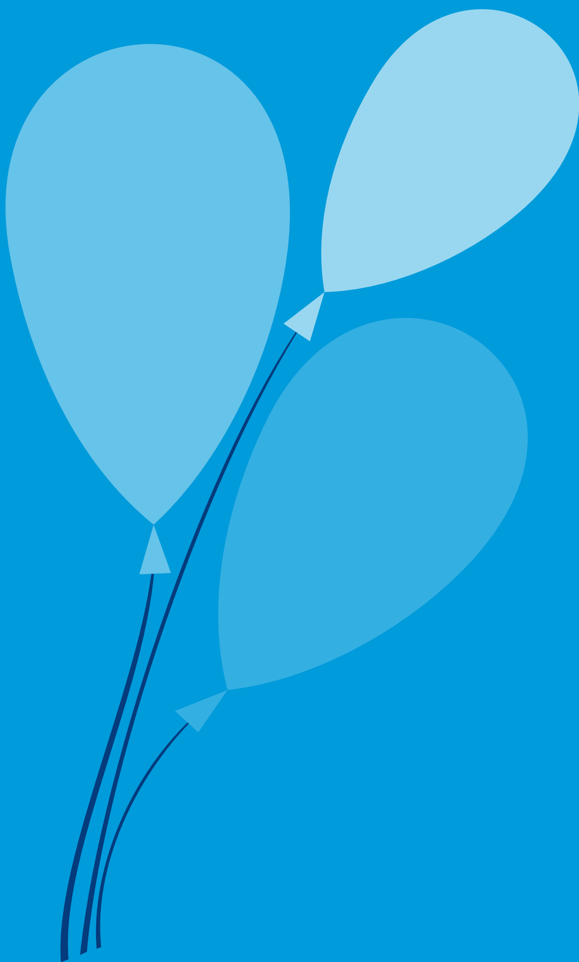
Jeff Iliffe
Chief Financial Officer
9 September 2013

In this section

15—

another year of successful results for Abcam

Abcam plc is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange. This section contains the primary financial statements, and the accounting policies applied, for the financial year ended 30 June 2013.



Independent auditor's report

We have audited the financial statements of Abcam plc for the year ended 30 June 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and parent company Balance Sheets, the Consolidated and parent company Statements of Changes in Equity, the Consolidated and parent company Cash Flow Statements and the related notes 1 to 31. 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 2013 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.

David Halstead (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK
9 September 2013

Consolidated income statement
For the year ended 30 June 2013

	Notes	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Continuing operations			
Revenue	5	**122,206**	97,839
Cost of sales		**(35,500)**	(30,282)
Gross profit		**86,706**	67,557
Administration and management expenses excluding share-based payments charge		**(34,701)**	(27,738)
Share-based payments charge	28	**(1,211)**	(1,370)
Total administration and management expenses		**(35,912)**	(29,108)
R&D expenses excluding share-based payments charge		**(7,766)**	(4,028)
Share-based payments charge	28	**(180)**	(186)
Total R&D expenses		**(7,946)**	(4,214)
Operating profit		**42,848**	34,235
Investment revenue	9	**129**	500
Finance costs	9	**(83)**	(73)
Profit before tax		**42,894**	34,662
Taxation	10	**(10,236)**	(9,256)
Profit for the year attributable to shareholders	6	**32,658**	25,406
Earnings per share from continuing operations			
Basic	11	**16.52p**	13.72p
Diluted	11	**16.34p**	13.48p
Adjusted diluted	11	**17.57p**	15.59p

Reconciliation of adjusted financial measures
For the year ended 30 June 2013

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Operating profit	**42,848**	34,235
Integration costs	**400**	—
Acquisition costs	**—**	3,397
Amortisation of acquisition-related intangible assets	**3,282**	964
Operating profit (adjusted)	**46,530**	38,596

Consolidated statement of comprehensive income
For the year ended 30 June 2013

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Profit for the year	**32,658**	25,406
Reserve movements on cash flow hedges	**(2,244)**	1,528
Exchange differences on translation of foreign operations	**1,510**	507
Tax relating to components of other comprehensive income	**539**	(611)
Other comprehensive income for the year	**(195)**	1,424
Total comprehensive income for the year	**32,463**	26,830

Balance sheets
At 30 June 2013

	Notes	Consolidated 30 June 2013 £000	Consolidated 30 June 2012 £000	Parent company 30 June 2013 £000	Parent company 30 June 2012 £000
Non-current assets					
Goodwill	12	**81,954**	82,356	**—**	—
Intangible assets	13	**33,107**	34,297	**4,361**	1,284
Property, plant and equipment	14	**7,501**	5,763	**1,565**	1,571
Investments	15	**—**	—	**95,840**	123,112
Deferred tax asset	16	**5,011**	4,401	**2,395**	2,413
Loan receivable	19	**—**	—	**44,175**	—
Derivative financial instruments	21	**29**	204	**29**	204
		127,602	127,021	**148,365**	128,584
Current assets					
Inventories	17	**15,330**	15,414	**15,630**	13,539
Trade and other receivables	18	**17,440**	14,286	**15,062**	11,204
Cash and cash equivalents		**35,388**	14,037	**25,295**	8,005
Term deposits		**2,923**	3,443	**1,000**	1,000
Available-for-sale asset	20	**703**	679	**—**	—
Derivative financial instruments	21	**531**	883	**531**	883
		72,315	48,742	**57,518**	34,631
Total assets		**199,917**	175,763	**205,883**	163,215
Current liabilities					
Trade and other payables	22	**(14,317)**	(10,726)	**(13,314)**	(13,074)
Current tax liabilities		**(2,325)**	(3,791)	**(4,716)**	(3,850)
Derivative financial instruments	21	**(1,339)**	(86)	**(1,339)**	(86)
		(17,981)	(14,603)	**(19,369)**	(17,010)
Net current assets		**54,334**	34,139	**38,149**	17,621
Non-current liabilities					
Deferred tax liability	16	**(11,284)**	(12,937)	**—**	—
Derivative financial instruments	21	**(375)**	(10)	**(375)**	(10)
		(11,659)	(12,947)	**(375)**	(10)
Total liabilities		**(29,640)**	(27,550)	**(19,744)**	(17,020)
Net assets		**170,277**	148,213	**186,139**	146,195
Equity					
Share capital	24	**399**	397	**399**	397
Share premium account	24	**72,908**	71,813	**72,908**	71,813
Own shares	24	**(1,872)**	(1,586)	**(1,872)**	(1,586)
Translation reserve	24	**2,203**	746	**—**	—
Share-based payments reserve	24	**5,893**	4,449	**5,370**	4,386
Hedging reserve	24	**(1,048)**	671	**(1,048)**	671
Deferred tax reserve	24	**1,252**	2,017	**1,022**	1,787
Retained earnings		**90,542**	69,706	**109,360**	68,727
Total equity attributable to shareholders		**170,277**	148,213	**186,139**	146,195

The financial statements of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 9 September 2013.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated statement of changes in equity
For the year ended 30 June 2013

	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 2012	397	71,813	(1,586)	746	4,449	671	2,017	69,706	148,213
Profit for the year	—	—	—	—	—	—	—	32,658	32,658
Exchange differences on translation of foreign operations	—	—	—	1,457	53	—	—	—	1,510
Movements on cash flow hedges	—	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	—	525	(765)	779	539
Total comprehensive income for the year	—	—	—	1,457	53	(1,719)	(765)	33,437	32,463
Issue of share capital	2	1,095	(381)	—	—	—	—	—	716
Own shares disposed of on release of shares	—	—	95	—	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	—	1,391	—	—	—	1,391
Payment of dividends	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	**399**	**72,908**	**(1,872)**	**2,203**	**5,893**	**(1,048)**	**1,252**	**90,542**	**170,277**

	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)	—
Credit to equity for share-based payments	—	—	—	—	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

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.

