abcam®

Abcam plc
Annual Report and Accounts 2014

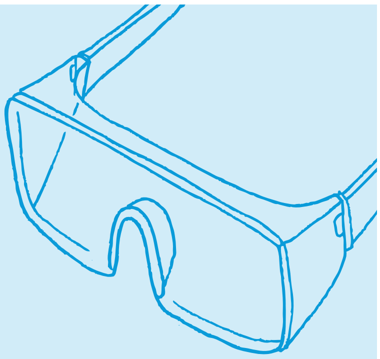
Discover More

ABCAM MAKES, SOURCES AND SELLS PROTEIN RESEARCH TOOLS AND SERVICES FOR STUDYING PROTEINS AT A CELLULAR LEVEL.

- 16 YEARS' EXPERIENCE
- 133,000 HIGHLY VALIDATED PRODUCTS
- DETAILED, HONEST DATA

ENABLING SCIENTISTS TO DISCOVER MORE

We aspire to be the most recommended brand by protein researchers.



Our portfolio of research tools provides methods of detecting, quantifying and modifying proteins to understand their roles in biology. Our products enable scientific research – ultimately leading to treatments for human diseases such as cancer.

Our business was founded 16 years ago by scientists, for scientists. The concept was a simple one: make life science research tools available to the world via the internet, generate quality datasheets to support them, give researchers a voice to feedback how they work, and share all this data with the rest of the research community. As a result we are now able to provide a range of highly validated products with strong technical and logistical support. Our success means that over half a million researchers make Abcam their first choice for high-quality life science research tools.

It is our mission to provide the best products and services to enable scientists to discover more, and we will continue to improve the way we support the scientific community on their journey of discovery, so we can achieve our vision to be the brand most recommended by life science researchers.

Overview

Strategic report

Corporate governance

Financial statements

CHAIRMAN'S INTRODUCTION

Welcome to Abcam's 2013/14 Annual Report. I am pleased to report further progress of the Group during the year. After stripping out the negative effect from the relative strengthening of Sterling, overall revenue growth was 8.6%, and revenues from the sale of products sold through our catalogue, which is the focus of our growth strategy, grew by 10.0%. Allowing for currency fluctuations, the overall reported revenue growth was 4.7%, of which catalogue sales grew by 6.0%. After increased investment in the business to support our growth, adjusted profit before tax was £46.8m, which is marginally higher than last year (2012/13: £46.6m).

It has been an exciting year as we have been diligently building around the organic growth strategy that we outlined in September 2013. As part of these activities we have made investments across the business, particularly in people, processes and product development. Significant progress has been made and we are pleased to see the effect of these growth initiatives beginning to come through.
Our push into eastern markets has continued in the year with the opening of our new office in Shanghai, China, in February 2014. Having a local presence dramatically improves our delivery lead times, enhances consumer experience, and presents a number of strategic opportunities, which include the building of direct relationships with major companies in the region.

Elsewhere in western territories the environment for government-funded research is more challenging, driven by large fiscal deficits. That said, however, we are beginning to see signs of stability in the US as modest funding increases are approved.

New product additions for the year were 11,521, taking the total catalogue to over 133,000 products. The level of additions is below that in recent years as we increasingly focus on in-house development to high-value targets. During the year we launched 1,733 new RabMAb® products, making us the largest provider of rabbit monoclonal antibodies globally.

Dividends

The strong balance sheet and cash generation capability of the Group has allowed us to sustain the progressive improvement in dividends. This year the Board is proposing a final dividend of 5.62 pence per share, which when added to the interim dividend of 2.13 pence represents an increase of 10.1% for the year as a whole. Subject to shareholder approval the final dividend will be paid on 28 November 2014 to shareholders on the register on 7 November 2014.

Board changes

There have been a number of Board changes since the start of the 2013/14 financial year, which have been made to support the business in its next phase of growth or in compliance with best governance practice. Some of these changes have been announced today and others over the year.

They are as follows:

> Alan Hirzel has been appointed as CEO with immediate effect, having joined the Board earlier in the year;

> at the same time Jonathan Milner moves from CEO to a newly created Deputy Chairman position and will have an active role in the continued development of the company;

> Louise Patten joined the Board earlier in the year and is Chairman of the Remuneration Committee. She will assume the Senior Independent Director role following the AGM in November;

> after nine years Peter Keen will not be seeking re-election to the Board at the Annual General Meeting (AGM) in November, in line with best practice for independent non-executive directors; and

> as announced earlier in the year I, Michael Redmond, will be stepping down from the Board at the AGM and one of our non-executive directors, Murray Hennessy, will be taking over as Chairman of the Board.

Alan Hirzel's appointment as CEO was announced today. He succeeds Jonathan Milner, Abcam's long-serving Chief Executive and co-founder.

Jonathan's exceptional vision and ambition inspired the creation of Abcam in 1998. He and the Board are delighted to confirm a successor to lead the business to its next phase of growth. Alan brings an impressive combination of a strong scientific background, global business and leadership experience and consumer knowledge. Jonathan and Alan have been working closely together on Abcam's strategic vision over the last year. Alan will take over leadership of the Company effective immediately, whilst Jonathan will continue to use his tremendous industry experience and network of contacts to help identify important technology changes relevant to our business, and partnership and acquisition targets to support our growth strategy.

Alan was appointed to the Board In January 2014 having joined the Company in August 2013 as Chief Marketing Officer, with responsibility for the Company's branding, product portfolio and online consumer offering. He has played a major role in the planning and implementation of our growth strategies and has led their execution.

In March 2014 Louise Patten joined the Board, bringing extensive experience which is highly relevant to Abcam at this stage in the Company's development. She has served on the boards of substantial quoted companies for more than 20 years as a non-executive director, senior independent director, and remuneration committee and company chairman. Louise will be taking on the Senior Independent Director role following the AGM in November.

I am delighted to welcome both Alan and Louise to the Board and am confident they are already playing a significant role in Abcam's ongoing development.

Peter Keen joined the Board in 2005 prior to the Company's flotation on AIM, during which time he has served as Chairman of the Remuneration and Audit Committees and as the Senior Independent Director. As also announced today, in line with best practice, Peter has decided not to seek re-election at the next AGM, at which he will have served nine years. We are most grateful for the huge contribution he has made to the operation of the Board and the development of the business during that time.

Lastly, as announced in June 2014, after five years as Chairman I have decided to step down from the Board following the AGM, to be held later this year, and my fellow Board member, Murray Hennessy, will be taking over the role of Chairman. Murray has served as a Non-Executive Director for almost three years and has developed a deep understanding of Abcam. He brings extensive experience in international customer-facing industries and online businesses, and is the ideal candidate to take over and help lead Abcam's next phase of growth.

Corporate governance

Over the course of the year the Board and its committees have addressed the corporate governance requirements arising from changes to regulations. We have expanded our Strategic Report, making our business model and key strategic priorities more transparent, and increased disclosures on matters affecting audit and remuneration.

The composition of the Board is kept under regular review to ensure that its members bring the appropriate skills required to improve its effectiveness and performance. I am pleased to report that the Board has functioned well in all respects during the year, providing knowledgeable and robust challenge and support to the Executive Directors.

I am also confident that the changes described above will enable the Board to continue to do so as Abcam's business continues to grow.

Awards

In October 2013 we were delighted to be named 'Company of the Year' in the 2013 AIM Awards. The award is presented to the company that has best demonstrated it is a responsible, fully accountable, dynamic business with strong growth prospects. Above all, the winner is deemed to be a well-managed business, having attracted public funding to enhance and develop its growth potential to the full.

During the year we were also proud to have been voted as Management Today's 'Most Admired Company' in the Healthcare and Household sector. The Britain's Most Admired Companies Awards are an important indicator of the highest performing companies in British business that embed excellence throughout their organisation.

Outlook

During 2013/14 we have begun to see the benefits of our investments to drive organic growth and expect to see further progress in the coming year. Looking ahead, our market intelligence indicates tentative signs that market conditions may be improving in the US, and we are cautiously optimistic of greater certainty around the level of centrally funded research expenditure. While we remain cautious about the prospects for a recovery to historical levels of funding growth, the 2014/15 financial year has started well and we are optimistic that our continued investments in new products and capabilities, coupled with increased geographic penetration, will continue to drive sales.

I would like to thank all the members of the Abcam family for the progress made in year and look forward to repeated success in 2014/15.

Mike Redmond
Chairman
8 September 2014

HIGHLIGHTS OF OUR YEAR

Product revenue

+10.0%

(since 2012/13)

Adjusted diluted earnings per share

18.06P

Adjusted operating profit[1]

£46.6M

Cash and term deposits

£56.9M

- Catalogue revenue increased by 10.0% on a constant currency basis to £118.0m (2012/13: £111.3.m). On a reported basis the increase was 6.0%
- Total revenue increased by 8.6% on a constant currency basis (4.7% on a reported basis) to £128.0m (2012/13: £122.2m)
- Underlying gross margin grew slightly but the effect of exchange rates reduced reported margins to 70.6% (2013: 71.0%)
- After increased investment to drive future growth, adjusted operating profit[1] increased slightly to £46.6m (2012/13: £46.5m). Reported operating profit increased to £43.3m (2013: £42.8m)
- Adjusted diluted earnings per share (EPS)[1] increased by 2.8% to 18.06 pence (2012/13: 17.57 pence). Reported EPS increased by 4.2% to 17.02 pence (2012/13: 16.34 pence)
- Closing cash and term deposits were £56.9m (30 June 2013: £38.3m)
- Excellent progress in implementing our key organic growth initiatives
- Dividend increased by 10.1% to 7.75 pence per share (2012/13: 7.04 pence)
- Opened a new office in Shanghai, China, providing us greater access to local markets and improving the consumer experience

1 Excluding £3.3m (2012/13: £3.3m) of acquisition-related intangible amortisation costs and no one-off charges (2012/13: £0.4m) and, in the case of EPS, the related tax effect.

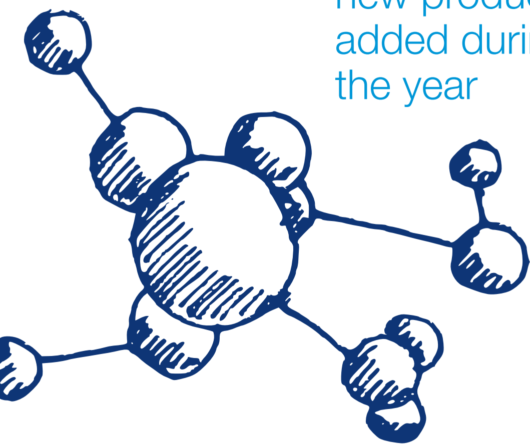
Our full financial results are discussed on **page 30**

15+ webinars hosted

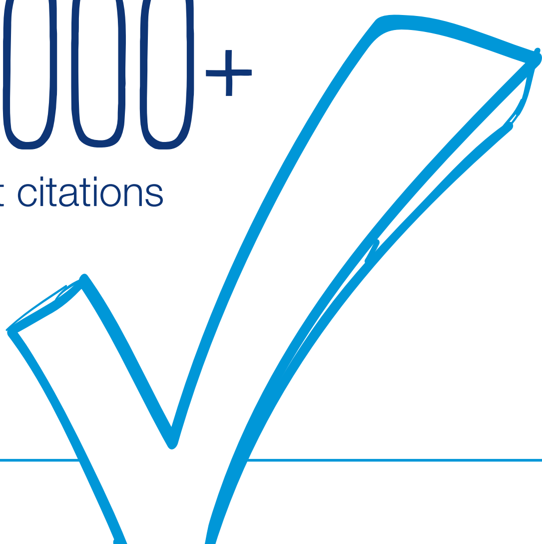
9 global offices

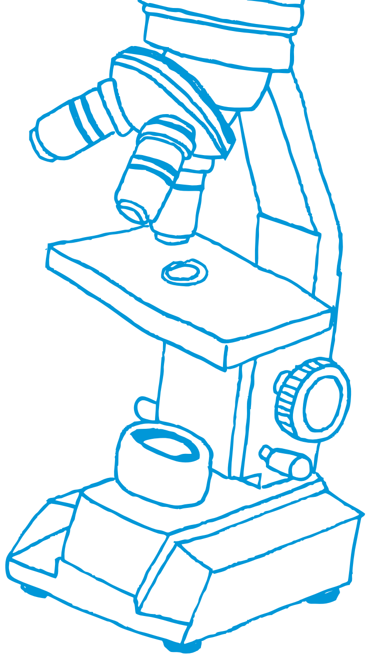
SUPPORTING THE

11,500+ new products added during the year



15,000+ product citations



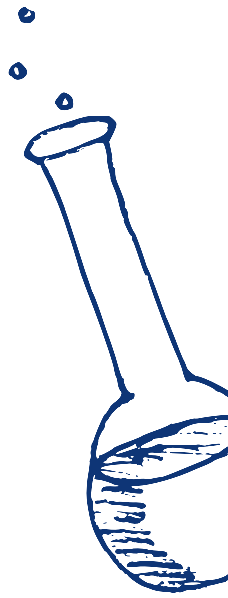


100+
in-house PhDs

32 conferences attended worldwide

QUEST FOR DISCOVERY

740+
employees around the world



STRATEGIC REPORT

"THE YEAR ENDED 30 JUNE 2014 HAS BEEN AN EXCITING AND BUSY TIME FOR ABCAM."

IN THIS SECTION

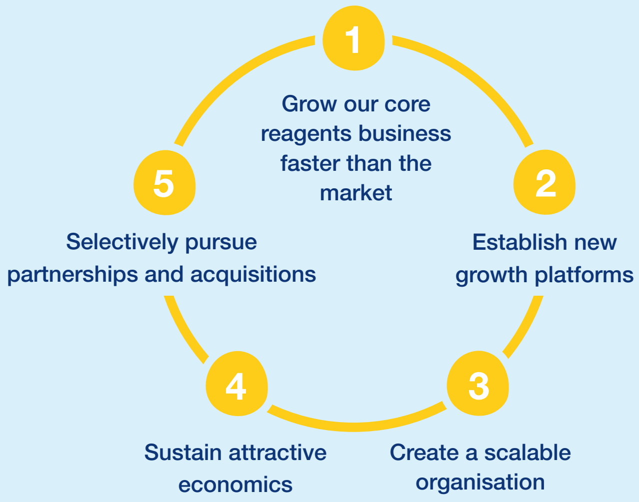
Jonathan Milner
Chief Executive Officer

CEO'S INTRODUCTION

The year ended 30 June 2014 has been an exciting and busy time for Abcam.

We have invested in our organic growth strategy and are pleased to see its impact beginning to come through. Sales growth from our catalogue products of 10.0% on a constant currency basis is above the growth of the wider market and demonstrates that consumers continue to recognise the quality of our products.

The key to our success in the year and beyond lies in the continued focus and investment around our five strategic goals:



Successful execution of our strategy demands that we increasingly focus on listening to our consumers and ensuring that we use the insights gained to shape our business. I am delighted with the progress that we have made on each of these goals during the year and the plans we have in place for the future.

Read our strategy in detail on **page 18**

KEEPING THE HIGHEST STANDARDS

HOW DO WE ENSURE HIGH PRODUCT QUALITY?

Stringent quality control and validation processes are carried out by our laboratories in the US, UK and China to check the activity, stability and performance of our products. Whether it is antibodies, kits or biochemicals the validation process is continuous and the data obtained is made available on our product datasheets and in our protocols. Where a product is sourced through our OEM channels we work closely with suppliers to ensure product quality and information meets our high standards.

CEO'S INTRODUCTION CONTINUED

In 2003, as we opened our first overseas office, we wanted a way of communicating the principles that the business was built on. As this was our Cambridge, MA, office in the US, we called it the 'Abcam Constitution'. These principles remain core values within the Company and will continue to evolve to ensure that they align with our culture and strategic goals.

THE ABCAM CONSTITUTION

- We **share** all non-confidential information with our consumers
- We **exceed** consumer expectations by fast delivery
- We offer **polite**, **efficient** and **helpful** consumer service
- We are **honest** with all our consumers, employees, suppliers and stakeholders
- We **measure** how we are doing using transparent dynamic reports
- We **operate** efficiently using dynamic internet-based systems
- We **value ideas** and problem solving from each and every employee
- We **evaluate** all new ideas, products and technologies by asking if we can make a contribution to them and be best in the world, if we are truly passionate about them and if they can make money
- We **recruit talented** staff with passion and energy and provide a flexible and supportive work environment to help them reach their full potential within a high-performance culture

Adherence to these principles across our business has helped us to become a leading supplier of life science research tools globally.