Company statement of changes in equity
For the year ended 30 June 2013

	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 2012	397	71,813	(1,586)	4,386	671	1,787	68,727	146,195
Profit for the year*	—	—	—	—	—	—	52,524	52,524
Movements on cash flow hedges	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	525	(765)	710	470
Total comprehensive income for the year	—	—	—	—	(1,719)	(765)	53,234	50,750
Issue of share capital	2	1,095	(381)	—	—	—	—	716
Own shares disposed of on exercise of share options	—	—	95	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	984	—	—	—	984
Payment of dividends	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	**399**	**72,908**	**(1,872)**	**5,370**	**(1,048)**	**1,022**	**109,360**	**186,139**

* Profit for the year includes £13,973,000 of non-distributable earnings relating to the gain on disposal resulting from an intra-group transfer of a subsidiary undertaking (see note 15 for further details).

	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)	—
Credit to equity for share-based payments	—	—	—	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

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.

Cash flow statements
For the year ended 30 June 2013

		Consolidated		Parent company	
	Notes	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Operating profit for the year		**42,848**	34,235	**40,221**	29,275
Adjustments for:					
Depreciation of property, plant and equipment	14	**1,990**	1,474	**871**	1,064
Amortisation of intangible assets	13	**3,838**	1,244	**774**	312
Decrease in provisions		**—**	5	**—**	5
Change in fair value of derivatives outstanding at year end		**(99)**	(210)	**(99)**	(210)
Share-based payments charge	28	**1,391**	1,556	**984**	1,381
Operating cash flows before movements in working capital		**49,968**	38,304	**42,751**	31,827
Decrease/(increase) in inventories		**1,288**	(2,048)	**(2,091)**	(3,066)
Increase in receivables		**(4,493)**	(736)	**(4,718)**	(413)
Increase/(decrease) in payables		**4,625**	(2,966)	**280**	5,389
Cash generated by operations		**51,388**	32,554	**35,662**	33,737
Income taxes paid		**(11,872)**	(8,017)	**(8,574)**	(6,577)
Finance costs paid		**(82)**	(73)	**(200)**	(117)
Net cash inflow from operating activities		**39,434**	24,464	**26,888**	27,043
Investing activities					
Investment income		**115**	584	**68**	570
Proceeds on disposal of property, plant and equipment		**8**	—	**—**	—
Purchase of property, plant and equipment		**(3,675)**	(1,890)	**(963)**	(554)
Purchase of intangible assets		**(3,548)**	(941)	**(3,513)**	(921)
Acquisition of subsidiaries, net of cash and term deposits acquired	26	**42**	(50,961)	**42**	(63,507)
Dividends received		**—**	—	**6,558**	2,323
Net cash used in investing activities		**(7,058)**	(53,208)	**2,192**	(62,089)
Financing activities					
Dividends paid	25	**(12,506)**	(10,061)	**(12,506)**	(10,061)
Proceeds on issue of shares		**716**	533	**716**	533
Decrease in term deposits		**520**	20,194	**—**	22,637
Net cash (used in)/arising from financing activities		**(11,270)**	10,666	**(11,790)**	13,109
Net increase/(decrease) in cash and cash equivalents		**21,106**	(18,078)	**17,290**	(21,937)
Cash and cash equivalents at beginning of year		**14,037**	31,932	**8,005**	29,942
Effect of foreign exchange rates		**245**	183	**—**	—
Cash and cash equivalents at end of year		**35,388**	14,037	**25,295**	8,005

Notes to the financial statements
For the year ended 30 June 2013

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, Epitomics (Hangzhou) Biotechnology Co. Limited and MitoSciences Inc, allowing it to serve a global customer base of over 100 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
Amendments to IAS 1 *Presentation of Financial Statements*

The amendment increases the required level of disclosure within the statement of comprehensive income.

Standards not affecting the reported results nor the financial position
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 – Offsetting Financial Assets and Financial Liabilities*
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 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*
IAS 32 (amended)	*Offsetting Financial Assets and Financial Liabilities*

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 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 deconsolidated 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.

3. Significant accounting policies continued

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.

In accordance with IAS 21 goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of that foreign operation and as such are translated at the relevant foreign exchange rate at the balance sheet date.

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.

Custom service revenue is recognised proportionately when the outcome of each discreet stage 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.

3. Significant accounting policies continued

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 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.

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

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

3. Significant accounting policies continued

Property, plant and equipment

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

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

Office equipment, fixtures and fittings	20% per annum
Laboratory equipment	20% per annum
Computer equipment	33% per annum
Hybridomas	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 between three years and five years for software, the term of the deal in the case of distribution rights and the length of the contract for contract based intangibles.

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Investments

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

Inventories

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

Financial instruments

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

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 an available-for-sale financial asset and stated at cost less any provision for impairment.

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 and a charitable bond all with an original maturity of over three months.

3. Significant accounting policies continued

Financial liabilities and equity

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

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

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

Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in 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.

3. Significant accounting policies continued

Share-based payments continued

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 the share-based payments reserve.

The Group operates an employee share 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 the Group acquired the following intangible assets: licence fees, customer relationships, patents, trade names, technology and know-how. Further to this the Group capitalises 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 2013 was £81,954,000 (2012: £82,356,000). Further details are given in note 12.

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. 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 2013 £000	Year ended 30 June 2012 £000	**As at 30 June 2013 £000**	As at 30 June 2012 £000
US	**53,399**	40,750	**32,937**	34,901
Japan	**12,594**	11,304	**109**	159
Germany	**8,393**	7,368	**—**	—
UK	**8,314**	7,098	**88,483**	86,587
China	**6,544**	4,623	**1,010**	736
Other countries	**32,962**	26,696	**23**	33
	122,206	97,839	**122,562**	122,416

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.