Read more about our staff on **page 33**

OUR BUSINESS MODEL

Scientific researchers are at the core of our business model. By understanding our consumer needs, we are able to drive the direction of the business to help advance their research.

Hi,
I'm John, a post-doctoral researcher in London,
and I'm working on breast cancer protein BRCA2.
I need quality reagents with honest and up-to-date data that I can trust and that informs me about the product uses and limitations. I need the reagent quickly and, depending on how my experiment goes, I might also need some technical help and support along the way. My aim is ultimately to get my paper published in a high-impact journal and be a part of eradicating cancer.

The story above is the same for researchers all over the world. They work in different locations and on different protein targets, but they need the right products to help them achieve their goal of 'discovering the next big scientific breakthrough'.

It is essential that the reagents researchers use are of the highest quality, enabling experiments that are conclusive, consistent and repeatable.

Researchers need to be able to select the right product based on extensive data from product testing and validation. Recommendations from their peers also help make their choice easier.

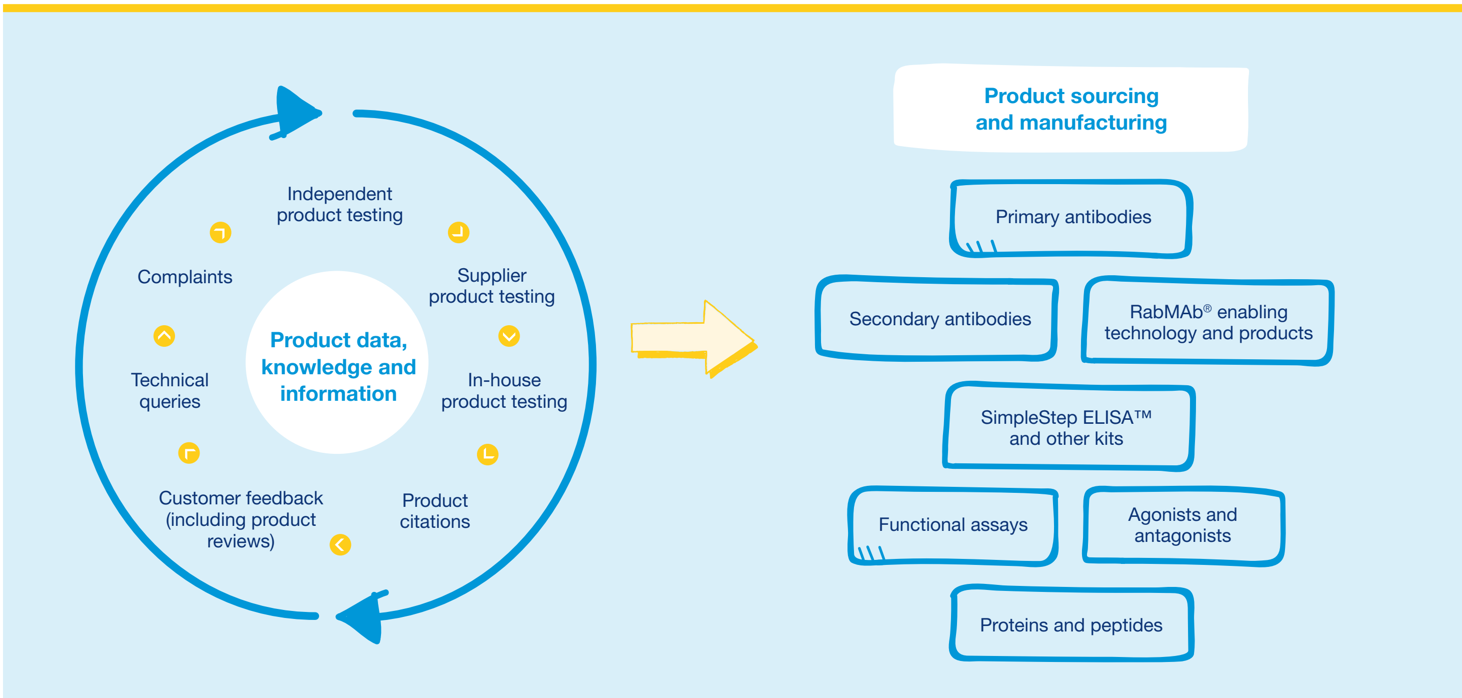
By ensuring our products meet these needs our consumers will become repeat purchasers and will recommend us to their peers.

This philosophy shapes our business model, discussed on the following pages

OUR BUSINESS MODEL CONTINUED

TO BE THE BRAND MOST RECOMMENDED BY LIFE SCIENCE RESEARCHERS

Our consumer-centric approach, along with our wealth of product data, global manufacturing capabilities, and network of OEM suppliers, makes our business model robust and defensible. In turn this enables us to build strong, long-lasting partnerships with the scientific community and provides the flexibility to capture market share in under-penetrated segments. In the future, this approach will move us closer to being the brand most recommended by life science researchers.



1. OUR BEGINNINGS

Adding products, building knowledge, sharing data

Our flexible sourcing model enables us to grow our product offering in line with researchers' needs. This is achieved by sourcing products from OEM suppliers, of which we now have more than 400, as well as manufacturing products in-house. We also developed our own in-house production capabilities in order to add more high-quality products to our catalogue.

We were the first company to add extensive and transparent product characterisation and validation data, which is sourced by our in-house laboratories, our network of collaborators and independent consumer product reviews.

2. EMERGING TODAY

Innovating to meet the needs of the scientific researcher

To keep up with the pace of scientific research, we look at ways that we can add further dimensions to our product ranges and extend our expertise. One of the ways in which we have achieved this is through the acquisition of companies that share our values and are leaders in innovating to meet the needs of the scientific research community.

These acquisitions have enabled us to develop new products, allowing us to target underserved segments in the marketplace. Our patented RabMAb® technology has provided opportunities to partner with key research organisations so we can provide new product innovations that will enhance researchers' experiments by providing antibodies of the highest quality possible. As a result of these acquisitions and our increased focus on in-house innovation approximately 38.8% of Group revenues are derived from own manufactured products, services and licences.

The wealth of data that supports our product offering builds trust with consumers and provides us with insight on where our sourcing and innovation efforts should be focused within protein research.

Fundamental characteristics that drive our success:

- Breadth of product data, knowledge and information
- Consumer-driven digital marketing and an industry leading eCommerce platform
- Consumer insight across segments and markets with strong growth potential
- RabMAb® technology capabilities
- Flexibility to source innovation from suppliers and in-house
- Organisational agility and culture

Seeking solutions

Our consumers search for the right products at the highest possible quality which is fundamental for their research into health and diseases.

Purchasing

At the point of purchase, we ensure our consumers get the product they want quickly, offering next-day delivery in most regions.

Consumer and customer centricity

Sharing

Our consumers share data with us, which helps others in research make the right product choices.

Getting help

Our Abcam guarantee promises guaranteed product quality plus customer and technical support for any pre or post-purchase queries, in six languages.

3. OUR FUTURE

Consumer insight and improved consumer loyalty

We are increasingly moving our business model towards a focus on understanding what happens at each consumer touch point. By continually enriching these interactions we will provide a more intelligent and targeted offering.

We will better anticipate consumers' needs by building stronger links with the scientific community at conferences and other events, providing expert technical support, through collaborations with research leaders and through the use of web analytics to help us better understand purchasing preferences and habits. We also continue to encourage feedback through regular consumer surveys and focus groups, which help us update product datasheets, provide useful technical resources and improve service levels.

Our aim is to improve our listening, our service and our responsiveness to better serve our consumers as we grow. We will also look at opportunities to partner with scientific organisations and make strategic investments which align and enrich our business within the field of life science research.

MARKETPLACE AND TRENDS

The Americas

The Americas remains our largest geographic segment and is dominated by the US, which represents over 90% of the region's revenue. We have made good progress there in the year, in particular through investing in our sales and marketing capabilities. An improved marketing effort around our RabMAb® products has helped to increase the number of consumers taking advantage of the benefits of our RabMAb® technology. There are geographic pockets of high levels of research activity within the US and during the year we have restructured our regional account team to ensure we have appropriate representation in all these key regions. We have also seen early signs of an improved environment for centrally funded research budgets. Sequestration worries and budget indecision, which were such a dominant feature of the 2012/13 financial year, showed signs of subsiding in 2013/14, and the National Institutes of Health (NIH) received a budget increase of 3.5% for its fiscal year to September 2014. While this does not entirely reverse the cuts of sequestration, it does alleviate some of the uncertainty and negative sentiment, at least in the short term.

Outside the US the changes we put in place to improve consumer service in Canada continue to be well received, and we have also seen good progress in Brazil, where the distributor change made last year is beginning to have a positive impact. Favourable market growth makes Brazil an important part of our Americas strategy, and we continue to review the best way to reduce lead times and improve consumer service.

Europe, Middle East and Africa (EMEA)

Our largest markets within the EMEA region are UK, Germany and France, which on a combined basis account for 54% of the region's sales. Continuing the recent trend the UK performed very well in the year, while France and Germany performed satisfactorily with each growing at slightly below the wider EMEA rate.

The relative performance of the countries in the EMEA region has been broadly consistent with the macro-economic trends of each region. However, in some of the smaller southern European markets performance was mixed. Growth in Italy improved slightly in the years, albeit still below that seen in the wider EMEA region, while funding pressures meant Spain remained broadly flat. Notable strong performance was seen in Switzerland, where we saw the full year effects of changes made to the way in which products are imported.

We continue to improve our levels of service wherever possible and have recently introduced a small regional account team to help build closer relationships with potential high-value organisations.

Japan

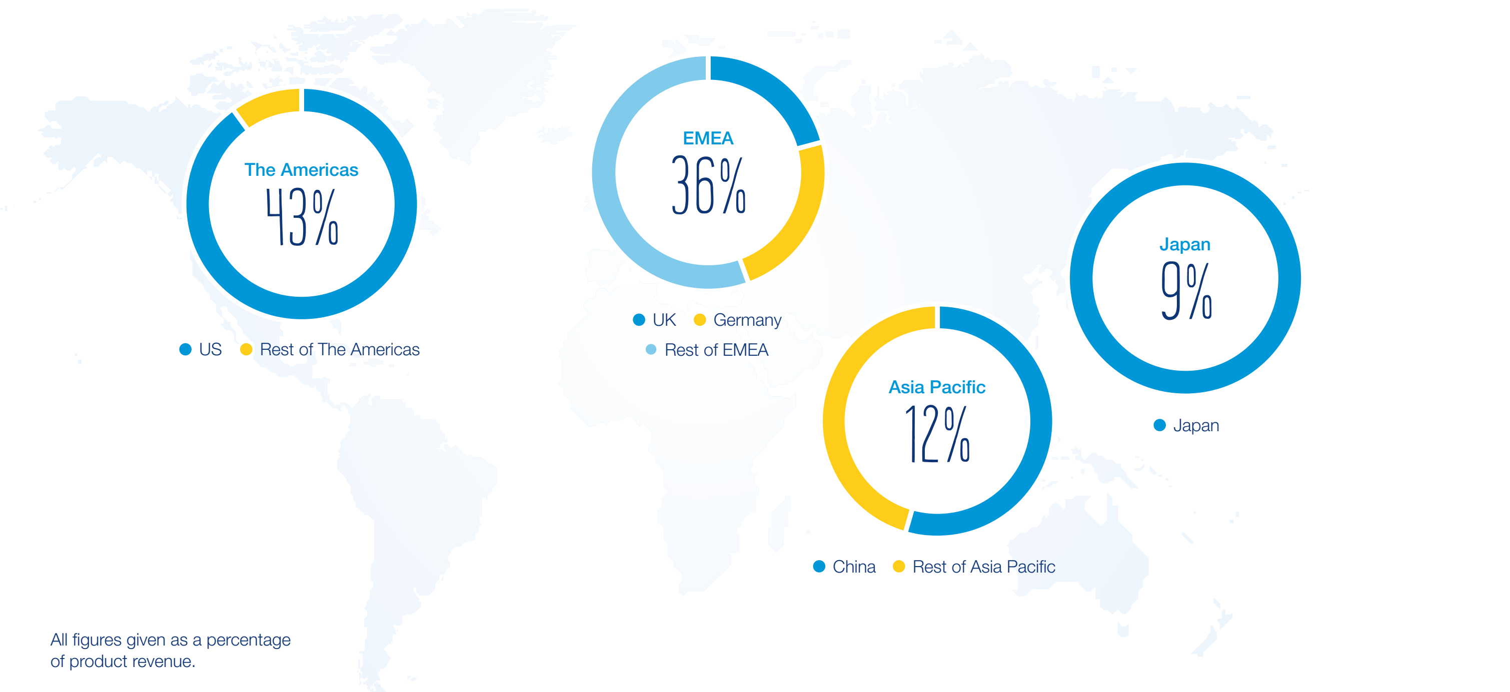
Revenues from Japan grew by 11.5% on a constant currency basis, with 14.1% growth in the second half. We continue to see the positive effect of the stimulus package that was announced by the government in 2013 with the goal of investing $11bn into science and technology. The effects of this stimulus are expected to carry over into the beginning of our 2014/15 financial year and it is positive that the government remains supportive of science and technology as a means to stimulate growth.

Asia Pacific

China has been a big focus for us and featured prominently within our strategy to develop additional growth platforms. We opened our new Shanghai office in February 2014 and after a period of transition earlier in the year we are pleased to see the impact of having a greater local presence coming through in Q4. Overall growth in China on a constant currency basis was 15.5%. Having the new office means that we have greatly improved our capacity and flexibility to hold inventory in mainland China, dramatically reducing our lead times and improving the consumer's experience.

Outside of China growth was good overall, as strong performances in South Korea and Singapore were offset by a small decline in Taiwan, where the funding environment has been more difficult.

ABCAM'S GLOBAL PRESENCE – REGIONAL SALES



All figures given as a percentage of product revenue.

ADDRESSING UNMET NEEDS

"SUPERIOR TO OTHER ANTIBODIES IN EVERY WAY"

There are many antibody products available in the market to detect and study programmed cell death, which is called apoptosis. There is, however, a growing need to study necroptotic cell death, which is when a cell dies from acute injury, which is most relevant to inflammatory and neurodegenerative disease.

Abcam was approached by Dr Xiaodong Wang from the National Institute of Biological Sciences to undertake a joint collaboration to develop antibodies that would recognise the role of several proteins, discovered by his lab, as playing an important role in necroptosis.

With our RabMAb® product development lab in Hangzhou, China, we were able to work closely with Dr Wang to address his unmet needs.

The collaboration led to the development of a very high-quality antibody to detect a newly identified molecular marker of necroptosis, by Dr Wang's lab. The results of the project were published in Molecular Cell in April 2014 and the antibody has since become one of the fastest selling RabMAb® primary antibodies on the catalogue.

'We had used RabMab® primaries in our previous research and found that these were superior to other antibodies on the market in every way. When we found out about Abcam's custom services, we thought that this would be an ideal solution for our research needs. It's encouraging that the first product of our collaboration has been well received by the market and enabled scientists from all over the world to further characterise the involvement of necroptosis in human diseases,' said Dr Wang.

Dr Xiaodong Wang
National Institute of Biological Sciences, Beijing

MARKETPLACE AND TRENDS CONTINUED

	Revenue 2013/14 £000	Revenue 2012/13 £000	Increase/ (decrease) in reported revenue	Underlying growth rate
The Americas	**51,267**	48,711	5.3%	9.2%
EMEA	**42,037**	38,287	9.8%	9.2%
Japan	**11,116**	12,035	(7.6%)	11.5%
Asia Pacific	**13,570**	12,279	10.5%	14.1%
Product revenue	**117,990**	111,312	6.0%	10.0%
Non-product revenue	**9,964**	10,894	(8.5%)	(5.6%)
Total reported revenue[1]	**127,954**	122,206	4.7%	8.6%

1 Includes custom services, IVD/IHC, royalties and licence income

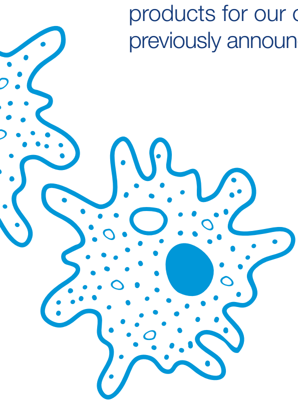
Non-product revenue

Non-product revenue represents revenues derived from sales outside of the Abcam online catalogue and on a combined basis were £10.0m in the year (2012/13: £10.9m), representing 7.8% of overall revenues in the year.