6. Profit for the year

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

	Notes	**Year ended 30 June 2013 £000**	Year ended 30 June 2012 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss		**(99)**	(210)
Other net foreign exchange losses		**1,046**	335
R&D expenditure (including amortisation as detailed below)		**7,946**	4,214
Operating lease rentals – land and buildings	23	**2,180**	1,362
Depreciation of property, plant and equipment	14	**1,990**	1,474
Amortisation of intangible assets included within administration and management expenses	13	**556**	280
Amortisation of acquisition-related intangible assets included within administration and management expenses	13	**1,525**	436
Amortisation of acquisition-related intangible assets included within R&D expenditure	13	**1,757**	528
Cost of inventories recognised as an expense		**33,411**	29,381
Write down of inventories recognised as an expense		**2,088**	882
Staff costs	8	**24,864**	18,105
Impairment loss recognised on trade receivables	18	**20**	4
Auditor's remuneration	7	**293**	586

7. Auditor's remuneration

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

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**96**	93
Fees payable in relation to acquisition-related audit services	**10**	17
Fees payable to the Company's auditor for other services to the Group:		
– the audit of the Company's subsidiaries pursuant to legislation	**4**	3
Total audit fees	**110**	113
– Audit-related assurance services*	**20**	20
– Taxation compliance services	**65**	23
– Corporate finance services	**—**	374
– Other taxation advisory services	**98**	56
Total non-audit fees	**183**	473
Total auditor's remuneration	**293**	586

* This relates to the interim review.

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 prior 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.

The Company purchased services to the value of £35,000 (2012: £26,000) provided by Cambridge Network Limited and its subsidiaries, a not-for-profit organisation. This is disclosed due to the audit partner also being a director of Cambridge Network Limited. Consistent with the not-for-profit status, neither the audit partner nor Deloitte receives any remuneration in relation to this arrangement.

8. Employees and remuneration

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

	Group		Company	
	Year ended 30 June 2013 Number	Year ended 30 June 2012 Number	**Year ended 30 June 2013 Number**	Year ended 30 June 2012 Number
Management, administrative, marketing and distribution	**400**	309	**187**	171
Laboratory	**290**	96	**42**	41
	690	405	**229**	212

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000	**Year ended 30 June 2013 £000**	Year ended 30 June 2012 £000
Wages and salaries	**20,007**	14,157	**9,504**	8,402
Social security costs	**2,431**	1,443	**803**	625
Pension costs	**1,035**	949	**819**	769
Charge in respect of share options and awards granted	**1,391**	1,556	**983**	1,381
Total staff costs	**24,864**	18,105	**12,109**	11,177
Staff costs capitalised*	**(434)**	(65)	**(394)**	(65)
Net staff costs	**24,430**	18,040	**11,715**	11,112

* £434,000 (2012: £65,000) 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 13).

9. Net finance income

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Interest on cash and term deposits	**129**	500
Facility fees	**(83)**	(37)
Interest on borrowings	**—**	(36)
Net finance income	**46**	427

10. Taxation

	Note	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Current tax		**10,084**	9,741
Deferred tax	16	**152**	(485)
		10,236	9,256

UK corporation tax is calculated at 23.75% (2012: 25.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Finance Act 2012 which provided for a reduction in the main rate of UK corporation tax to 23% effective from 1 April 2013 was substantively enacted in July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The UK Government also announced a further reduction in the main rate of corporation tax to 21% effective 1 April 2014 and has proposed a further reduction of 1% by 1 April 2015. 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.

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 21%, which will be reflected in the next reporting period, is estimated to reduce the UK deferred tax asset and liability provided at 30 June 2013 by £232,000 and £29,000 respectively.

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

	Year ended 30 June 2013 £000	Year ended 30 June 2013 %	Year ended 30 June 2012 £000	Year ended 30 June 2012 %
Profit before tax	**42,894**		34,662	
Tax at the UK corporation tax rate of 23.75% (2012: 25.5%)	**10,188**	**23.8**	8,839	25.5
Effect of different tax rates of subsidiaries operating in different jurisdictions	**502**	**1.2**	423	1.2
Tax effect of expenses that are not deductible in determining taxable profit	**254**	**0.6**	904	2.6
Additional relief in relation to overseas entities	**(442)**	**(1.0)**	—	—
R&D tax credit uplift	**(369)**	**(0.9)**	(713)	(2.1)
Prior year adjustments	**93**	**0.2**	(219)	(0.6)
Effect of difference between closing deferred tax rate and current tax rate	**10**	**—**	22	0.1
Tax expense and effective rate for the year	**10,236**	**23.9**	9,256	26.7

11. Earnings per share

The calculation of the basic and diluted EPS is based on the following data:

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent company	**32,658**	25,406
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	**197,743,410**	185,131,455
Effect of dilutive potential ordinary shares:		
– Share options	**2,176,531**	3,383,068
Weighted average number of ordinary shares for the purposes of diluted EPS	**199,919,941**	188,514,523

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.

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 2013 £000	Year ended 30 June 2012 £000
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent company	**32,658**	25,406
Integration costs	**400**	—
Acquisition costs	**—**	3,397
Amortisation of associated intangible assets	**3,282**	964
Tax effect of adjusting items	**(1,216)**	(374)
Profit after tax excluding acquisition costs and amortisation of associated intangible assets	**35,124**	29,393

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 2013	Year ended 30 June 2012
Adjusted basic EPS	**17.76p**	15.88p
Adjusted diluted EPS	**17.57p**	15.59p

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

12. Goodwill

	£000
Cost	
At 1 July 2011	2,062
Recognised on acquisition of subsidiaries	80,067
Fair value adjustments during measurement period	227
At 1 July 2012	82,356
Fair value adjustments during measurement period	(1,367)
Exchange differences	965
At 30 June 2013	**81,954**
Accumulated impairment losses	
At 1 July 2011, 1 July 2012 and 30 June 2013	—
Carrying amount	
At 30 June 2012	82,356
At 30 June 2013	**81,954**

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:

Cash-generating unit	Carrying value 1 July 2012 £000	Fair value adjustments £000	Exchange differences* £000	Transfer to single CGU £000	**Year ended 30 June 2013 £000**	Year ended 30 June 2012 £000
Goodwill relating to the MitoSciences CGU	2,289	—	151	(2,440)	**—**	2,289
Goodwill relating to the Ascent Scientific CGU (note 26)	7,589	69	—	(7,658)	**—**	7,589
Goodwill relating to the Epitomics CGU (note 26)	72,478	(1,436)	814	(71,856)	**—**	72,478
Goodwill relating to the Abcam group CGU	—	—	—	81,954	**81,954**	—
	82,356	(1,367)	965	—	**81,954**	82,356

* Goodwill is converted at the exchange rate on the date of acquisition and retranslated to the balance sheet rate.

Following the acquisitions of Mitosciences, Ascent and Epitomics there has been considerable change in the way these entities are structured and integrated within the Abcam group. These changes include redirecting sales through the Abcam platform and the centralisation of the marketing, technical and operational support. Consequently the discrete financial information which is available for an individual entity does not reflect the true substance of the performance of that entity and the value being added. This means it is not possible to accurately assess the fair value in use of the acquired entities which formerly constituted the separately identifiable CGUs to determine whether or not there is an indication of goodwill impairment.