Our capability to offer custom services will continue to be an important component in our strategy for building relationships with key researchers, enabling us to provide innovative products for our catalogue. However, as previously announced, the size of this area of our business needs to be appropriate for our overall strategy and, consequently, revenue from custom services has declined in the year. We have restructured our custom services cost base accordingly to be consistent with expected future levels of activity.

Revenue from royalties and licences derives from legacy agreements which were put in place prior to the acquisition of Epitomics. Under these agreements several life science companies were granted access to parts of the RabMAb® technology for the development of their own rabbit monoclonal antibodies, in return for which they pay royalties and licence fees. Such agreements are not aligned with our strategy and therefore such revenues are anticipated to decline over time. Consequently revenue growth in the year was flat.

Our in-vitro diagnostics immunohistochemistry (IVD IHC) business performed well in the year, albeit from a small base. This area of our business sells antibodies developed using our RabMAb® technology to anatomical pathologists. A handful of large instrumentation manufacturers dominate this market, several of which are now customers. Our success in this marketplace is reliant on gaining an effective route to market and we are delighted to have signed a global strategic marketing agreement with Cell Marque after the year end (discussed on page 23).



MAINTAINING OUR LEADERSHIP

WHAT MAKES OUR BUSINESS RESILIENT?

There are several reasons why we believe Abcam's business is strongly defensible:

> The large amount of product data Abcam has built over the last 16 years

> Our proprietary RabMAb® technology

> Fast and efficient global logistics

> Our strong relationships with over 400 suppliers

ACTING ON CONSUMER INSIGHT

"WE WERE VERY SATISFIED WITH THE RESULT"

A key part of neuroscience research involves labelling neurons in the brain, for which, in the past, researchers have only had access to a limited range of antibodies from another supplier.

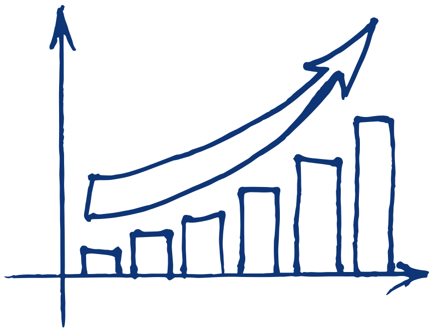
We identified the need for a more specific antibody and developed a superior RabMab® product in six months, which involved rigorous characterisation work, coupled with independent third party testing. The result is that a higher quality antibody is now available in the market, offering many advantages over any other, and making it much easier for researchers to undertake their experiments.

The antibody has been well received by consumers:

'We were very satisfied with the result. We will certainly use it as an alternative staining for neurons, in combination with other antibodies.'

Dr Fabio Canneva
Universitätsklinikum Erlangen, Germany

MARKET TRENDS AND FUNDING ENVIRONMENT OUTLOOK



Funding

A large percentage of Abcam's revenues are derived from consumers who are publicly funded through research grants. The nature of the market means that it is very difficult to give a precise measure but it is thought to be somewhere around 80% of our revenues. Our remaining consumers are spread across the pharmaceutical, biotechnology and in-vitro diagnostics markets.

Over the last few years the austerity measures in the US and European markets have meant that real-term government funding increases into life science research have been small or in some circumstance funding has actually declined. During that time Abcam's revenues have continued to grow by taking market share, which is testimony to the strength of our business. However, the global government research funding environment is relevant when considering Abcam's growth potential, in terms of its impact on market growth.

More recent data suggests tentative signs of improvement, with the NIH being granted a 3.5% increase in funding in the year to September 2014. Despite this we retain our cautious outlook on the US and European funding environments.

Slower funding increases in the West, combined with strong investment in life science research by China, has resulted in a shift of spending towards the East. It is estimated that China's research funding increased by 33% per annum between 2007 and 2012, while the US total share of global research funding shrank from 51% to just 45% over the same period.

The research reagents that Abcam sells are fundamental to the work life scientists across the world are performing every day. We therefore feel that, when compared to larger capital intensive spending, our products are more resilient to changes in short-term funding.

Quality

As the market matures and funding remains under pressure we are increasingly seeing consumers seeking higher quality products. Consumers are unwilling to waste their funds or, moreover, their biological samples on products that do not work. Suppliers who are able to provide higher quality products are likely to see a greater share of market growth. Therefore the continued introduction of high-quality products, such as those developed using our RabMAb® technology, is a key part of our strategy.

Efficiency

We have seen a strong performance from our kits and assays business during the year. Just as consumers are seeking high-quality products, they are increasingly looking for kits containing products that have been validated to work together. These kits offer consumers greater productivity through improved repeatability and a higher level of certainty that the product will work.

Board changes

As announced today Alan Hirzel has been appointed as Chief Executive Officer. I have worked closely with Alan over the last year and he has been inspirational in the evolution of our strategy.

Alan brings a rich and deep background in both life sciences and management, with an impressive knowledge of our markets. He has my full confidence and I believe there is no one better to take the Company forward on the next phase of our journey. I look forward to continuing to work closely with him and the strong leadership team at Abcam in my new role as Deputy Chairman, helping to seek out new technologies and opportunities which will further strengthen the Company.

Other Board changes are set out in more detail in the Chairman's introduction and I am delighted to welcome Louise Patten and look forward to working with Murray Hennessy in his role as Chairman after the next AGM.

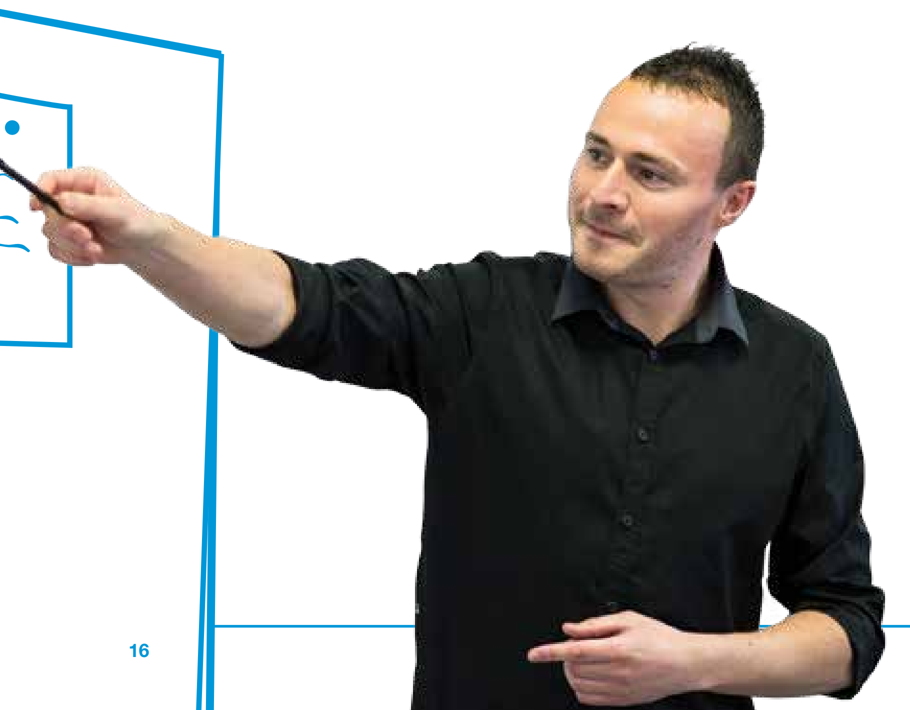
At that meeting Peter Keen and Mike Redmond who have been on the Board for nine and five years respectively will be standing down. I would like to pass on my personal thanks to both for their guidance and wisdom which has helped Abcam become the company it is today.

Summing up

We have a clear strategy and a strong business model, and during the year began to see the benefits of investment made to fuel organic growth. The 2014/15 financial year has started well and with a strong team in place we look forward to driving growth in the business.

Jonathan Milner

Jonathan Milner
Chief Executive Officer
8 September 2014



MEETING RESEARCHERS' NEEDS

"ABCAM ENABLED US TO FURTHER VITAL RESEARCH"

Dr William Coward undertakes respiratory research, investigating the mechanisms behind major lung conditions.

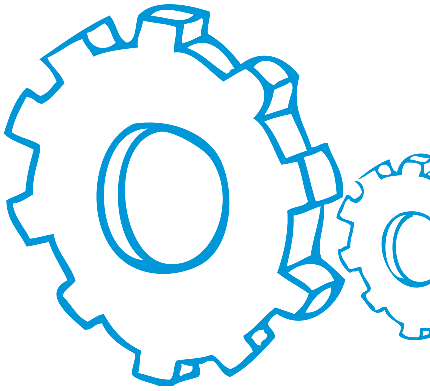
His recent involvement in a clinical study to understand the different factors behind chronic obstructive pulmonary disease identified the need for an ELISA kit that would quickly and easily allow him to measure fibrinogen, a biomarker of the disease.

A search on the internet enabled him to discover SimpleStep ELISA™ kits. Manufactured in Abcam's US labs in Eugene, OR, the kits were the only products available on the market to meet his research needs.

'Abcam enabled us to further vital research. Without SimpleStep ELISA™, our research would not have taken place. I was really impressed with the results. As well as providing a reliable product that produced consistent results, I was also able to take advantage of the supporting data available on the Abcam website. I had never measured fibrinogen before and Abcam's website provided all of the information I needed.'

Dr William Coward
Centre of Respiratory Medicine, University of Nottingham

OUR STRATEGY



MISSION

To enable scientists to discover more

VISION

To be the brand most recommended by life science researchers

STRATEGY

To deliver sustainable, profitable, long-term growth

In order to fulfil our strategy we have identified five clear strategic priorities focused on running our business and delivering efficient growth

1. **Grow our core reagents business faster than the market**
2. **Establish new growth platforms**
3. **Scale organisation capabilities**
4. **Sustain attractive economics**
5. **Selectively pursue partnerships and acquisitions**

1 GROW OUR CORE REAGENT BUSINESS FASTER THAN THE MARKET

Significant medium and longer-term opportunities exist for revenue growth from our existing consumer base, as well as by attracting new consumers to our products.

We aim to drive this growth by:

- being more consumer-centric;
- focusing our marketing and product development launches on targets and research areas with the greatest scientific value to our consumers;
- using our flexible sourcing to find the best quality products;
- increasing focus on faster growing product lines where we have the greatest competitive advantage such as RabMAb® primaries;
- continuing to build relationships with key opinion leaders and scientists 'at the bench' to guide our product development pipeline to meet current research needs; and
- improving our information-rich product datasheets by adding helpful and relevant scientific data to enable scientists to make informed product decisions.

Progress in the year

We have made substantial process on this initiative. During the year we:

- solidified our position as market leader in rabbit monoclonal antibodies through our RabMAb® technology and increased the conversion of consumers to its benefits. The resulting growth from RabMAb® products was 17.1% in the year on a constant currency basis, easily outstripping the broader primary antibody market growth;
- introduced over 1,730 RabMAb® products;
- launched a new marketing and innovation initiative to focus on high-value protein targets, see the insert on page 15 for an example of our success;
- added 11,521 new products in the year with a growing percentage focused on the research areas where we are building strength;
- introduced a new selection of Alexa Fluor® conjugated secondary antibodies to our existing range. Alexa Fluor® dyes guarantee bright staining and low background. The new colour variants were selected to provide an increased selection for multi-colour staining;
- hosted 17 scientific events and 15 webinars during the year, allowing us to connect to over 3,300 consumers. These conferences provide us the opportunity to increase awareness of our products and ensure we remain abreast of the work our consumers are undertaking; and
- added several new features to the website to improve consumers' experience and engagement.

Focus for 2014/15

Focus on developing high-quality products to high-value targets, particularly where we can leverage our proprietary RabMAb® technology.

Continue to grow the catalogue around research areas which we believe offer the greatest market potential.

Establish linkages across our product categories to increase the purchase of non-primary antibody products.

Measuring our success

- RabMAb® primary revenue growth
- Net Promoter Score
- Market position

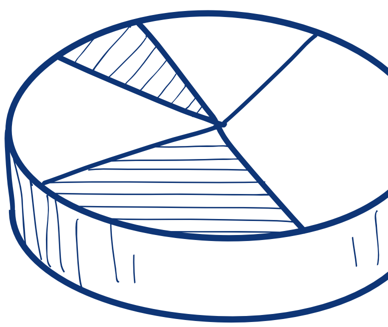
Read more about our KPIs on **page 29**

Number of RabMAb® products added in the year:

1,730

Revenue from in-house products and services:

38.8%



OUR STRATEGY CONTINUED

2 ESTABLISH NEW GROWTH PLATFORMS

There are opportunities to drive our growth by adding new product ranges or services which are attractive to our consumer base, either in the same or adjacent segments in which we operate, and by extending our geographic penetration.

Abcam has established a market-leading position within the primary antibody research market; however, there are segments of this market where we see lower penetration. As such there is greater opportunity for growth from understanding the consumer's needs within each segment of the market and tailoring our product offering accordingly.

Furthermore, there are several product segments adjacent to the research primary antibody market in which we are under penetrated. There is an opportunity to increase our market share in these areas by utilising our product sourcing capability to develop and launch high-quality, innovative new products for our consumer base.

Progress in the year

In 2013/14 sales from our kits and assays grew by 42.3% on a constant currency basis over the prior year, with over 770 high-quality products added to this line including innovations such as SimpleStep ELISA™.

We launched a new range of SimpleStep ELISA™ kits in September 2013. These kits have a greatly simplified protocol when compared with standard multi-step ELISAs, providing significant time savings and ease of use. The kits require no specialised training or instrumentation and, in contrast to standard ELISA, achieve increased accuracy by reducing the number of sample handling steps. In addition, a more efficient in-solution binding process provides superior sensitivity and specificity. We added 150 of these kits to our catalogue during the year.

Following the conclusion of a large consumer intelligence gathering exercise, involving over 14,000 life science researchers, we have segmented our consumers into several distinct groupings, within each of which we assess that we have varying levels of market share. Each segment has different product and service needs and during the year we have begun to differentiate our product offering and marketing messages to meet the needs of these segments.

To support our focus on increasing geographic reach and improving distribution channels to rapidly growing markets, we opened a new office in Shanghai, China, in February 2014. The office houses consumer and technical support functions provided by native Mandarin speakers, as well as a full logistics operation offering both control and speed advantages over our previous bonded warehouse arrangement. This means that consumers now benefit from improved delivery times and service levels. The proximity of the office also means we can support consumers with more specific needs through our extensive range of products and services. Since its opening we have reached a headcount of 13 staff by the year end.

Kits and assays grown by:

42.3%

Number of staff in new Shangai office:

13

Focus for 2014/15

Continue to use our data and consumer insight to prioritise which kits and assays to provide and incorporate our RabMAb® technology into new product development where appropriate.

Make market share gains in activity assays, proteins and peptides, immunoassays, and research biochemicals.

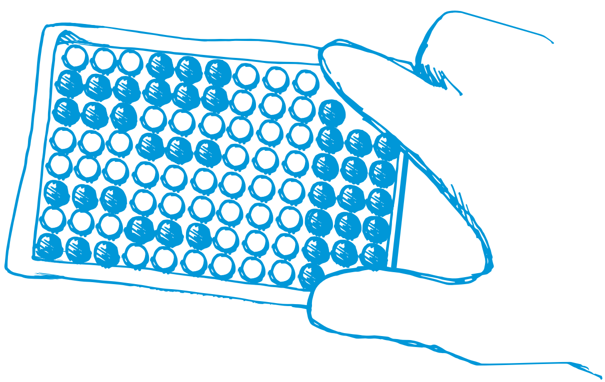
Continue penetration into market segments where Abcam has a lower share of consumer spend.

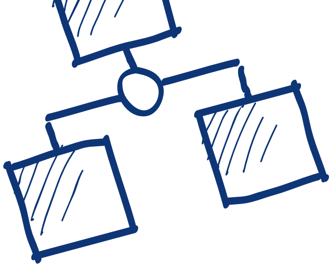
Use our office in Shanghai to drive the growth of revenues from China.

Measuring our success

- Non-primaries revenue growth
- Net Promoter Score
- Market position

Read more about our KPIs on **page 29**





3 SCALE ORGANISATION CAPABILITIES

Our people are one of our major assets and are instrumental in creating an efficient and scalable organisation. We aim to attract and retain the best people, empower them to succeed and build the capabilities necessary to deliver our strategy.

We believe that staff engagement is important to the success of our business. We invest in our employees by hiring a mix of graduates and industry experts, developing them and providing a supportive culture to maximise their capability and potential.

We also strive to maintain a lean and efficient organisation by streamlining and investing in our processes to ensure we meet consumers' needs in terms of breadth, quality and availability of products.

By ensuring we leverage our operational efficiency and cost-effectiveness, we aim to deliver consistent profitable growth.

Progress in the year

We have undertaken a significant internal re-organisation in 2013/14, the result of which is that the Group now has a single global management structure. By providing clearer accountability, closer working relationships and tight alignment to our strategic objectives, we believe that the new structure will make a significant contribution to our future success.

To support our organic growth initiatives we have also invested in the quality of our senior management by recruiting high-calibre and experienced talent to head up each of our major product categories. This talent recruitment drive extended across the organisation to ensure we had the right people in place to support our continued organic growth plans. In addition, we implemented a common set of cultural behaviours to help ensure we retain our dynamic and positive culture as we grow.

We have also invested further in our core IT systems to ensure they support the delivery of our next stage of growth.

Focus for 2014/15

Implement a common set of performance targets and merit-based incentives across the Group to reward success.

Invest in our consumer relationship management software, to support our increased focus on consumers, and our accounting software, to ensure the continued provision of timely and accurate financial data as we grow.

Implement a multi-year review of our IT platform to ensure that it supports our objectives and provides the necessary flexibility and speed of delivery as our business develops.

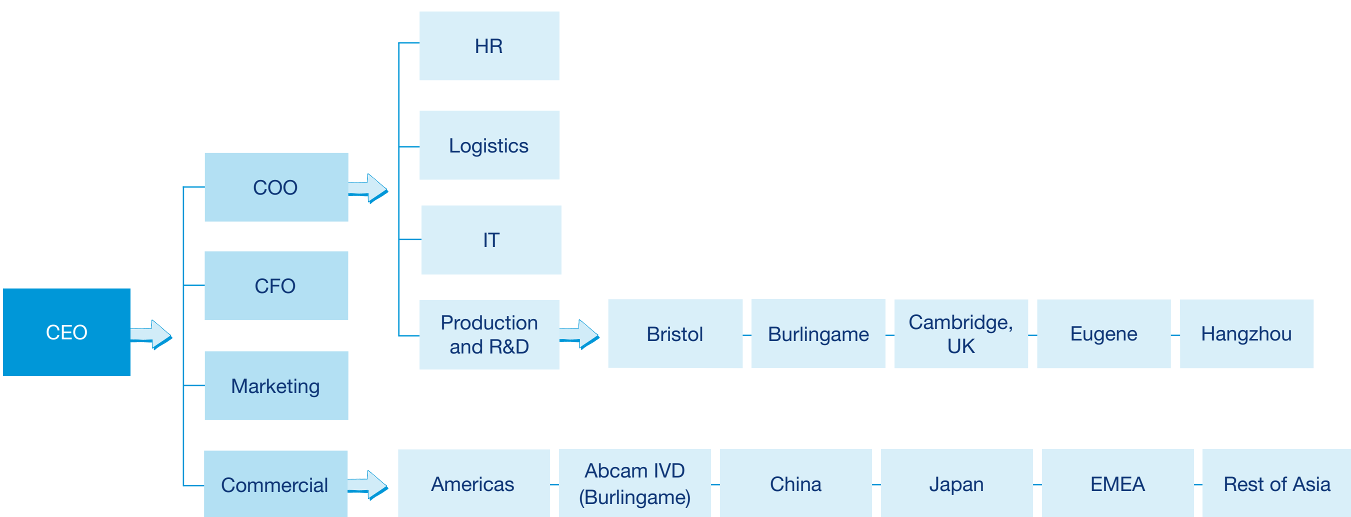
Complete work to relocate our manufacturing facility in Hangzhou to improve our capabilities and enable more targeted production in line with our strategy.

Conclude planning for a new site in the UK as we look to combine our current three offices/laboratories in Cambridge into one consolidated headquarters.

Measuring our success

> Overall profitability

NEW ORGANISATION STRUCTURE



OUR STRATEGY CONTINUED

4 SUSTAIN ATTRACTIVE ECONOMICS

By ensuring that we leverage our operational efficiency and cost-effectiveness, we will be able to deliver sustainable, profitable growth.

We aim over the longer term to grow our revenues in excess of our cost base and invest only in high-return projects.

Progress in the year

During the year we restructured our cost base to maximise cost-effectiveness.

Catalogue revenues grew by 10.0% on a constant currency basis, which outpaced the growth seen in the broader markets. For example, funding for life science research in the US declined 5.0% in US fiscal year 2013 and increased by 3.2% in US fiscal year 2014; however, our US revenues grew by 4.5% on a constant currency basis in the year to June 2013 and 8.6% for the year to June 2014.

Adjusted operating profit margins in 2013/14 reduced to 36.4% from 38.1%, reflecting the additional selective investment made to support the organic growth initiatives. We attained a return on capital employed (ROCE) of 24.5%.

Gross margins were broadly flat as the positive impact from product mix, pricing and inventory management was more than offset by the negative impact from foreign exchange rates.

We remain highly cash generative, with £51.2m of cash flow from operations in the year. Closing balance sheet cash was £56.9m without any debt. Our strong balance sheet provides us with the flexibility to execute on investment and acquisition opportunities should they arise.

Return on capital employed:

24.5%

Closing balance sheet:

£56.9M

Focus for 2014/15

We remain focused on generating strong revenue growth above that of our markets. We will continue to make investments that we feel will drive medium to long-term revenue growth. Shareholder return is important as is ensuring a healthy return on capital employed.

Measuring our success

> Profitability and return on capital

5 SELECTIVELY PURSUE PARTNERSHIPS AND ACQUISITIONS

To supplement the other components of our strategy we will increasingly seek to work with partners that offer complementary products in the life science market. These partnerships may take a wide range of forms from licensing and co-developments through to equity investments and acquisitions.

We seek to work with partners who share our mission of enabling researchers to discover more, as well as working directly with collaborators to enable their research.

Progress in the year

Within the year we worked with over 20 research collaborations across a host of activities such as product co-development, product validation and research sponsorship.

Negotiations with Cell Marque during the year resulted in the signing of a global strategic marketing agreement with them after the year end. Under this agreement Abcam gains access to Cell Marque's extensive distribution channel and sales force into the IVD market to sell our IVD-grade products derived from our RabMAb® technology. We are delighted at the opportunity to work so closely with one of the world's largest IVD distributors.

Focus for 2014/15

Actively seek out new partnerships and investment opportunities that support our strategy and leverage our competitive advantage.

Continue to work with collaborators on the co-development of innovative products which enable our consumers to discover more.

Measuring our success

- Market position
- RabMAb® primary revenue growth
- Non-primary revenue growth

Read more about our KPIs on **page 29**

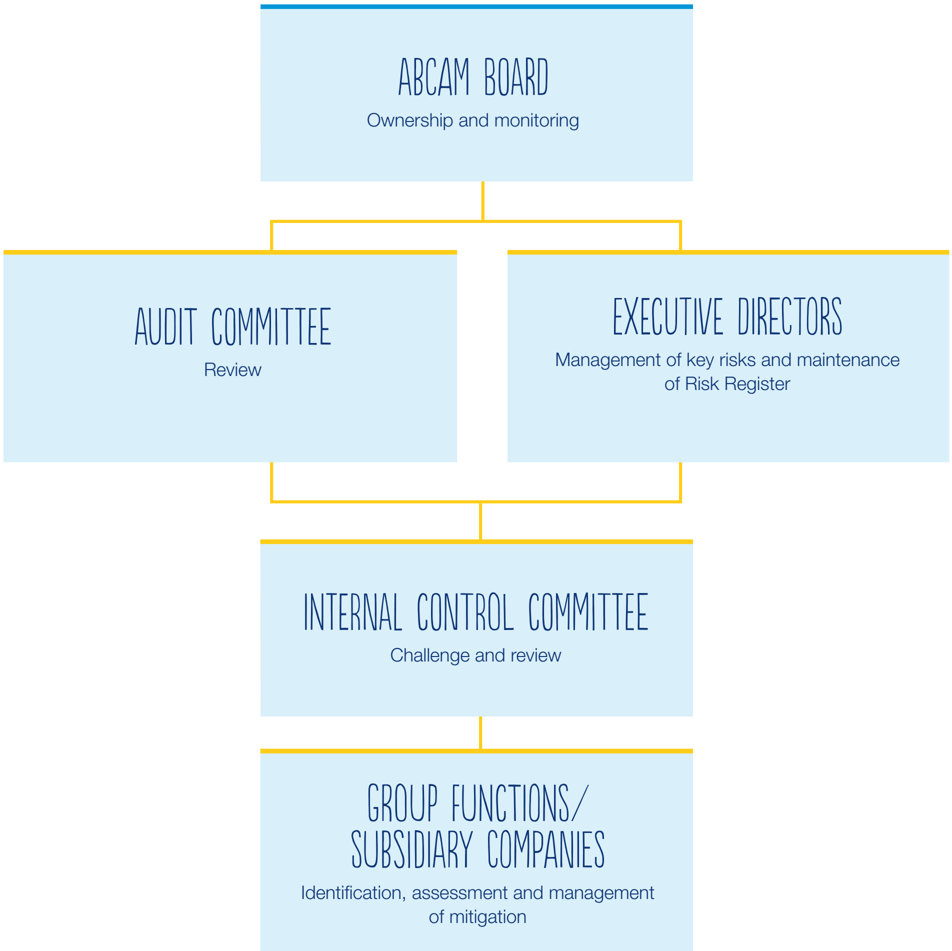
SOURCING THE RIGHT PRODUCTS

HOW DO WE SOURCE OUR PRODUCTS?

Abcam uses a dual supply model when sourcing products. First by working with over 400 OEM partners we are able to maintain a broad offering of products on our catalogue to ensure we are able to meet our customers' needs and support their research. Second by utilising our in-house development capabilities we are able to work closely with our consumers to produce high-quality innovative products.

RISKS AND RISK MANAGEMENT

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 currently of most concern to the business 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 26 to the financial statements.

The Group has an established risk management process for identifying, assessing, evaluating and managing significant risks, the structure of which is summarised in the diagram above.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Its role is to set the tone and influence the culture of risk management within the Group, determine the Group's risk prioritisation protocol and monitor the management of fundamental risks.

The Executive Directors are responsible for maintaining the Group's Risk Register, including the identification and evaluation of any newly recognised risks and implementing mitigating actions in a timely manner, ensuring there is an open and receptive approach to solving risk problems in the Group, embedding risk management as part of the system of internal control within the Group and updating the Board on the status of risks and controls.

An Internal Controls Committee challenges and reviews the risks identified within subsidiary companies and Group functions. It maintains a view on changes in the business that may give rise to new risks or risk areas and reports status to the Executive Directors. Its reports are also made available to the Audit Committee.

Our risk management policies are constantly reviewed, taking into account current market conditions and the Group's activities. Significant risks, which are defined with reference to magnitude of impact and likelihood of occurrence, are escalated to the Group Risk Register, which is formally reviewed by the Board twice a year.

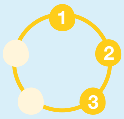
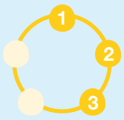
Particular areas of focus in the year

The re-organisation of the Group to support future growth has involved an increase in both recruitment and staff turnover. As such we have put in place a series of mitigating actions and resources to ensure that we are filling key roles promptly and with highly talented candidates.

The 2013 health and safety audit identified matters in our production site in Hangzhou which were addressed by recruiting an experienced Health and Safety Manager, providing more training for staff and investment in the facilities. The site was audited again six months later, when these actions were found to have brought significant improvements, and we plan to improve this further with a move to a new facility.

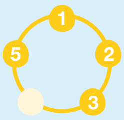
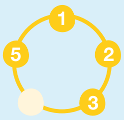
Alignment to strategy:

Strategic risks

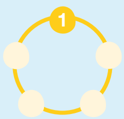
Issue	Risk	Mitigation
CHANGING MARKETPLACE 	Abcam continues to derive a large portion of its revenues from government funding into life science research. While it is difficult for us to determine the exact level, is thought to be somewhere around 80% of our revenues. As such any substantial reduction in funding as a response to a fiscal contraction in one of our key territories could have an adverse effect on the demand for Abcam's products. In addition, as we have outlined in our market overview on page 12, increasingly we are seeing the Far East contributing a greater proportion to life science research output.	Abcam has opened its Shanghai office in the year. This increases our access to the rapidly growing China market while also further diversifying our revenues from any single government funding source. We also remain of the view that Abcam's products, which are research consumables, are more resilient to budget cuts than large capital investment projects.
COMPETITION 	There are a large number of research reagent suppliers around the world. These companies vary in the types of reagents they sell, from suppliers focusing heavily on antibodies, to those with a broader product offering. In addition, as Abcam's growth strategy increasingly penetrates adjacent markets, our success may lead to incumbent competitors investing further in their products offerings.	Abcam maintains a state of high vigilance to the actions of our competitors. Over the years we have established a large network of product suppliers around the world and we continue to invest in securing new products and investing in our website and logistics network. We feel that each of these present a substantial barrier to entry. Furthermore, the many years of investment in our product content and datasheets represent a substantial portion of the value proposition for our consumers. Replication of our supply channels, logistic network and datasheet would be very challenging.

RISKS AND RISK MANAGEMENT CONTINUED

Commercial risks

Issue	Risk	Mitigation
SUPPLIER RELATIONSHIPS  	Abcam may lose a supplier if, for example, that supplier's business changed in such a way that 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. While each is unique, in the event of a particular product no longer being available, Abcam would look to offer consumers alternative products from within the catalogue. In the 2013/14 financial year no third party supplier products accounted for more than 2.5% 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 just under 40% of Group revenue.
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 to research emerging technologies within our sector. In this way, we look to stay abreast of technological developments in the field as far as is practicable, with the aim of positioning the Group to exploit the commercialisation of such technologies if they appear.

Legal/regulatory/financial risks

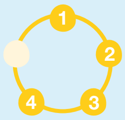
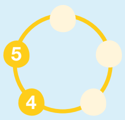
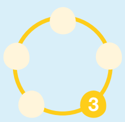
Issue	Risk	Mitigation
INTELLECTUAL PROPERTY (IP)  	Research antibodies are not typically protected by intellectual property rights and the market can be characterised as having relatively low barriers to entry in this regard. However, where such rights are claimed to be the subject of third party patents 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 revenue, 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.

Legal/regulatory/financial risks continued

Issue	Risk	Mitigation
INTERNATIONAL TRADE REGULATION	The Group's activities involve importing and exporting its products across many international borders. Any changes to the regulations covering such movements might have an effect on the Group's trading activities. 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, while maintaining compliance with such regulations.
HEALTH AND SAFETY AND REGULATORY	As our product range expands, the number of different potential H&S/regulatory risks grows, for example in recent years with the production, storage and shipment of biochemicals.	We have worked to ensure that our internal H&S processes are appropriate to handle our products and that we have the correct classifications for the products we sell on the catalogue. We use an external consultancy to perform an annual H&S audit across the Group, and undertake 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 their 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 17% of total sales in 2013/14. We have a team dedicated to maintaining close relationships with our distributors to continue to deliver revenue growth.
FOREIGN CURRENCY EXPOSURE	The Group has significant operations outside the UK and as such is exposed to exchange rate fluctuation, in particular the strength of Sterling relative to the US Dollar, Euro, Japanese Yen and Chinese Renminbi. 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.

RISKS AND RISK MANAGEMENT CONTINUED

Operational risks

Issue	Risk	Mitigation
INFRASTRUCTURE 	Abcam operates in a market which it has been able to exploit through the use of online and eCommerce-based systems. These systems need to be robust, efficient and scalable in order for the Group to continue to manage its growth. The risks here are both from the infrastructure and organisation of the IT systems, as well as the ability of Abcam's products to be found by online users through popular internet search engines.	The Group invests extensively in its IT systems both from scalability and security points of view, as well as from usability aspects. Abcam uses a global content delivery partner to increase both the reliability and access speed for viewing the majority of its static site content. Dynamic content is served from an external, fully supported data centre. The Group outsources regular security penetration testing on its website to a third party and pays considerable attention internally to search engine optimisation and usability of the website through user testing, feedback and surveys. All eCommerce systems experience some level of outage from time to time, so we continue to take action to improve our disaster recovery responses, as well as to work on the design of 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, it may be necessary to acquire other companies from time to time. 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 resources to lead the integration of acquired entities. There are open channels of communication across all levels of the Group which means that any issues identified are highlighted and responded to in an appropriate manner. 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 newsletters and regular staff committee meetings. There are also share ownership schemes with rewards based on seniority within the business. Abcam 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.