IAS 36 requires that following a reorganisation in the business which results in a change in the composition of CGUs, goodwill should be reallocated to the units affected. Considering the changes above, it is appropriate to reallocate the goodwill arising from the acquisitions to a single CGU, which would reflect the reorganised business structure. This CGU is tested for impairment on a group-wide basis using the future forecast cash flows arising from the Abcam business as a whole.

The Group performs an annual test for goodwill 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.

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.

Due to the headroom which exists between the recoverable amount and the carrying value there is currently no reasonable possible change in any of these key assumptions which would cause the CGU's carrying amount to exceed its recoverable amount.

13. 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 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 1 July 2012	443	1,474	380	3,567	773	5,455	22,812	2,236	37,140
Fair value adjustments	—	—	—	(115)	—	(665)	8	(214)	(986)
Additions	59	258	73	—	3,248	—	—	—	3,638
Transfer to asset in use	—	—	3,803	—	(3,803)	—	—	—	—
Disposals	(5)	—	(15)	—	—	—	—	—	(20)
Exchange differences	—	—	3	—	—	—	—	—	3
At 30 June 2013	**497**	**1,732**	**4,244**	**3,452**	**218**	**4,790**	**22,820**	**2,022**	**39,775**
Amortisation and impairment									
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 1 July 2012	357	1,274	237	266	—	134	528	47	2,843
Charge for the year	63	66	427	775	—	497	1,757	253	3,838
Disposals	—	—	(15)	—	—	—	—	—	(15)
Exchange differences	—	—	2	—	—	—	—	—	2
At 30 June 2013	**420**	**1,340**	**651**	**1,041**	**—**	**631**	**2,285**	**300**	**6,668**
Carrying amount									
At 30 June 2012	86	200	143	3,301	773	5,321	22,284	2,189	34,297
At 30 June 2013	**77**	**392**	**3,593**	**2,411**	**218**	**4,159**	**20,535**	**1,722**	**33,107**

Company

	Up front licence fees £000	Distribution rights £000	Software £000	Assets under construction £000	Total £000
Cost					
At 1 July 2011	387	1,393	240	—	2,020
Additions	47	244	98	773	1,162
At 1 July 2012	434	1,637	338	773	3,182
Additions	59	490	54	3,248	3,851
Transfer to asset in use	—	—	3,803	(3,803)	—
At 30 June 2013	**493**	**2,127**	**4,195**	**218**	**7,033**
Amortisation and impairment					
At 1 July 2011	293	1,127	166	—	1,586
Charge for the year	63	187	62	—	312
At 1 July 2012	356	1,314	228	—	1,898
Charge for the year	63	303	408	—	774
At 30 June 2013	**419**	**1,617**	**636**	**—**	**2,672**
Carrying amount					
At 30 June 2012	78	323	110	773	1,284
At 30 June 2013	**74**	**510**	**3,559**	**218**	**4,361**

13. Intangible assets continued

Company continued

The amortisation period for the up front licence fees and software is between three and five 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 12 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 relate 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 nine 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 14 years, being the remaining term of the primary patent.

Trade names relate to RabMAb® and Epitomics. The remaining amortisation period is seven years.

14. 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 2011	1,201	6,207	1,600	184	—	—	9,192
Additions	307	962	423	211	115	—	2,018
Acquisition of subsidiary	46	732	208	984	604	94	2,668
Exchange differences	7	22	20	25	16	2	92
Disposals	(2)	(9)	(14)	—	—	—	(25)
At 1 July 2012	1,559	7,914	2,237	1,404	735	96	13,945
Additions	329	1,274	238	1,343	437	52	3,673
Exchange differences	—	113	28	40	25	8	214
Disposals	(122)	(36)	(7)	—	(35)	—	(200)
At 30 June 2013	**1,766**	**9,265**	**2,496**	**2,787**	**1,162**	**156**	**17,632**
Accumulated depreciation							
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 1 July 2012	1,125	5,619	1,268	168	—	2	8,182
Charge for the year	277	933	456	305	—	19	1,990
Exchange differences	1	71	35	10	—	3	120
Eliminated on disposals	(119)	(36)	(6)	—	—	—	(161)
At 30 June 2013	**1,284**	**6,587**	**1,753**	**483**	**—**	**24**	**10,131**
Carrying amount							
At 30 June 2012	434	2,295	969	1,236	735	94	5,763
At 30 June 2013	**482**	**2,678**	**743**	**2,304**	**1,162**	**132**	**7,501**

14. 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 2011	893	5,665	952	184	7,694
Additions	211	328	50	39	628
Disposals	—	(3)	(9)	—	(12)
At 1 July 2012	1,104	5,990	993	223	8,310
Additions	234	491	81	61	867
Disposals	(47)	(1)	—	—	(48)
At 30 June 2013	**1,291**	**6,480**	**1,074**	**284**	**9,129**
Accumulated depreciation					
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 1 July 2012	824	5,102	674	139	6,739
Charge for the year	189	400	216	66	871
Eliminated on disposals	(45)	(1)	—	—	(46)
At 30 June 2013	**968**	**5,501**	**890**	**205**	**7,564**
Carrying amount					
At 30 June 2012	280	888	319	84	1,571
At 30 June 2013	**323**	**979**	**184**	**79**	**1,565**

15. Investments in subsidiaries
The Company's subsidiaries at 30 June 2013 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 Epitomics Holdings, Inc	US	100%	100%
Abcam LLC	US	100%	100%
Abcam (US) Limited	UK	100%	100%
Abcam US Group Holdings Inc	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%

15. Investments in subsidiaries continued

Analysis of changes in investments

	Note	£000
At 1 July 2011		4,041
Additions		129
Addition relating to acquisition of subsidiaries	26	118,942
At 1 July 2012		123,112
Transfer of shares in subsidiary undertakings		(113,102)
Purchase of shares in subsidiary undertaking		85,872
Fair value adjustment to acquired subsidiary	26	(42)
At 30 June 2013		**95,840**

Following the acquisition of Epitomics Inc in April 2012, the Group undertook a restructuring to consolidate the ownership of its US subsidiaries. On 20 December 2012, Abcam plc transferred its shareholding in Epitomics Inc, MitoSciences Inc and Abcam Inc to Abcam (US) Limited, an indirect subsidiary of the Company.

In consideration for the shares of US subsidiaries, Abcam plc received total consideration of £127.1m made up of shares in Group companies of £85.9m and intra-group receivables of $67m (see note 19).

Investments are held at cost less provision for impairment.

16. Deferred tax assets and liabilities

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 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 26)	—	—	—	(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)
(Charge)/credit to income	(520)	—	227	141	(152)
Fair value adjustments (note 26)	26	—	—	2,624	2,650
Credit/(charge) to equity	—	525	(841)	—	(316)
Exchange differences	(44)	—	—	125	81
At 30 June 2013	**(1,396)**	**312**	**2,162**	**(7,351)**	**(6,273)**

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 2013 £000	30 June 2012 £000	30 June 2011 £000
Deferred tax assets	**5,011**	4,401	3,509
Deferred tax liabilities	**(11,284)**	(12,937)	(430)
	(6,273)	(8,536)	3,079

The deferred tax liability of £11,284,000 (2012: £12,937,000) has been recognised in relation to the acquired intangible assets as a result of the acquisitions. Amounts released from this liability during the period were £1,259,000 (2012: £374,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets. A further £394,000 relates to the deferred tax movement arising from a fair value adjustment to acquired intangible assets (see note 26).

16. Deferred tax assets and liabilities continued
Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2011	(62)	167	2,516	35	2,656
Credit/(charge)	113	—	331	(5)	439
Charge to equity	—	(380)	(302)	—	(682)
At 30 June 2012	51	(213)	2,545	30	2,413
Charge/(credit) to income	(9)	—	226	5	222
Credit/(charge) to equity	—	525	(765)	—	(240)
At 30 June 2013	**42**	**312**	**2,006**	**35**	**2,395**

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 (2012: £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.

17. Inventories

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Raw materials	**1,113**	497	**—**	—
Work in progress	**739**	621	**—**	—
Finished goods	**13,478**	14,296	**15,630**	13,539
	15,330	15,414	**15,630**	13,539

18. Financial assets
Trade and other receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Amounts receivable for the sale of goods	**11,886**	10,478	**3,900**	3,051
Allowance for doubtful debts	**(411)**	(433)	**(140)**	(101)
	11,475	10,045	**3,760**	2,950
Amounts owed by subsidiary undertakings	**—**	—	**9,413**	6,278
Other debtors	**4,578**	2,701	**1,139**	1,198
Prepayments	**1,387**	1,540	**750**	778
	17,440	14,286	**15,062**	11,204

Trade receivables
The average credit period taken for sales is 34.5 days (2012: 34.0 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.

18. Financial assets continued

Trade receivables continued

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
0 to 30 days overdue	**2,532**	1,721	**877**	454
30 to 60 days overdue	**277**	467	**31**	41
	2,809	2,188	**908**	495

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Balance at the beginning of the year	**(433)**	(323)	**(101)**	(124)
Acquisition of subsidiaries	**—**	(106)	**—**	—
Impairment (losses)/gains recognised through income statement	**(20)**	(4)	**(44)**	17
Exchange differences on translation of foreign operations	**4**	(3)	**—**	—
Amounts written off as uncollectable	**66**	25	**5**	10
Amounts recovered during the year	**(28)**	(22)	**—**	(4)
Balance at the end of the year	**(411)**	(433)	**(140)**	(101)

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 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
0 to 30 days overdue	**81**	94	**23**	16
30 to 60 days overdue	**201**	178	**77**	51
60 to 90 days overdue	**78**	89	**20**	21
More than 90 days overdue	**51**	72	**20**	13
	411	433	**140**	101

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

19. Loan receivable

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Amount owed by subsidiary undertaking	**—**	—	**44,175**	—

The amount owed to the Company represents two interest bearing loans due from Abcam US Group Holdings Inc of $33m and $34m; interest being incurred at rates of 7.34% and 8.69% respectively. The loans are repayable on 20 December 2017 and 2019 respectively and are unsecured. See note 15 for further details.

20. Available-for-sale financial asset

	30 June 2013 £000	30 June 2012 £000
Shares	**703**	679

As part of the Epitomics acquisition (see note 26) the Group acquired a 13% interest in Plexbio Co., Limited (Plexbio), a privately owned biotechnology company headquartered in Taiwan. Plexbio was established to research, develop and manufacture in vitro diagnostic (IVD) kits.

21. Derivative financial instruments

Group and Company: 30 June 2013

	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	**145**	**(1,160)**	**29**	**(375)**	**(1,361)**
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	**386**	**(179)**	**—**	**—**	**207**
	531	**(1,339)**	**29**	**(375)**	**(1,154)**

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

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

22. Other financial liabilities

Trade and other payables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Amounts falling due within one year				
Trade payables	**4,812**	4,148	**3,930**	3,175
Amounts owed to subsidiary undertakings	**—**	—	**4,579**	1,373
Borrowings owed to subsidiary undertakings	**—**	—	**—**	5,059
Accruals and deferred income	**7,579**	5,665	**4,501**	3,193
Other taxes and social security	**1,239**	333	**295**	274
Other creditors	**687**	580	**9**	—
	14,317	10,726	**13,314**	13,074

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2013, the Group had an average of 32 days of purchases (2012: 34 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 timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Commitments

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– Land and buildings	**2,180**	1,362

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 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Within one year	**2,251**	2,208	**833**	833
In the second to fifth years inclusive	**6,227**	5,554	**3,180**	1,272
After five years	**23**	70	**—**	—
	8,501	7,832	**4,013**	2,105

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 charge in 2013/14 on these operating leases is expected to be £2.3m for the Group and £0.8m for the Company.

24. Capital and reserves

Share capital

Group and Company

	30 June 2013 £000	30 June 2012 £000
Issued and fully paid:		
199,378,377 (2012: 198,211,177) ordinary shares of 0.2 pence each	**399**	397

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

	2013 Number	2013 £000	2012 £000
Balance at beginning of year	**198,211,177**	**397**	364
Issue of share capital	**1,167,200**	**2**	33
Balance at end of year	**199,378,377**	**399**	397

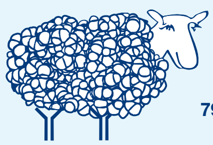
The Company has one class of ordinary shares which carry no right to fixed income.

Share premium

Group and Company

	£000
Balance at 1 July 2011	15,400
Premium arising on issue of equity shares	56,413
Balance at 1 July 2012	71,813
Premium arising on issue of equity shares	1,095
Balance at 30 June 2013	**72,908**

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



24. Capital and reserves continued

Own shares

Group and Company

	£000
Balance at 1 July 2012	(1,586)
Acquired in the period	(381)
Disposed of on exercise of options	95
Balance at 30 June 2013	**(1,872)**

This balance represents the cost of 786,145 shares with a nominal value of £1,572 in Abcam plc (2012: 866,435) 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 28 for further details of this scheme.

Reserves

Translation reserve

The translation reserve comprises foreign currency differences from the translation of the financial statements of foreign operations.

Share-based payment reserve

The share-based payment reserve comprises the IFRS 2 charge for the fair value of share-based options and awards.

Hedging reserve

The hedging reserve comprises gains and losses recognised on cash flow hedges and the associated deferred tax assets and liabilities created.

Deferred tax reserve

The deferred tax reserve comprises the portion of the deferred tax arising on outstanding share options exercised and not taken to the profit and loss in accordance with IAS 12.