KEY PERFORMANCE INDICATORS

As part of Abcam's growth strategy, the executive management has refocused its attention on a narrower set of KPIs that best support the growth initiatives discussed earlier.

This is the first time these new KPIs have been implemented and as such no previous targets were established; however, looking forward we have outlined targets for the coming year. Success against these KPIs forms a component of the Board and senior management's bonus packages, as outlined on pages 53 to 55.

RabMAb® primaries revenue growth[1]

17.1%

1 All growth numbers are on a constant currency basis.

17.1% 2013/14[1]

33.5% 2012/13[1]

During the year we saw a continued increase in demand from consumers for RabMAb® primaries. While the market still remains heavily based on traditional polyclonal and mouse monoclonal antibodies, we are seeing more consumers switching to RabMAb® primaries for the greater specificity and lot-to-lot consistency benefits they offer.

Within 2013/14 RabMAb® primaries contributed to 15.2% of Group product revenue and grew at 17.1% on a constant currency basis (2013: 33.5%). The reduction of revenue growth during the year was partly attributable to the impact of the distributor transitions in China, higher levels of promotional activity and some reclassification of products used for diagnostics purposes into the IVD area of our business. Going forward we see RabMAb® primaries as a large part of Abcam's growth strategy and an increasing contributor to the Group's revenue. We are targeting a growth rate of 15–20% for 2014/15 against a market growth of primary antibodies of around 3–5%.

Non-primaries revenue growth[1]

34.3%

1 All growth numbers are on a constant currency basis.

34.3% 2013/14[1]

32.4% 2012/13[1]

Abcam grew the proportion of Group product revenues derived from products other than primary antibodies ('non-primaries') to 16.6% in 2013/14. This represented growth of 34.3% on a constant currency basis and continues a trend of high growth in recent years coming from this range of products. Going forward non-primaries revenue growth will be a key component of our success as we seek to attain similar levels of market penetration to that we enjoy in the primary antibody market.

As we move into 2014/15 we will continue to invest in new products and new platforms that are complementary to our consumer base and it is expected that a high portion of the impact from these initiatives will be felt within our non-primaries revenue. We are targeting a growth rate of 25–30% for 2014/15.

Net Promoter Score (NPS)

18%

18% 2013/14

19% 2012/13

Abcam's vision is to be the brand most recommended by life science researchers. As such it is increasingly important that we focus on our consumers and listen to their feedback. At several points within the year we conduct formal consumer surveys to determine their likelihood of recommending Abcam's products and services to a colleague. The balance of detractors and promoters is then computed into an NPS using standard industry methods. As we seek to measure success against our vision our NPS will be an important metric.

To meet our targets for NPS next year Abcam will need to achieve a score of 20–22%.

Market position

#1 in research primary antibodies

Abcam operates in several different markets with varying market positions. Since its inception Abcam has risen to be the market leader in the research primary antibody market and our internal market intelligence suggests that when looking at the key markets in which we are focused, we have the following positions:

- #1 in research primary antibodies
- #3 in activity assays
- #4 in proteins and peptides
- #5 in immunoassays
- #5 in research biochemicals

For the coming year we seek to maintain our #1 position in research primary antibodies as well as to improve towards #1 or #2 in at least two other areas.

FINANCIAL REVIEW

HIGHLIGHTS

Revenue

£128.0M

Adjusted profit before tax

£46.8M

Adjusted diluted earning per share

18.06P

While reported revenues for the year were up by 4.7% to £128.0m, stripping out the negative effect from the relative strengthening of Sterling during the year shows a much stronger underlying performance, with revenue growth from sales of products in our catalogue of 10.0%, or 8.6% overall. After increased investment in the business, adjusted profit before tax was £46.8m, which is marginally higher than last year (£46.6m).

As outlined in last year's report, the 2013/14 financial year has been one of investment in support of our growth strategy, the success of which demands that we listen to our consumers and ensure that we use the insights gained to shape our business. In practical terms this has meant increased headcount, particularly at the senior level, new product development activities and investment in operational assets such as the website and the new office in Shanghai.

At the same time we have been careful not to lose our focus on tight cost and cash control. As indicated at the time of our interims the Directors are recommending that the annual dividend for the current year should increase by 10.1%, which at 43.0% is above that of our recent policy of distributing 40% of adjusted post-tax profit. The Directors feel that this dividend is justified given the profit impact of the increased investment this year in organic growth initiatives aimed at delivering future profits, as well as the underlying financial strength and the continued cash-generative nature of the business.

The table opposite 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.

Revenue

The relative strengthening of Sterling during the year against the other currencies in which the Group trades has partly offset the underlying growth in revenues, particularly in the second half of the year. Consequently, while on a constant currency basis (in which we assume exchange rates had remained unchanged from 2012/13) product revenues grew by 10.0% and overall revenues by 8.6%, the reported revenue for the year of £128.0m represents 4.7% growth on the prior year.

Gross margins

Gross margins decreased slightly to 70.6% in 2013/14 from 71.0% in the prior year as the positive impact on margins from good inventory management and product mix was more than offset by the impact of exchange rates, mainly those of the US Dollar to Sterling. The majority of our cost of sales is denominated in US Dollars (approximately 74.7%, versus 55.6% of sales in the year) and there has been a rapid and sustained weakening of the Dollar over the year. Given that there is often a delay between the timing of the purchasing or manufacturing stock and its subsequent sale, such movements have resulted in an adverse mismatch between the exchange rate used to translate Dollar-denominated sales and that used to translate the associated cost of units sold.

Administration and management expenses

As foreshadowed last year, in order to further support the new activities being undertaken to drive medium and long-term organic growth, investment has been made in 2013/14 which has increased the cost base. The table opposite identifies these costs and shows that after adjusting for non-recurring items in 2012/13, restatements to allow for exchange rate movements and the gains arising on forward selling currency contracts (as described in note 21), the base cost of the business in 2012/13 increased by 6.4% in 2013/14, which is below the growth in revenues.

"A LARGE FOCUS FOR THIS YEAR HAS BEEN IMPLEMENTING OUR GROWTH STRATEGY WHICH HAS REQUIRED SELECT INVESTMENT IN OUR COST BASE INCLUDING STAFF AND NEW PRODUCT DEVELOPMENT."

Adjusted income statement

	2013/14			2012/13			
	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Reported IFRS income statement £000	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Integration costs £000	Reported IFRS income statement £000
Revenue	127,954	—	127,954	122,206	—	—	122,206
Cost of sales	(37,569)	—	(37,569)	(35,500)	—	—	(35,500)
Gross profit	90,385	—	90,385	86,706	—	—	86,706
Administration and management expenses	(35,501)	(1,517)	(37,018)	(33,987)	(1,525)	(400)	(35,912)
R&D expenses	(8,306)	(1,748)	(10,054)	(6,189)	(1,757)	—	(7,946)
Operating profit	46,578	(3,265)	43,313	46,530	(3,282)	(400)	42,848
Finance income	238	—	238	129	—	—	129
Finance costs	—	—	—	(83)	—	—	(83)
Profit before tax	46,816	(3,265)	43,551	46,576	(3,282)	(400)	42,894
Taxation	(10,697)	1,191	(9,506)	(11,452)	1,258	(42)	(10,236)
Profit after tax	36,119	(2,074)	34,045	35,124	(2,024)	(442)	32,658
Earnings per share							
Basic	18.16p	(1.04)p	17.12p	17.70p	(1.02)p	(0.22)p	16.52p
Diluted	18.06p	(1.04)p	17.02p	17.57p	(1.01)p	(0.22)p	16.34p

Change in administration and management expense

	2013/14 £000	2012/13 £000
Total administration and management expenses (as reported)	37,018	35,912
Acquisition-related intangible amortisation	(1,517)	(1,525)
Gains on forward selling contracts	1,659	947
Share-based payments charge	(678)	(1,211)
Impact of restating 2012/13 to 2013/14 rates	—	(724)
One-off market and product review and integration costs	—	(1,702)
Recruitment and remuneration of senior personnel	(1,291)	—
Costs of Shanghai office	(571)	—
Incremental amortisation of IT-related capital expenditure	(881)	—
Base administration and management expenses before new activities in 2013/14	33,739	31,697

Foreign currency exchange rates

	Average for the year		Average for H1		Average for H2	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
US Dollar	1.62	1.57	1.57	1.59	1.67	1.55
Euro	1.20	1.22	1.18	1.25	1.22	1.18
Japanese Yen	163.61	135.93	155.96	126.41	171.26	145.46
Hong Kong Dollar	12.57	12.20	12.21	12.34	12.94	12.05
Canadian Dollar	1.74	1.58	1.64	1.59	1.83	1.57
Chinese Renminbi	9.95	9.87	9.63	10.03	10.28	9.71

FINANCIAL REVIEW CONTINUED

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.

Total R&D expenditure increased to £10.1m in the year from £7.9m in 2012/13, or to £8.3m from £6.2m excluding the amortisation of acquisition-related intangibles. This reflects increased investment in new product development as part of our organic growth strategy, particularly around products utilising RabMAb® technology, expanding the range of directly conjugated antibodies and in-house development of immunoassays. Many of these products are against high-value targets which present additional manufacturing challenges.

Earnings and tax

The adjusted profit before tax was £46.8m on which the effective tax rate was 22.8% which was lower than the 24.6% reported last year due to a reduction in the UK corporation tax rate and the full year effect of the Group re-organisation that took place in 2012/13. After taking into account the deferred tax impact of acquisition-related intangible amortisation, the reported effective tax rate was 21.8% (2012/13: 23.9%).

Balance sheet and cash flow

Goodwill and other intangibles

Goodwill at the year end was £73.5m versus £82.0m in the prior year. The decrease is due to exchange rate movements arising because the functional currency of the acquired companies to which the goodwill relates is predominately US Dollars.

The decision was taken in 2012/13, following the changes made post acquisition to how MitoSciences, Ascent Scientific and Epitomics were structured and integrated within the Group, that it was appropriate to reallocate the goodwill arising from those acquisitions to a single cash-generating unit (CGU), which would reflect the re-organised business structure. Goodwill is not amortised under IFRS but is subject to impairment review at least on an annual basis. Consequently during the year, the Directors performed a 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 2014 were £30.2m compared with £33.1m at 30 June 2013. This movement primarily reflects the amortisation of the intangible assets offset by the additions to capitalised software costs from the investment in our core IT systems and the impact of exchange rates on non-Sterling denominated assets, which was partly described in more detail above. Following a review of software costs previously capitalised an impairment charge of £0.5m was taken in the year to reflect those elements which as our strategy has developed now relate to work which will no longer recover its carrying value. Other intangible assets are amortised 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 property, plant and equipment and intangible assets totalled £7.4m (2012/13: £7.3m). This reflects continued investment in support of our organic growth strategy. The major items include:

- continuation of the core IT investment that began in 2011/12 to support the next stage of Abcam's growth. A total of £3.5m was capitalised in the year, including £0.8m of internal salary cost;
- development of new hybridomas using our RabMAb® technology of £1.5m, with a further £0.3m expenditure on hybridomas under construction;
- office equipment expenditure of £0.8m. This is an increase of £0.4m over the prior year, mainly due to the opening of our Shanghai office in February 2014; and
- investment in laboratory equipment of £0.7m.

Cash flow

Our track record of strong cash generation continued in the year and we finished the period with net cash and term deposits of £56.9m (2012/13: £38.3m) and no bank debt (2012/13: £nil).

Cash generated by operations was £51.2m, or 39.9% of Group revenue (2012/13: £51.8m, 42.4% of revenue), as working capital again contributed positively to cash flow, albeit the positive inflow was £0.9m lower than last year. The overall net movement in cash and term deposits in 2013/14 was £18.6m (2012/13: £20.8m).

Looking forward

It is encouraging to see the early signs of increased organic growth coming through in 2013/14. In the coming year we will continue to invest in areas such as product development, eCommerce, marketing and infrastructure. We believe that these investments will drive sales in the medium to long term and provide a healthy return.

As we grow and reinvest in our business we will continue to focus on tight cost management and effective financial controls to ensure we sustain attractive economics.

Jeff Iliffe
Chief Financial Officer
8 September 2014

"WE CONTINUE TO BE STRONGLY CASH GENERATIVE, WITH CASH FLOW FROM OPERATIONS OF £51.2M."

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is integral to our success. We aspire to carry out our business activities to the highest ethical standards, act responsibly and make a positive impact in our interactions with stakeholders.

Respect for people and diversity

Employee experience and satisfaction in the workplace is very important to us. Operating our business in a non-discriminating manner that focuses on fair treatment and respect for each other is a core value and underpins our interactions with employees, consumers and suppliers.

The Board and the People and Organisational Development function are responsible for ensuring that our policies and practices reflect best practice for equality of opportunity and long-term professional development for our employees.

Our workplace is free of harassment and bullying and we strive to create a positive environment that is supportive, enables employees to fulfil their maximum potential and drives business performance.

We are committed to ensuring that within the framework of the law Abcam is free from discrimination on the grounds of:

- disability;
- age;
- race;
- religion or belief;
- sex, sexual orientation or gender reassignment;
- marital or civil partnership status; and
- pregnancy or maternity.

Abcam is an equal opportunities employer and ensures that applications for employment from people with disabilities and other under-represented groups are given full and fair consideration. Such individuals are given the same training, development and job opportunities as other employees. Every effort is also made to retrain and support employees who have a form of disability during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions.

Our People and Organisational Development policies are reviewed regularly to ensure that they are non-discriminatory and promote equality of opportunity. In particular, recruitment, selection, promotion, training and development policies and practices are monitored to ensure that all employees have the opportunity to train and develop according to their abilities.

The table below shows the gender split of employees across all office and locations, based on the closing headcount at the end of June 2013 and June 2014.

	30 June 2014 – male/female	30 June 2013 – male/female
Directors	**9/1**	8/0
Senior managers	**9/3**	11/2
All employees	**344/404**	328/376

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

DEVELOPING AND ATTRACTING TALENT

We have continued to develop our employees while adding to our skills and experience by the recruitment of industry-leading talent. We have scaled our organisational capabilities by fully integrating our acquired companies and establishing a clear global organisational structure.

INNOVATION AND MANUFACTURING

MARKETING AND CATEGORY MANAGEMENT

REGIONAL COMMERCIAL OPERATIONS

GLOBAL OPERATIONS AND LOGISTICS

IT

FINANCE

PEOPLE AND ORGANISATIONAL DEVELOPMENT

As part of our overall learning and development strategy, we have initiated a range of training initiatives including an online programme with The Wharton School of the University of Pennsylvania to provide high-quality training for our employees.

Listening to our employees enables us to forge good relationships and develop our talent. We run an annual survey to obtain employee feedback and we make sure the results are made available to our managers for action.

To recognise the contribution and achievements of our employees, we have implemented a global recognition scheme to reward individual and team achievements for contribution to consumer-centric behaviour.

Managing our culture and working as one global team

To build on our strong culture, and to maintain important values, we have implemented a clear set of behaviours that form a framework defining our culture and leadership style, and outlining what we value in a high-performance global team. These behaviours guide how we conduct our business and allow us to develop positive relationships with all stakeholders. The behaviours are being focused on success, bold and consumer-centric.

Supporting the community

We regularly donate to a range of local, national and international charities. Charitable donations are managed by the Charity Committee which is made up exclusively of employees. In 2013/14, the Group made charitable donations of £96k (2012/13: £92k). We also work very closely with local businesses such as the Cambridge Network and Judge Business School by giving talks and presentations, and support students with their career progression through work experience, internships and gap year placements.

Health, safety and the environment

Supporting health, safety and the environment are important elements to our success. We view the standards of health and safety required by law as only being the minimum and endeavour to follow best practice at all sites.

"BEING ABLE TO PROVIDE ADVICE AND MONITOR HEALTH AND SAFETY ON SITE RATHER THAN RELY ON CENTRAL INVOLVEMENT HAS MEANT THAT ANY SPECIFIC ISSUES CAN BE QUICKLY RESOLVED."

Steve Hadley
Health and Safety Co-ordinator, Abcam Eugene

The Group complies with all local legislation relevant to the respective territories with regards to health, safety and the environment.

We have continued to make good progress with the development of our Global Safety Network. To become more self-reliant, we have provided support and training to employees so they can take ownership of health and safety across all our sites. Each now has a dedicated person to manage health and safety and work towards a consistent set of global safety standards, which are monitored by full annual audits of each site. The results and recommendations for ongoing improvements are presented to the Board, shared at bi-annual global health and safety steering committee meetings and discussed extensively with local senior management.