25. Dividends

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2012 of 4.36 pence (2011: 3.80 pence) per share	**8,650**	6,958
Interim dividend for the year ended 30 June 2013 of 1.94 pence (2012: 1.69 pence) per share	**3,856**	3,103
Total distributions to equity holders in the period	**12,506**	10,061
Proposed final dividend for the year ended 30 June 2013 of 5.10 pence (2012: 4.36 pence) per share	**10,168**	8,642

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.

26. Acquisition of subsidiaries

There were no acquisitions made during the year ended 30 June 2013. Details of prior year acquisitions and their final reported values at their respective acquisition dates are given below.

Details of prior year acquisitions

Epitomics Inc

On 19 April 2012, the Company acquired 100% of the issued share capital of Epitomics Inc (Epitomics) for total consideration of \$170.0m (£108.9m). Total consideration comprised \$92.5m (£57.5m) cash and 14,498,923 Abcam plc ordinary shares of 0.2 pence with a value of \$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.

Epitomics, 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.

26. Acquisition of subsidiaries continued

Details of prior year acquisitions continued

Epitomics Inc continued

Epitomics represents a highly compelling strategic fit for the Group and supports the Company's vision of becoming the world's leading life science research tools 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 entrypoint 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 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 below:

	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	30,184	(986)	29,198
Property, plant and equipment	2,532	—	2,532
Deferred tax asset	1,023	1,483	2,506
Current assets			
Available-for-sale investment	662	—	662
Inventories	2,109	(507)	1,602
Trade and other receivables	3,230	—	3,230
Current tax prepaid	502	68	570
Cash and cash equivalents	7,800	—	7,800
Term deposits	4,647	—	4,647
Deferred tax asset	683	773	1,456
Current liabilities			
Trade and other payables	(4,843)	211	(4,632)
Non-current liabilities			
Deferred tax liability	(12,065)	394	(11,671)
Total identifiable net assets	**36,464**	**1,436**	**37,900**
Goodwill	72,478	(1,436)	71,042
Total consideration	**108,942**	**—**	**108,942**
Settled by:			
Cash	57,507	—	57,507
Equity instruments (14,498,923 ordinary shares of Abcam plc)	51,435	—	51,435
Total consideration transferred	**108,942**	**—**	**108,942**
Net cash outflow arising on acquisition			
Cash consideration	57,507	—	57,507
Less: cash, cash equivalent balances and term deposits acquired	(12,447)	—	(12,447)
	45,060	**—**	**45,060**

The goodwill of £71,042,000 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 year ended 30 June 2012.

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 30 June 2012, 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, unaudited Group revenues for the year ended 30 June 2012 would have been £110,468,000 and unaudited Group profit before tax would have been £34,584,000, after amortisation of intangibles of £3,356,000.

26. Acquisition of subsidiaries continued
Details of prior year acquisitions continued
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 0.2p each, with a total fair value of £4m being derived from the rolling 25 day average price of 345.58p 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 research tools 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. 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 below:

	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	2,241	—	2,241
Property, plant and equipment	136	—	136
Current assets			
Inventories	511	(50)	461
Trade and other receivables	263	—	263
Cash and cash equivalents	199	—	199
Current liabilities			
Trade and other payables	(189)	(83)	(272)
Current tax liabilities	(67)	22	(45)
Borrowings	(14)	—	(14)
Non-current liabilities			
Borrowings	(86)	—	(86)
Deferred tax liability	(583)	—	(583)
Total identifiable net assets	**2,411**	**(111)**	**2,300**
Goodwill	7,589	69	7,658
Total consideration	**10,000**	**(42)**	**9,958**
Settled by:			
Cash	6,000	(42)	5,958
Equity instruments (1,157,481 ordinary shares of Abcam plc)	4,000	—	4,000
Total consideration transferred	**10,000**	**(42)**	**9,958**
Net cash outflow arising on acquisition			
Cash consideration	6,000	(42)	5,958
Less: cash and cash equivalent balances acquired, net of borrowings	(99)	—	(99)
	5,901	**(42)**	**5,859**

The goodwill of £7,658,000 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 £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 since the year ended 30 June 2012.

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 30 June 2012, 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, unaudited Group revenues for the year ended 30 June 2012 would have been £98,127,000 and unaudited Group profit before tax would have been £34,573,000, after amortisation of intangibles of £1,047,000.

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 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	**—**	—	**53,588**	6,278
Trade receivables	**11,475**	10,045	**3,760**	2,950
VAT recoverable (included in other debtors)	**1,171**	1,244	**1,092**	1,171
	12,646	11,289	**58,440**	10,399
Cash and cash equivalents				
Cash and cash equivalents and term deposits	**38,311**	17,480	**26,295**	9,005
Loans and receivables (including cash and cash equivalents)	**50,957**	28,769	**84,735**	19,404
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables*	**(6,738)**	(5,061)	**(4,234)**	(3,449)
Current tax liabilities	**(2,325)**	(3,791)	**(4,716)**	(3,850)
Amortised cost	**(9,063)**	(8,852)	**(8,950)**	(7,299)

* 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.

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 34.5 days (2012: 34.0 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 34.5 days, as well as observable changes in international or local economic conditions.

27. Financial instruments continued

Risk in relation to the use of financial instruments continued

Credit risk continued

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 2013 £000	30 June 2012 £000	**30 June 2013 £000**	30 June 2012 £000
Euros	**(247)**	(243)	**7,020**	2,400
US dollars	**(5,758)**	(3,455)	**11,813**	13,114
Japanese yen	**(33)**	(77)	**3,146**	2,229
Hong Kong dollars	**—**	—	**84**	34
	(6,038)	(3,775)	**22,063**	17,777

Foreign currency sensitivity analysis

The Group's principal functional currency is sterling. The Group is mainly exposed to US dollars, euros and Japanese yen.

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 reasonable 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	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	**231**	35	**501**	—	**448**	45
Other equity	**631**	535	**1,840**	1,289	**2,182**	1,266
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	**(271)**	(42)	**(589)**	—	**(685)**	(53)
Other equity	**(741)**	(628)	**(2,160)**	(1,513)	**(2,402)**	(1,486)

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 95% 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.

27. Financial instruments continued

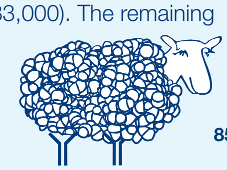
Forward exchange contracts continued

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

Outstanding contracts	Average rate 30 June 2013	Foreign currency 30 June 2013 000	Contract value 30 June 2013 £000	Fair value 30 June 2013 £000
Sell US dollars				
Less than 3 months	1.57	$7,590	4,846	(151)
3 to 6 months	1.55	$10,290	6,620	(159)
7 to 12 months	1.55	$21,050	13,546	(331)
13 to 15 months	1.55	$10,800	6,951	(173)
	1.56	$49,730	31,963	(814)
Sell euros				
Less than 3 months	1.20	€5,725	4,786	(118)
3 to 6 months	1.19	€6,750	5,668	(121)
7 to 12 months	1.19	€13,500	11,328	(267)
13 to 15 months	1.19	€6,750	5,653	(154)
	1.19	€32,725	27,435	(660)
Sell yen				
Less than 3 months	126.21	¥298,645	2,366	384
3 to 6 months	151.32	¥306,890	2,028	(11)
7 to 12 months	151.29	¥639,420	4,226	(34)
13 to 15 months	150.92	¥333,000	2,207	(19)
	145.74	¥1,577,955	10,827	320
Total of outstanding forward contracts			**70,225**	**(1,154)**

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

At 30 June 2013, the fair value of contracts held as cash flow hedges is an asset of £207,000 (2012: asset of £883,000). The remaining contracts are not held as cash flow hedges.



27. Financial instruments continued

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, 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 2013, the average maturity of balances was 693 days (2012: 856 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.

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					
2013					
Trade payables	—	(4,562)	(229)	(20)	(4,811)
Accruals and deferred income	—	(2,129)	(3,934)	(1,516)	(7,579)
		(6,691)	(4,163)	(1,536)	(12,390)
Company					
2013					
Trade payables	—	(3,900)	(30)	—	(3,930)
Accruals and deferred income	—	(1,296)	(1,929)	(1,275)	(4,500)
		(5,196)	(1,959)	(1,275)	(8,430)

	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)

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 £70,000 (2012: £91,000) and by the Company of £44,000 (2012: £78,000). 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 £70,000 (2012: £91,000) and by the Company of £44,000 (2012: £78,000). 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 reasonable possible change in interest rates.

28. 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 average of standard deviations of daily continuous returns on Abcam plc shares. 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 £1,391,000 in the year (2012: £1,556,000), of which £1,211,000 (2012: £1,370,000) was included within administration and management expenses and £180,000 (2012: £186,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2013 had an exercise price of between 5 pence and 385 pence (2012: 5 pence and 370 pence). The weighted average remaining contractual life is 7.16 years (2012: 6.69 years). The weighted average fair value of the options outstanding at the end of the year was 78.02 pence (2012: 57.18 pence). The Group recorded a total share-based payments expense of £573,000 (2012: £310,000) in the year relating to all schemes excluding the SIP and LTIP.

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**2,618,082**	**173.35**	3,019,754	126.16
Granted during year	**796,060**	**385.00**	467,400	370.00
Forfeited during year	**(198,625)**	**293.19**	(194,019)	237.63
Exercised during year	**(843,917)**	**93.82**	(675,053)	79.97
Outstanding at the end of year	**2,371,600**	**260.95**	2,618,082	173.35
Exercisable at end of year	**956,369**	**95.51**	1,323,857	63.09

Enterprise Management Incentive (EMI) scheme

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**359,987**	**57.29**	489,425	56.33
Exercised during year	**(81,277)**	**46.04**	(129,438)	53.66
Outstanding at the end of year	**278,710**	**60.57**	359,987	57.29
Exercisable at end of year	**278,710**	**60.57**	359,987	57.29

The size of the Group means that since 2009 it is no longer able to grant awards under the EMI scheme.

28. Share-based payments continued

Unapproved Share Option Plan

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**746,150**	**57.95**	758,705	58.02
Exercised during year	**(369,880)**	**42.18**	(12,555)	62.40
Outstanding at the end of year	**376,270**	**73.45**	746,150	57.95
Exercisable at end of year	**376,270**	**73.45**	746,150	57.95

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

Abcam Inc share scheme

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**—**	**—**	26,400	62.40
Exercised during year	**—**	**—**	(26,400)	62.40
Outstanding at the end of year	**—**	**—**	—	—
Exercisable at end of year	**—**	**—**	—	—

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

SAYE scheme

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**10,795**	**49.80**	58,640	46.87
Exercised during year	**(10,795)**	**49.80**	(47,845)	46.21
Outstanding at the end of year	**—**	**—**	10,795	49.80
Exercisable at end of year	**—**	**—**	10,795	49.80

The Abcam 2005 Share Option scheme

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**842,673**	**254.88**	1,150,248	155.59
Granted during year	**652,183**	**385.00**	319,345	370.00
Forfeited during year	**(119,661)**	**346.37**	(168,105)	237.65
Exercised during year	**(260,288)**	**141.69**	(458,815)	92.40
Outstanding at the end of year	**1,114,907**	**302.18**	842,673	254.88
Exercisable at end of year	**122,750**	**118.33**	206,925	92.40

28. Share-based payments continued

The Abcam CSOP

	2013		2012	
	Number of share options	**Weighted average exercise price pence**	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	**658,477**	**265.24**	536,336	234.98
Granted during year	**143,877**	**385.00**	148,055	370.00
Forfeited during year	**(78,964)**	**212.59**	(25,914)	237.52
Exercised during year	**(121,677)**	**184.23**	—	—
Outstanding at the end of year	**601,713**	**310.46**	658,477	265.24
Exercisable at end of year	**178,639**	**180.80**	—	—

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 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 subdivision which took place on 15 November 2010.

CSOP

Grant date	9 November 2009	2 December 2010	1 November 2011	1 November 2012
Share price at grant (pence)*	182.4	390	370.75	389
Fair value at valuation date (pence)*	57.528	145	119	96
Exercise price (pence)*	180.8	345	370	385
Expected volatility	34%	37%	39%	33%
Expected life (years)	6	6	6	6
Expected dividend yield	1.24	0.62	1.42	1.56
Risk-free rate	3.21%	2.56%	1.50%	0.41%
Employee exercise multiple	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	0.00%

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

28. 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 subdivision 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 subdivision 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	1 November 2012
Share price at grant (pence)*	56	62.4	82.6	92.5	180.8	373	370	389
Fair value at valuation date (pence)*	16.8	17.8	24.6	23	57.6	138	119	96
Exercise price (pence)*	56	62.4	82.6	92.4	180.8	345	370	385
Expected volatility	30%	30%	30%	24%	34%	37%	39%	33%
Expected life (years)	3	3.01	3	3	6	6	6	6
Expected dividend yield	1.1%	1.5%	1.5%	0.87%	1.24%	0.62%	1.42%	1.56%
Risk-free rate	4.57%	4.80%	4.79%	3.90%	3.21%	2.56%	1.50%	0.41%
Employee exercise multiple	2	2	2	2	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Rebased to reflect the five for one share subdivision 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.

28. Share-based payments continued

SIP continued

	Number of free shares		Number of matching shares	
	2013	2012	**2013**	2012
Outstanding at beginning of year	**540,330**	486,923	**130,749**	102,696
Granted during year	**138,607**	133,837	**37,374**	38,514
Forfeited during year	**(32,645)**	(27,624)	**(5,631)**	(5,862)
Released during year	**(55,020)**	(52,806)	**(7,635)**	(4,599)
Outstanding at the end of year	**591,272**	540,330	**154,857**	130,749
Exercisable at end of year	**251,325**	163,930	**58,450**	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 £561,000 (2012: £404,000) in the year relating 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. All awards are 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. 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 2013	LTIP awards 2012
Outstanding at beginning of year	**1,887,156**	1,612,737
Granted during year	**161,044**	342,688
Forfeited during year	**(58,700)**	(38,269)
Exercised during year	**(217,733)**	(30,000)
Outstanding at the end of year	**1,771,767**	1,887,156
Exercisable at end of year	**966,929**	739,747

Of the performance share awards granted during the year, 161,044 awards were made on 1 November 2012 (2012: 321,888 on 1 November 2011 and 20,800 on 9 February 2012). The aggregate of the fair values of the awards made on 1 November 2012 is £600,348 (2012: £1,025,000).