The 2013/14 health and safety audit identified specific areas of concern in our Hangzhou production facility. These were addressed by the appointment of a dedicated and experienced health and safety manager on site, more training for staff, increased local accountability for health and safety as part of the global restructuring of our operations and in facilities. The site was re-audited six months later and these investments were found to have brought significant improvements.

To support the environment 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.

Well-being

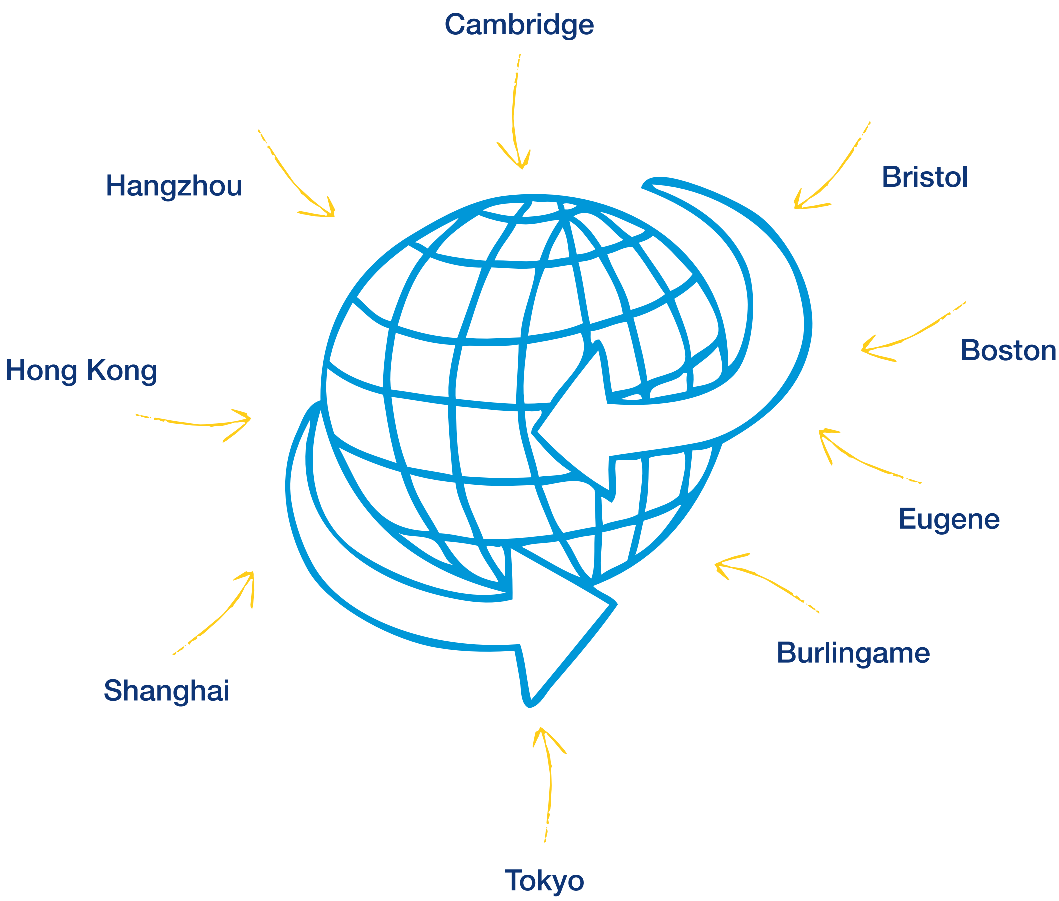
We have continued to develop our well-being programme as we believe a healthy working environment directly affects employee engagement, performance and, ultimately, consumer experience.

Well-being events are delivered to all global offices, encouraging a culture of teamwork and employee engagement. Throughout the year, we have supported employee physical and emotional well-being through a range of events including mental health and first aid courses, stress reduction workshops, cycle safety seminars, table tennis coaching, and yoga and Pilates classes.

This year, alongside hundreds of other companies, we have signed up to the Global Corporate Challenge (GCC) which is a 100 day event that encourages employees to be more active. This has been well received by our staff, with 210 employees assigned to 30 teams.

GLOBAL HEALTH AND SAFETY

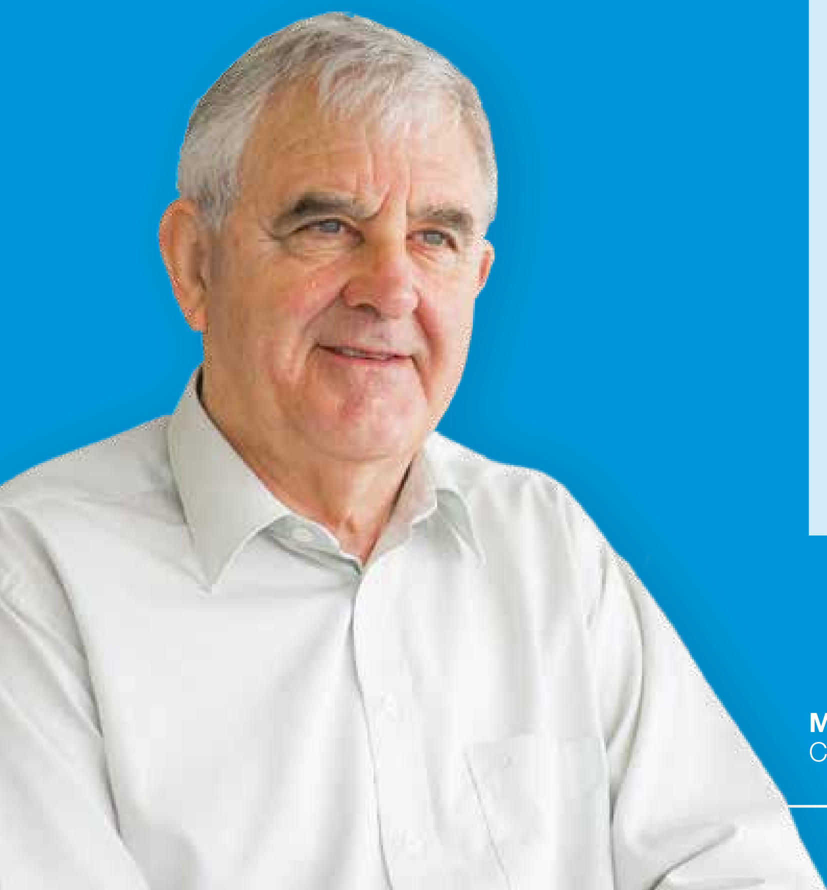
Each site works towards a consistent set of global safety standards.



CORPORATE GOVERNANCE

"AT ABCAM WE BELIEVE THAT EFFECTIVE GOVERNANCE, NOT ONLY IN THE BOARDROOM BUT RIGHT ACROSS THE BUSINESS, ULTIMATELY PRODUCES A BETTER BUSINESS AND SUPPORTS LONG-TERM GROWTH."

IN THIS SECTION



Mike Redmond
Chairman

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Good governance at Abcam

At Abcam we are committed to achieving high standards of corporate governance and have established policies and procedures which are designed to facilitate good governance in a practical and workable way. Good governance is an evolving process and our aim is to implement best practice in order to deliver effectively on our strategic objectives. We believe that effective governance is realised through leadership and collaboration, resulting in consistently focused and sensible business decisions.

The reports on the following pages explain our governance arrangements in detail and describe how we have applied the principles contained in the UK Corporate Governance Code 2012 ('the Code').

We have expanded the information provided in our Audit Committee Report to take account of the new Code requirements. Considerable time and effort has also been spent during the year in the review of our remuneration policies and in ensuring that the Remuneration Report provides the appropriate level of disclosure.

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.

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.

Statement of compliance with the Code

Although not required to do so as an AIM listed company, we have chosen to report on how Abcam has complied with and applied the principles of the Code, including both the Main Principles and the supporting Principles. Further explanation of how the Main Principles have been applied is set out below and, in connection with Directors' remuneration, in the Directors' Remuneration Report.

Throughout the year ended 30 June 2014 the Company has been in compliance with the provisions set out in the Code. The Board confirms that the 2013/14 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company, in accordance with C.1.1 of the Code.

Mike Redmond
Chairman
8 September 2014

View our full Board of Directors and leadership team on the following pages

BOARD OF DIRECTORS

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

Mike Redmond
Chairman

Jim Warwick
Chief Operating Officer

Alan Hirzel
Chief Marketing Officer until 8 September 2014, Chief Executive Officer

Murray Hennessy
Non-Executive Director and Chairman-designate

Jonathan Milner
Chief Executive Officer until 8 September 2014, Deputy Chairman

Mike Redmond
MA (Cantab)

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. After five years as Chairman Mike will be standing down from the Board at the next AGM, which will be held in November 2014.

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.

Murray Hennessy
MBA

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: Until recently he was 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.

Jonathan Milner
PhD

Appointment: April 1998

Experience: Jonathan gained his doctorate in Molecular Genetics at Leicester University after graduating in Applied Biology at Bath. From 1992 to 1995, he was a post-doctoral researcher at Bath, following which he worked at the University of Cambridge in the lab of Professor Tony Kouzarides studying cancer. He identified the market opportunity for supplying high-quality antibodies to support protein interaction studies and, in 1998, founded Abcam with David Cleevely and Professor Tony Kouzarides. Jonathan is an experienced entrepreneur and investor and is passionate about supporting UK life science and high-tech start-ups. He has provided considerable investment and support to over 30 companies and has assisted three IPOs in joining the AIM market.

External appointments: Jonathan is a non-executive director of Horizon Discovery plc and of Frontier Developments plc. He is also chairman of Axol Bioscience Ltd.

Alan Hirzel
MS, MBA

Appointment: January 2014

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 molecular biology, an MS in bioprocessing and food science from Cornell University and an MBA from the Johnson Graduate School of Business at Cornell.

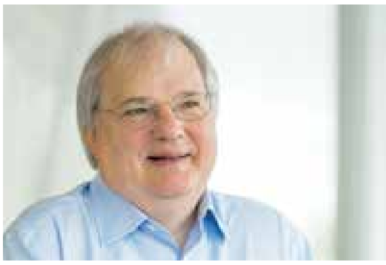
External appointments: Alan is a non-executive director at the UK National Citizen Service Trust.

Jim Warwick
MA (Cantab)

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. In 2014 he took up a non-executive position at Quartix plc, a transport telematics company.



Peter Keen
Non-Executive and Senior Independent Director

Michael Ross
Non-Executive Director

Anthony Martin
Non-Executive Director

Jeff Iliffe
Chief Financial Officer and Company Secretary

Louise Patten
Non-Executive Director

Jeff Iliffe
ACA

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 eCommerce company St Minver Ltd. Jeff is also a non-executive director of Treatt plc and a trustee of the Cambridge Arts Theatre.

Peter Keen
ACA

Appointment: October 2005

Experience: Peter joined Abcam in 2005 prior to the Company's IPO and is a chartered accountant with 30 years' experience in the financing and management of private and public biotechnology companies. After nine years on the Board he will not be seeking re-election at the forthcoming AGM in November.

External appointments: Peter is chief executive of the venture capital firm Cambridge Innovation Capital plc and is a non-executive director of the Biotech Growth Trust plc and MRC Technology Ltd. He was a co-founder and finance director of Chiroscience Group plc and chief financial officer of Arakis Ltd until its successful trade sale in 2005. Peter also helped establish and was UK managing director of Merlin Biosciences.

Louise Patten
MA (Oxon)

Appointment: March 2014

Experience: Louise has extensive board level and corporate governance experience, having served on quoted company boards for more than 20 years as a non-executive director, senior independent director, remuneration committee chairman and company chairman at businesses including the retailer Marks & Spencer plc, retailing group GUS plc and hotelier Hilton Group plc. Louise will be appointed Senior Independent Director following the forthcoming AGM.

External appointments: Louise is currently a non-executive director of the FTSE-100 property group Intu Properties plc and is also a senior advisor to Bain & Company.

Anthony Martin
PhD

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. He has a doctorate in immunology from the University of Manchester Medical School.

External appointments: Anthony is currently non-executive chairman of Immunodiagnostics Systems Holdings plc, Sphere Medical Holding plc and PhicoTherapeutics Ltd, and non-executive director of Orthofix International N.V. He has been chief executive officer of British Bio-Technology Products, AZUR Environmental and Molecular Probes Inc. Anthony's previous non-executive appointments include PreludeTrust plc, NeuTec Pharma plc and Molecular Insight Pharmaceuticals Inc. He has also served on the boards of Invitrogen Corporation and Agilent Technologies.

Michael Ross
MA (Cantab)

Appointment: November 2011

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

External appointments: He co-founded OrderDynamics (previously eCommera) in 2006, an eCommerce technology and advisory business, where he is an executive director. He is currently a non-executive director of Wex Photographic and also acts as an eCommerce advisor to a number of other businesses. After working at McKinsey & Company from 1994 to 1999, Michael co-founded the online retailer figleaves.com in 1999, where he was chief executive officer until 2006.

SENIOR LEADERSHIP TEAM (SLT)

The SLT comprises the heads of the main business functions within the Group and meets bi-monthly to discuss cross-departmental matters. Each member reports to an Executive Director and is responsible for the day-to-day operation of their function.

Mark Bushfield
Scientific Officer

Philippe Cotrel
Commercial Director

Ed Ralph
Head of Digital and Brand Marketing

Jane Cooke
People and Organisational Development Director

Mark Bushfield
PhD

Experience: Mark joined Abcam in 2008 as Scientific Director and is responsible for R&D, product development, and manufacturing and scientific business development. He is a biologist with over 20 years' research and management experience in academia, pharmaceuticals 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 and then became VP research at UCB-Celltech. He has co-authored over 30 peer reviewed scientific papers and given over 40 presentations to scientific meetings and societies.

Philippe Cotrel
PhD

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 its 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 Appliquées (Toulouse, France). Philippe has responsibility for the Group's regional sales structure and activities pursuing business development opportunities and the management of our distributor and supplier bases. As part of this, he also has overall responsibility for our customer service and scientific support activities.

Ed Ralph
PhD

Experience: Ed's academic background is in molecular biology and he started developing websites in 1996. Joining Abcam in 2000, he helped build the technology capabilities that have supported Abcam's rapid growth and previously served as Abcam's Chief Information Officer (CIO). Ed is now responsible for the Digital Marketing team which includes eCommerce, marketing communications and the Research Area Content team. He has also served on the council of advisors for Red Gate Software and is currently a non-executive director at Axol Biosciences Ltd, a Cambridge start-up.

Danielle Miller
PhD

Experience: Danielle joined Abcam in 2001 and over the last 13 years has overseen the growth in logistics and inventory management capabilities, championing investment in automated inventory storage solutions and optimising the split of inventory across Abcam's four logistics hubs in Cambridge (UK), Cambridge (MA, US), Shanghai and Tokyo. Her role now involves overseeing health and safety and employee well-being, and she is passionate about ensuring that our sites meet required global standards. Prior to joining Abcam Danielle worked as a strategic management consultant and holds a PhD in plant virology and degree in natural sciences, both from the University of Cambridge.

Jane Cooke
MA, CIPD

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 people and organisational development perspective. She has considerable international experience working across the UK, US, China, Hong Kong and Japan. Jane has focused on building a scalable People and Organisational Development function which is flexible and adaptable to Abcam's commercial needs. She is passionate about Abcam and its creative and talented staff around the world.

Matthew Roe
Head of Reagents

Kirstie Speck
Head of Consumer Insights

Danielle Miller
Operations Director

Brian Taylor
Head of Kits and Assays

Sean Hickey
Chief Information Officer

Matthew Roe
MBA

Experience: Matthew joined Abcam in 2014 as Head of Reagents and is responsible for the global development and marketing of our core product ranges. He has a BSc in biochemistry from Brunel University, London, and an MBA from University of Warwick Business School. Matthew has over 30 years' industry experience and has held senior positions at Crescendo Biologics, Genzyme, Wyeth and Glaxo. His experience spans sales and marketing, business strategy, market and competitor analysis, and business development and licensing.

Brian Taylor
PhD, MBA

Experience: Brian joined Abcam in 2014 as Head of Kits and Assays. He has over 20 years' experience in marketing and business strategy, specialising in life science research products and diagnostics. Brian has a strong technical and business background and holds a PhD in biochemistry from the University of Washington and an MBA from the University of Maryland. Prior to joining Abcam, Brian worked for QIAGEN as the global director of strategic marketing and was president of Growing Company Solutions Inc., a commercialisation consulting firm.