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	1 November 2012
Weighted average exercise price (pence)	—	—	—	—	—	—	—
Expected volatility	24%	34%	34%	37%	39%	38%	33%
Expected life (years)	3	4	3	3	3	1.6	3
Expected dividend yield	0.87%	1.24%	1.24%	0.62%	1.42%	1.58%	1.56%
Risk-free rate	3.41%	2.52%	2.03%	1.36%	1.50%	0.39%	0.41%

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

The Group recognised a total expense of £257,000 (2012: £842,000) in the year related to performance share awards under the LTIP.

29. 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.

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. Depending on location, 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 as required by law.

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2013 was £977,000 (2012: £949,000). As at 30 June 2013 contributions of £84,000 (2012: £74,000) due in respect of the current reporting period had not been paid over to the schemes.

30. 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 2013 £000**	30 June 2012 £000
Short-term employee benefits and fees	**2,056**	1,842
Share-based payments charge	**866**	848
	2,922	2,690

Directors' transactions

Under a new product development agreement with a laboratory associated with Tony Kouzarides (a Non-Executive Director of the Company who retired 22 October 2012), Abcam provided products from its catalogue free of charge, with a resale value of £31,101 (2012: £30,363) and paid £81,411 in royalties (2012: £77,455). £21,466 relating to these royalties was outstanding at the year end (2012: £14,074).

Dividends totalling £1,939,512 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 2013 £000	30 June 2012 £000
Sales of goods	**55,539**	47,472
Purchase of goods	**(8,549)**	(3,326)
Dividends received	**6,557**	2,323
Management fees charged	**(1,705)**	(1,167)
	51,842	45,302

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

31. 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 2013 of £52,524,000 (2012: £24,501,000). Profit for the year includes £13,973,000 of non-distributable earnings relating to the gain on disposal resulting from an intra-group transfer of a subsidiary undertaking (see note 15 for further details).

Corporate directory

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

Websites
www.abcam.com
www.abcamplc.com

Registered number
3509322

Company Secretary
Jeff Iliffe

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

Joint broker
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET
UK

Solicitor
Eversheds LLP
1 Wood Street
London EC2V 7WS
UK

Auditor
Deloitte LLP
Chartered Accountants
Cambridge
UK

Public relations advisor
Buchanan Communications Limited
107 Cheapside
London EC2V 6DN
UK

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

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

Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our Registrars, Capita Registrars, using the address provided in the Corporate Directory.

Share price information
London Stock Exchange Alternative Investment Market (AIM) symbol: ABC

Information on the Company's share price is available on the Abcam Investor Relations website at www.abcamplc.com.

Investor relations
330 Cambridge Science Park
Milton Road
Cambridge CB4 0FL
UK

Email: corporate@abcam.com
Tel: +44 (0)1223 696000
Website: www.abcamplc.com

Financial calendar

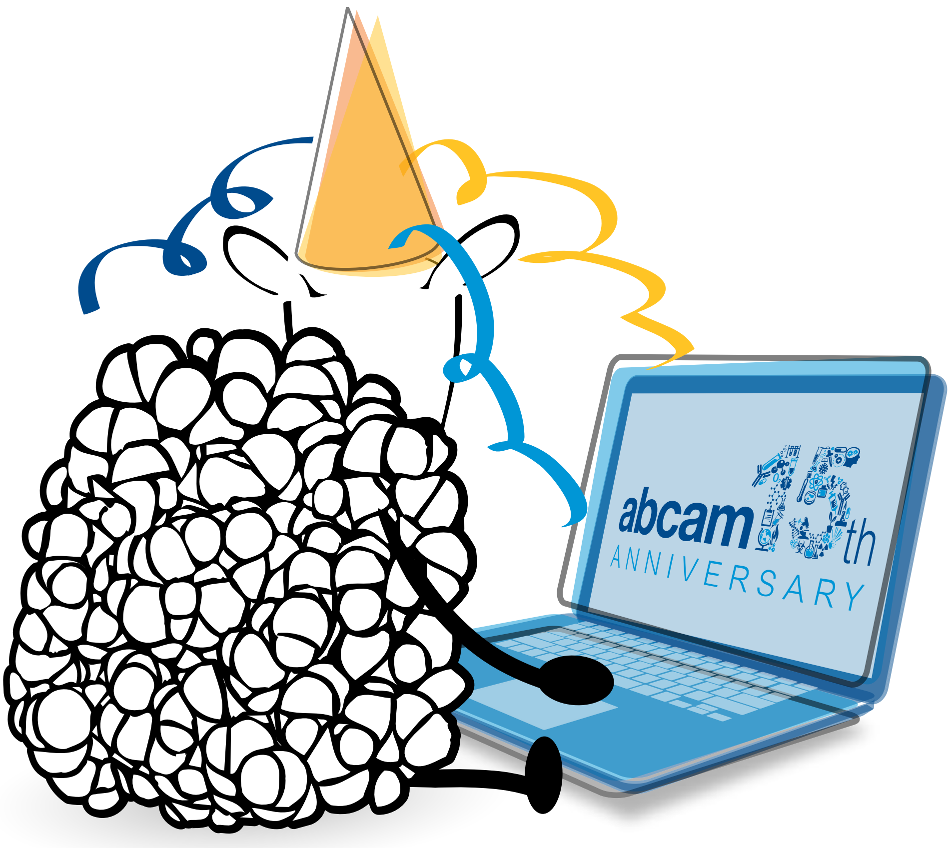
Financial year end	30 June 2013
Full year results announced	9 September 2013
Annual General Meeting	8 November 2013
Ex-dividend date for final dividend	6 November 2013
Record date for final dividend	8 November 2013
Final dividend payment	29 November 2013

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP

Thank you!

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 Abcam what it is today.



abcam®
discover more

Abcam plc
330 Cambridge Science Park
Cambridge CB4 0FL
UK

Email: corporate@abcam.com
Phone: +44 (0)1223 696000
Fax: +44 (0)1223 215215

www.abcamplc.com

RECYCLED
Paper made from recycled material
FSC® C022913
FSC www.fsc.org

Abcam plc is committed to achieving good environmental practice and this is reflected in this Annual Report which has been printed on Cocoon 100 Silk. This stock is comprised of 100% genuine de-inked post-consumer waste which is independently certified in accordance with the rules of the Forest Stewardship Council® and produced at mills with ISO 14001 environmental management systems.