Kirstie Speck
BS

Experience: Kirstie joined Abcam in 2014 as Head of Consumer Insights, responsible for the provision of high-quality insight on our consumers and markets to drive business performance. She has over 20 years' market research experience working with healthcare professionals and consumers and has held a number of global insights roles across a variety of consumer product categories. Kirstie has previously managed consumer insights at GlaxoSmithKline, Kimberly-Clark, Hill's Pet Nutrition and Nestle UK. She holds a bachelor of business science (marketing) degree from the University of Cape Town.

Sean Hickey
BSc

Experience: Sean joined the SLT on 1 September 2014 as our Chief Information Officer (CIO), responsible for both the IT and network infrastructure that supports our business as well as our programme of software application development. Sean has over 20 years of IT experience, with over 15 years in senior management, covering both infrastructure and applications. He has worked in manufacturing, FMCG, health, retail and utilities and has experience in the management of business process, development and IT teams on a global scale. Most recently he was IT director for Boots Contract Manufacturing.

REGIONAL MANAGERS

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

Peter Lee
Hong Kong General Manager

Nick Lines
Japan General Manager

Jade Zhang
China General Manager

Paul Armstrong
EMEA General Manager

Bill Campbell
US General Manager

Nick Lines
BA (Hons)

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. He 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.

Bill Campbell
PhD

Experience: Bill joined Abcam in April 2005 in the Scientific Support department. He took on responsibility for US operations in 2007 and became General Manager in February 2012. He is responsible for sales, 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.

Peter Lee
MBA

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, has an MPhil in biochemistry and holds an MBA. Peter has over 19 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 for the Asia Pacific region.

Paul Armstrong
BSc

Experience: Paul joined Abcam in 2014 as the General Manager for EMEA. He is responsible for sales, customer services and scientific support for the EMEA region. He has a BSc degree in biotechnology and marketing from the University of Strathclyde and recently completed the Advanced Management Development programme from Cranfield School of Management. Paul has over 20 years' experience in sales and marketing in the pharma and biotech sector and has held a number of senior positions in leading global organisations including BioReliance, SAFC Biosciences, Millipore Corp and Life Technologies.

Jade Zhang
MA

Experience: Jade joined Abcam in 2014 as General Manager of our new office in Shanghai, China. She has a degree in zoology and a master's degree in physiology from Sun Yat-sen University. Jade has 15 years' business, marketing and sales experience in the life sciences sector and has previously worked as the senior sales and marketing manager for Cell Signaling Technology and held various managerial positions at BD Biosciences. Jade is responsible for the development of sales, operations and distribution channels for the Chinese market.

CORPORATE GOVERNANCE STATEMENT

The operation of the Board

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 and dividends.

The Board has a policy, to set out which matters are reserved for the decision of the Board and those to which the Executive Directors need not refer for approval. This policy also identifies those matters regarding which full delegation to a Board Committee is not normally permitted because a final decision is required to be taken by the whole Board. Matters that 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 enacting its strategic and managerial decisions to the Executive Directors and to its Committees, details of which are set out on the following pages.

The Executive Directors are responsible for the delivery of the budget within the strategic framework approved by the Board. In particular, they are responsible for ensuring that the Group's budget and forecasts are prepared properly and in timely manner to aid the Board. They meet formally each week, but also on an ad hoc basis, in order to make the principal managerial decisions for the operation of the business.

The SLT is responsible to the Executive Directors for the day-to-day management of the business within their own functional area. The SLT meet on a bi-weekly basis to discuss cross-departmental matters in order to assist the Executive Directors in their making of managerial decisions.

The Regional Managers of each of the regional offices are responsible for the daily operational management of their respective entities and each report into a member of the SLT, ensuring a consistent implementation of Abcam's strategy across the business. Brief biographies and responsibilities of the Regional Managers are set out on page 42.

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:

- leading of the Board and creating the conditions for overall Board and individual Director effectiveness and a constructive relationship with good communication 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;
- ensuring initiatives for long-term growth are appropriately championed and resourced within the Company in the short term;
- managing the Executive Directors and communicating the Company's strategy to the SLT;
- leading the communication programme with shareholders and analysts; and
- fostering good relationships with key stakeholders.

Peter Keen acts as the Senior Independent Director, in which capacity he provides a communication channel between the Chairman and the Non-Executive Directors and is available to discuss matters with shareholders when required. He will be succeeded in this role after the forthcoming AGM by Louise Patten.

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 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 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 discussions.

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 no one individual or group dominates 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.

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

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Effectiveness continued

Director induction programme and ongoing training

On appointment to the Abcam Board, new Directors receive a comprehensive and tailored induction programme, the aim of which is to introduce them to key management and personnel 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, 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. The Board considers Mike Redmond, Murray Hennessy, Peter Keen, Anthony Martin, Louise Patten 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. While 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 Non-Executive Directors in the share capital of the Company, which are set out on page 63, do not, in the opinion of the Board, detract from their 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 continue 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 which the Group faces.

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

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

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

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

> 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 management 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 24 to 28. 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.

While 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 is not necessary at present. The Committee can, however, envisage circumstances in the near future where such a function could be justified and will keep the matter under regular review.

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.

Accountability continued

Financial reporting continued

In addition the Board ensures controls over the financial reporting process and preparation of the consolidated accounts consist of extensive reviews by qualified and experienced individuals to ensure that all elements of the financial statements and appropriate disclosure are considered and accurately stated.

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 2013/14 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 brokers 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 meetings at our Cambridge, UK, office.

In addition, following investment analyst meetings and investor roadshows, our financial public relations advisors consult such analysts and our corporate brokers gather investor feedback which each relays to the Board. 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 shareholders. A presentation is made outlining recent developments in the business and an open question and answer session follows to enable shareholders to ask about the business in general.

Board meeting attendance

		Scheduled Board meetings		Ad hoc meetings	
		Meetings attended	Total available meetings	Meetings attended	Total available meetings
Chairman	Mike Redmond	12	12	6	6
Chief Executive	Jonathan Milner	12	12	6	6
Executive Directors	Alan Hirzel[1]	6	6	2	2
	Jeff Iliffe	12	12	6	6
	Jim Warwick	12	12	6	6
Non-Executive Directors	Murray Hennessy	9	12	6	6
	Peter Keen	12	12	6	6
	Anthony Martin	11	12	5	6
	Louise Patten[2]	4	4	—	—
	Michael Ross	10	12	4	6

1 Appointed to the Board 30 January 2014.
2 Appointed to the Board 27 March 2014.

Board Committees

Summary of Committee membership:

Name	Audit Committee	Remuneration Committee	Nomination Committee
Mike Redmond	No	No	Chairman
Murray Hennessy	Yes	Yes	No
Peter Keen	Chairman	No[1]	Yes
Anthony Martin	Yes	Yes	No
Louise Patten	Yes[2]	Chairman[2]	Yes[2]
Michael Ross	No[3]	No	Yes

1 Peter Keen retired from the Remuneration Committee on 27 March 2014.
2 Louise Patten was appointed to each of the Committees on 27 March 2014.
3 Michael Ross retired from the Audit Committee on 22 May 2014.

Summary of Committee meeting attendance in 2013/14

Name	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held	**3**	**4**	**4**
Mike Redmond	n/a	n/a	4 (4)
Murray Hennessy	3 (3)	4 (4)	n/a
Peter Keen	3 (3)	3 (3)	4 (4)
Anthony Martin	3 (3)	4 (4)	n/a
Louise Patten	1 (1)	1 (1)	0 (0)
Michael Ross	0 (2)	n/a	3 (4)

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

AUDIT COMMITTEE

The Committee's key objectives are the provision of effective financial governance and assistance to the Board in ensuring the integrity of the Group's financial reporting. The Committee oversees the external audit process and reviews the Group's risk management framework, the effectiveness of its risk management processes and the system of internal control.

Peter Keen
Audit Committee Chairman

I am pleased to present the Audit Committee's report describing our work during the past year.

We have considered the provisions of the new UK Corporate Governance Code and the FRC Guidance on audit committees and expanded our report to provide more detail on the significant issues considered by the Committee in relation to the financial statements and on how these issues were addressed.

Committee composition

Details of the Audit Committee membership in the year and the number of Audit Committee meetings attended are given on page 45. The Committee meetings are also attended, by invitation, by other members of the Board, the Group Financial Controller and senior representatives of the external auditor 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.

The Audit Committee is required to include one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies), and I currently fulfil this requirement. I am deemed by the Board to have recent and relevant financial experience as a qualified chartered accountant with more than 30 years' experience in the financing and management of technology companies, with a particular focus in life sciences.

Role of the Committee

The primary responsibilities of the Committee are to:

- monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and review significant financial reporting judgements contained therein before they are submitted to the Board for final approval;
- where requested by the Board to consider whether in its view the Annual Report taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess a Group's performance, business model and strategy, the ultimate judgement on which is decided by the Board;
- review the effectiveness of the Group's financial reporting and the internal control and risk management policies and systems;
- review annually the need for an internal audit function;
- make recommendations to the Board, for a resolution to be put to shareholders for their approval in general meeting, on the appointment of the external auditor and the approval of its remuneration and terms of engagement;
- review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm; and
- review the arrangements by which staff may, in confidence, raise concerns about possible improprieties.

Review of financial statements and audit findings

The Committee reviewed the full and half year financial statements and the report of the auditor on these statements. The audit partner responsible for the Abcam audit attends the Committee meetings to present their reports and answer questions from Committee members. Senior PricewaterhouseCoopers (PwC) staff who have had day-to-day involvement in the conduct of the audit also attend.

Significant matters that were considered by the Committee included the following issues, which were also areas of focus for the external auditor, who reported on these topics to the Committee:

Issue	Assessment
Inventory valuation for in-house manufactured items	Inventory manufactured in-house is valued using a standard cost approach, on a first-in first-out basis. As part of the standard costing an element of overheads is allocated into the inventory valuation. The Committee discussed the calculation methodologies with management and also reviewed the report from the auditor on the results of its testing.
Inventory provisioning	The calculation of the inventory provision includes a degree of judgement of the likelihood that individual products may not be sold at some point in the future, at a value equivalent to or greater than cost. The Committee's review included an assessment of the reasonableness of future sales forecasts (which are based on actual sales patterns in previous years) and the shelf life of those products (on average product shelf life is estimated to be nine years). The Committee also considered the overall provision as a percentage of the gross inventory balance.
Impairment of goodwill and other intangible assets	The carrying value is based on judgements about the achievability of business plans. The Committee addressed this matter by reviewing the assumptions underlying these judgements.

The Committee considered the legislative changes that impact the Group 2013/14 financial statements relating to narrative reporting, in particular the remuneration report. The requirements of the changes were reviewed and planned and actions were agreed and taken to successfully implement the required modifications.

External auditor competitive tender

In accordance with the principles of good governance contained in the Code, the 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 its appointment. Consequently, at the Committee's recommendation, a tender process in respect of the Group's audit and taxation advisory and compliance services for the year ended 30 June 2014 was undertaken. While the audit engagement partner had been rotated in line with guidelines from the Auditing Practices Board, Deloitte LLP had been the auditor of the Company since its formation in 1998. The tender process enabled the Committee to benchmark the level of service, fees and value being delivered by Deloitte LLP and provided a range of insight and advice from other advisors.

Following a screening process three firms were invited to tender including the existing auditor. Following a comprehensive and thorough competitive tender process involving presentations from each of the firms to Abcam's CFO and financial management team and interviews conducted by the Audit Committee and Company Chairman, the Committee recommended the appointment of PwC as auditor for the year ended 30 June 2014. This proposal was subsequently approved by shareholders at the AGM in November 2013. In order to provide additional independence, the decision was taken to separately award the audit and tax advisory work and, as a consequence, Ernst and Young LLP was appointed as the Group's tax advisor.

AUDIT COMMITTEE CONTINUED

Assessment of auditor

Each year the Committee is required to assess the qualifications, expertise, resources and independence of the external auditor and the objectivity and effectiveness of the audit process. This year's assessment began with the audit tender process referred to above and the auditor's performance during the audit was assessed against the following criteria:

- delivery of a thorough and efficient global audit in compliance with agreed plan and timescales;
- provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice;
- a high level of professionalism and technical expertise consistently demonstrated by all audit staff;
- maintenance of continuity within the core audit team; and
- strict adherence to independence policies and other regulatory requirements.

The Committee was able to conclude that the independence and objectivity of the auditor and the effectiveness of the audit process are safeguarded and remain strong.

Other services provided by the external auditor

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. Auditor objectivity and independence is safeguarded by the Committee via the monitoring of fees paid to the auditor in respect of both audit and non-audit work, and approving all additional work performed by the external auditor.

The independence and objectivity of the auditor is regularly considered by the Committee taking into consideration relevant UK professional and regulatory requirements. The Committee receives an annual statement from the auditor detailing its independence policies and safeguards and confirming its independence, taking into account relevant guidance regarding the provision of non-audit services by the external auditor.

Note 7 to the consolidated financial statements includes disclosures of the auditor's remuneration for the year, including an analysis of audit services audit-related services and other non-audit services under those headings prescribed by law. The Committee monitors the level of non-audit fees in relation to the audit fee for its bearing on external auditor independence.

Other non-audit fees were paid to PwC during the year, mainly in respect of its review of the Company's interim results report to shareholders and the amendments made to the LTIP rules which were approved by shareholders at the 2013 AGM. Taking into account the low quantum of fees paid for these non-audit services the Committee does not feel auditor independence has been impeded.

Internal audit

Abcam does not currently have a formal internal audit function, however, the Committee continues to remain focused on the audit, assurance and risk management processes within the business. 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. Where necessary actions are taken to rectify any control deficiencies identified.

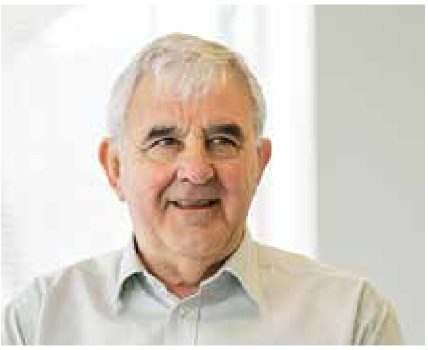
The Committee received reports from the Internal Controls Committee on the internal reviews carried out in the year of the operations in Burlingame, Hong Kong and Tokyo, which highlighted no significant control failings.

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 Committee can, however, envisage circumstances in the near future where such a function could be justified and therefore this will be subject to regular review. We intend to continue the debate around risk tolerance and appetite to ensure the Board maintains sound risk management and internal controls.

Peter S. Keen

Peter Keen
Audit Committee Chairman
8 September 2014

NOMINATION COMMITTEE



It is the Nomination Committee's role to regularly review the composition of the Board as the Company evolves, to ensure that it is has the necessary skills, knowledge and experience. Since the end of the last financial year a number of Board appointments have been made on the recommendation of the Committee which we are confident will each play a significant role in the achievement of our growth objectives.

Mike Redmond
Nomination Committee Chairman

Key responsibilities of the Committee

In addition to leading the process for Board appointments and making recommendations to the Board in relation to new appointments, the Committee's general responsibilities include reviewing succession planning, Board composition and balance, and considering the roles and capabilities required for each new appointment based on an evaluation of the skills, experience, independence and knowledge of the existing Directors.

Board composition

The Committee keeps the membership of the Board under review to ensure that it has the required combination of skills, knowledge and experience. The Board fully appreciates the benefits of diversity, including gender, and is committed to equal opportunities for all. In selecting candidates for Board appointments the Committee assesses the then current composition of the Board and takes this into account in devising the requirement specification for the recruitment. Selection for Board appointments is made on merit against this specification and not by reference to a prescribed quota.

As described in more detail below, Louise Patten was appointed to the Board, and we are already enjoying the fresh perspective she brings to Board discussions.

The posts of People and Organisational Development Director, Operations Director and Head of Consumer Insights are all held by women. These are not main Board appointments but form part of the next tier of management below the Board. The holders of these posts sit on the Senior Leadership Team and comprise one-third of its membership.

Board appointments in the year

The process adopted by the Committee to identify a candidate for a specific vacancy is, in the first instance, to determine whether any individuals known to the Board would be suitable for the role. If no candidates can be identified through this process, or if the Committee believes that the process would be improved by the involvement of other candidates, then an independent external search consultancy will be approached. Shortlisted candidates are interviewed by all members of the Committee and other Executive and Non-Executive Directors as the Committee deems appropriate. Once a suitable candidate has been identified and references taken, the Chairman of the Committee will recommend to the Board that the Company make a formal offer of employment to the candidate. Following appointment, a tailored induction programme is put in place to ensure the new Director rapidly gains the necessary knowledge to discharge his or her duties.

As announced today, with immediate effect Alan Hirzel is taking on the role of Chief Executive Officer from Jonathan Milner who moves to a new role of Deputy Chairman. Jonathan will continue to play an active role in the Company in the identification of technological developments in the market and the identification of partnership and acquisition targets.

Discussions on succession planning for the CEO role had been ongoing between Jonathan and me for some years and when the requirement to appoint a Chief Marketing Officer was identified last year, a recruitment process was undertaken for a candidate with the potential to assume the role of CEO at some time in the future.

NOMINATION COMMITTEE CONTINUED

Board appointments in the year continued

Alan Hirzel was subsequently appointed in August 2013. After a period of performance evaluation, working closely with Jonathan, in planning and implementing our growth strategy, it became clear that he had the attributes we had hoped for and that his skills, energy and experience were exactly in line with the Group's requirements.

With this in mind it was decided earlier in the year to more actively consider the timing and opportunity for CEO succession. This began the process of reviewing the requirements for the role and, having had exposure to Alan particularly since he joined the Board in January this year, led to the Committee strongly recommending him as CEO successor. Following further consideration by the rest of the Board excluding Jonathan and Alan, this recommendation was unanimously accepted.

During the year, Peter Keen notified the Committee of his wish to relinquish the role of Chair of the Remuneration Committee in view of the increasing external pressures on his time. The Committee was therefore charged with identifying a replacement for this role: a candidate with extensive experience of the issues surrounding remuneration in a public company. As part of the recruitment process outlined above, after consultation with Board colleagues, Louise Patten was identified as a possible candidate and was subsequently approached and interviewed and her appointment was recommended to the Board.

Louise brings extensive board level and corporate governance experience, having served on quoted company boards for more than 20 years as a non-executive director, senior independent director, remuneration committee chair and company chair at businesses including the retailer Marks & Spencer plc, retailing group GUS plc and hotelier Hilton Group plc.

Our annual review of Board performance covers succession planning and during recent reviews Murray Hennessy was identified as a likely candidate to succeed me as Chairman, given his excellent and relevant experience.

Following my decision to step down from the role of Chairman, the choice of my successor was discussed at Board level and after due deliberation the decision was taken to invite Murray Hennessy to take on the role of Chairman following the next AGM. In line with best practice those discussions were led by the Senior Independent Director and neither Murray nor I were active participants.

Priorities for 2014/15

In line with best practice Peter Keen will be stepping down from the Board at the forthcoming AGM after nine years, and the Committee will be leading the recruitment process for a successor as Chair of the Audit Committee. The Board will ensure any successor has the appropriate financial expertise, experience and diversity to complement our existing membership and maintain, collectively, an effective Board.

Mike Redmond
Nomination Committee Chairman
8 September 2014

REMUNERATION REPORT

On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the year ended 30 June 2014, which sets out our policy on pay, benefits and incentives and the amounts earned by the Directors during the year.

Louise Patten
Remuneration Committee Chairman

Basis of preparation

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to directors' remuneration in the UK Corporate Governance Code.

Although not required by the AIM Listing Rules to provide all the information detailed in this report, the Directors have chosen to do so in accordance with best practice and in order to provide greater transparency to shareholders. This includes the details of our policy on Directors' remuneration, which will be put to an advisory vote at the 2014 AGM. Any changes to this policy in future will be put to a further advisory vote. The Annual Report on Remuneration will also be subject to an advisory vote at the forthcoming AGM.

The layout of this report reflects the new regulations which impact the presentation and disclosure of Directors' remuneration. This report is therefore presented in two sections: the Directors' Remuneration Policy, which sets out the forward-looking remuneration policy, and the Annual Report on Remuneration, which provides details of the amounts earned in respect of the year ended 30 June 2014 and how the remuneration policy will be operated for the year commencing 1 July 2014.

Remuneration philosophy

The Remuneration Committee's policy is to attract and retain individuals of the highest calibre by offering remuneration competitive with comparable publicly listed companies, and to drive Group performance by providing arrangements which fairly and responsibly reward individuals for their contribution to the success of the Group. Performance-related bonuses and long-term equity-based remuneration linked to demanding targets represent a substantial proportion of Executive Directors' potential remuneration, which aligns the interests of the individuals with those of the shareholders. Although deferred share awards are presented as short term, due to their performance conditions being over a one-year period, they must in fact be held for a further period of two years before vesting and the Committee therefore considers them to be long term in nature.

The policy components are summarised below:

FIXED REMUNERATION	PERFORMANCE-RELATED REMUNERATION	
BASE SALARY BENEFITS PENSION CONTRIBUTION	SHORT-TERM ANNUAL PERFORMANCE BONUS	LONG-TERM DEFERRED BONUS LTIP/CSOP
ALL-EMPLOYEE SHARE PLANS		

REMUNERATION REPORT CONTINUED

Remuneration for 2013/14

Throughout the year the Committee continued to apply the remuneration policy with a strong alignment to the interests of shareholders.

As described in the Strategic Review, 2013/14 was a successful year for Abcam and, consequently, amounts equivalent to 60.2% of base salary were earned by the Executive Directors under the EPS performance measures of the Annual Bonus Plan (ABP). Of this amount an equivalent of 20.1% of base salary will be deferred in shares for a further holding period of two years. Individual performance cash bonuses of 25% of base salary were also awarded, to reflect the successful achievement of the relevant performance targets. Details of the total bonus amounts earned by individual Directors are outlined within the Annual Report on Remuneration.

Details of the LTIP awards for which performance conditions were tested in the period are as follows:

- Annualised compounded EPS growth over the three-year performance period ended 30 June 2014 was 9.5% against a minimum target of 15%; therefore, none of the awards granted under the LTIP on 1 November 2011 will vest on 1 November 2014.
- Total shareholder return (TSR) over the three-year performance period ended on 2 December 2013 was 31% which fell below the median of the comparator group. As a result, none of the TSR awards granted under the LTIP in December 2010 vested in December 2013.

As reported last year, adjustments were made to Executive Director salaries for 2013/14 to bring them in line with their respective market median levels as determined from the review which was undertaken in 2010.

Further details regarding base salary increases, bonus payments and the vesting of LTIP awards made to the Executive Directors are set out in the Annual Report on Remuneration.

Key remuneration decisions for 2014/15

During the coming year the Committee will continue to seek to ensure that the remuneration of Executive Directors, as well as the wider senior management, is sufficient to attract, retain and motivate quality individuals. The key decisions made by the Committee for 2014/15 include:

- For 2014/15 base salary increases for Executive Directors are 2.0% which is in line with cost of living increases for UK-based employees.
- The salary for Alan Hirzel in his new role as CEO will be £320,000 which is set at a lower level than that for Jonathan Milner.
- While keeping the overall incentive structure for 2014/15 unchanged, we have introduced some additional metrics to our annual bonus plan to make it more aligned to our growth strategy.
- We have also simplified the way in which the deferred bonus operates. We have reviewed and updated our Director service contracts to ensure that they are appropriately structured.
- The key changes made are the extension of the length of notice period from six months to twelve months to support retention and minimise any potential disruption to the business as well as the introduction of provisions relating to phasing and mitigation.

During the year we will also be reviewing the existing remuneration structure for Executive Directors and other senior staff to ensure best alignment with our growth strategy and the promotion of share ownership. Any significant changes will be discussed with major shareholders in advance.

Committee Chairman succession

I was delighted to join the Board in March 2014 and take over as Chairman of the Remuneration Committee from Peter Keen, our Senior Independent Director. I am very pleased to be working with my new colleagues to ensure that our remuneration strategy helps to drive the successful long-term growth of the Group.

Louise Patten

Louise Patten
Remuneration Committee Chairman
8 September 2014

REMUNERATION REPORT CONTINUED
Directors' Remuneration Policy

This section sets out the policy which will be put to an advisory shareholder vote at the AGM on 3 November 2014. The policy will apply to any remuneration and loss of office payments made on or after 3 November 2014.

Future policy table

Salary for Executive Directors	
Purpose and link to strategy	To provide an appropriately competitive level of base salary in order to enable the Group to recruit, retain and motivate Executive Directors of the calibre required to achieve the Group's business strategy and objectives. To reflect the individual's skills, experience and role within the Group.
Operation	Base salaries are paid monthly in cash and are reviewed annually with increases applying from July in each year, although an out-of-cycle review may be conducted if the Committee determines appropriate. A review will not necessarily lead to an increase in salary. When determining salaries, the Committee typically takes into account: > business performance; > individual performance, skills, experience and potential; > external market conditions; > salary levels at companies of a similar size, industry, global scope and complexity to Abcam plc; and > the pay and conditions of employees elsewhere in the Group.
Maximum opportunity	While there is no maximum salary increases will typically be in line with the general level of increase awarded to other employees in the Group. Higher increases may be made at the Committee's discretion for reasons including (but not limited to): > increase in the scope and/or responsibility of the individual's role; > realignment to market level; > development of the individual within the role; and/or > where a larger increase is considered necessary for the retention of an Executive Director. Salary levels for the year ending 30 June 2015 are shown on page 58.
Performance measures	No specific performance measures are used, although the overall performance of each Executive Director is considered by the Committee when reviewing base salaries.

Benefits for Executive Directors	
Purpose and link to strategy	To provide competitive benefits in line with market practice to enable the Group to recruit and retain high-calibre Executive Directors. To support personal health and well-being. Participation in the Company's Share Incentive Plan (SIP) encourages share ownership and alignment with the wider workforce.
Operation	The Executive Directors are provided with core benefits of life insurance cover up to five times' base salary, family private medical cover and annual health screening. The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme which allows the Director to choose a variety of benefits to suit individual needs, such as: > additional life assurance; > critical illness cover; > dental insurance; > travel insurance; > cycle to work scheme; > childcare vouchers; > additional holidays; and > pension contributions. Other benefit may be provided if the Committee considers it appropriate. Expenses incurred in the performance of duties may be reimbursed or paid for directly, including any tax due on expenses. Situation-specific taxable benefits may be provided as may be required in the interests of the Group's business, such as, but not limited to housing or relocation allowances, travel allowance or other expatriate benefits. Executive Directors are eligible to participate, on the same basis as other employees, in the Company's HMRC-approved SIP or any other all-employee share plan operated in the future.
Maximum opportunity	Reasonable market cost of providing benefits plus the employers' national insurance (NI) saving on any salary sacrificed. Participation by Executive Directors in the SIP and any other all-employee share plan operated in the future is limited to the maximum award levels permitted by the relevant legislation. There is no overall maximum level of benefit.
Performance measures	No performance measures.

REMUNERATION REPORT CONTINUED

Directors' Remuneration Policy continued

Future policy table continued

Pensions for Executive Directors	
Purpose and link to strategy	To provide pension contributions in line with market practice, which will enable Directors to plan for retirement.
Operation	The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme, as described above, which allows the Director to choose a variety of benefits including pension contributions. The Director also has the option to sacrifice an element of base pay to purchase additional benefits as detailed above. If as a result of any salary sacrificed the Company's NI liability is reduced, the benefit of this reduction is added as a contribution to each Director's pension fund. For those in excess of the pension lifetime allowance applicable in the UK, the Company's contribution may be taken as a cash allowance (subject to payroll deductions and the Director meeting any employer-related NI costs arising).
Maximum opportunity	The current level of Company contribution is 12%. This may be amended from time to time in accordance with benchmarking reviews against current market practice. There is no overall maximum percentage.
Performance measures	No performance measures.

Annual incentive and deferred bonus for Executive Directors (ABP)	
Purpose and link to strategy	To incentivise Executive Directors to achieve performance objectives that are directly linked to both the Group's short-term and long-term financial and strategic goals. The performance measures align to the strategy of the business and shareholder value creation. The deferred portion of the award aligns the long-term interests of the Executive Directors and shareholders and supports retention.
Operation	An annual bonus of both cash and deferred shares may be awarded under ABP. The cash component of the annual bonus, if earned, is paid annually in cash after the audited preliminary announcement of results for that year end are signed off. Deferred shares have a compulsory deferral of a further two years, subject to continued employment within the Group. Bonus payments are not pensionable. The Committee may reduce or cancel any unvested deferred share award or unexercised nil-cost option in any of the following events: > a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the vesting of the deferred share award; or > fraud or other gross misconduct of the award holder.
Maximum opportunity	110% of base salary (cash). 40% of base salary (deferred shares).
Performance measures	Targets for the bonus may be based on individual performance, strategic priorities for the Group and financial performance measures. Performance is assessed over one financial year. Individual performance is measured through an assessment of comprehensive business deliverables, personal performance and the achievement of specific individual objectives. Financial performance targets are chosen carefully to ensure a strong link between reward and underlying Group financial performance. As an example, these measures may typically include PBT or other measures as appropriate. Strategic performance targets are carefully chosen to align with Abcam's stated strategy. Further details of the measures for 2014/15 are given on page 29. The exact measures, weightings, threshold vesting and targets are determined by the Committee each year taking into account the Group's key strategic priorities and the approved budget for the year. Where the Committee is of the opinion that the Group is facing severe cash flow restraints that threaten the Group's ability to fund its operations, it can reduce the proportion of a cash award under the ABP which is capable of vesting or determine that the cash award may be settled in plan shares, in whole or in part.

Future policy table continued

Long-term incentive plans for Executive Directors (LTIP)	
Purpose and link to strategy	To incentivise long-term value creation through the setting of stretching targets which ensure a strong link between reward, underlying Group financial performance and shareholder returns. To support recruitment and retention.
Operation	Annual nil-cost options or conditional share awards, normally at 50% of salary, vesting at the end of a three-year performance period. Subject to statutory limits, the first £30,000 of value awarded under the LTIP may be structured to be tax efficient using an HMRC-approved executive share option scheme. This involves making a simultaneous award under the Company Share Option Plan (CSOP). The Committee may reduce or cancel any award that has not been released in the case of a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the release of the award, or following fraud or other gross misconduct of the participant.
Maximum opportunity	While the maximum award limit under the rules of the LTIP is 150% of base salary, awards for 2013/14 and 2014/15 are currently 50% of salary.
Performance measures	Vesting of awards is based on specific financial or quantifiable performance measures against stretching targets over the vesting period. The vesting period is three years from the date of grant, or such other period set by the Committee in its discretion. The exact measures, weightings, threshold vesting and targets are determined by the Committee each year taking into account the Group's key strategic priorities, the approved budget for the year and the Group's longer-term financial outlook.

Non-Executive Directors' (NED) and Chairman's fees	
Purpose and link to strategy	To attract and retain an appropriately experienced Chairman and independent NEDs of suitable calibre to fulfil a range of different roles including financial expert/Audit Committee Chairman, Senior Independent Director and other Committee Chairmen. To pay fees that reflect responsibilities and workload undertaken and that are competitive with peer companies.
Operation	NED fees consist of a base fee plus a fee for membership or chairmanship of each of the committees, and for the Senior Independent Director. NED fees are determined by the Chairman of the Board and the Executive Directors. The Chairman's fee is proposed by the Committee and approved by the Board as a whole with the Chairman taking no part in the decision. Fees are reviewed on an annual basis and take account of fees paid for similar roles by peer companies and the skills and expected time commitment of the individual concerned. An out-of-cycle review may be conducted if the Committee determines appropriate. A portion of the fees may be delivered or paid by reference to a fixed number of Company shares. Expenses incurred in the performance of non-executive duties may be reimbursed or paid directly, including any tax due on expenses. The NEDs and the Chairman are not eligible to receive bonuses or pension contributions and nor can they participate in the Executive or all-employee equity plans.
Maximum opportunity	Fees are set at an appropriate level taking into account the factors outlined in this table. Any Director who devotes special attention to the business of the Group, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid additional fees to be determined by the Committee.
Performance measures	None.

Malus applies where stated in the above table. Other elements of remuneration are not subject to recovery provisions. References to base salary in the table above refer to base salary prior to any voluntary waiver.

The Remuneration Committee believes that situations may arise when it would be in the Company's best interests for them to retain discretion on certain matters as to how the Remuneration Policy described above is applied. These are as follows:

> in determining that any annual incentive or deferred bonus awards should be reduced if it reasonably considers that there is a significant misalignment between the attainment of the performance targets and the underlying sustainable performance improvement of the Company;

> the Committee retains the ability to adjust incentive performance targets in light of changes within Abcam's business such as acquisitions or divestitures; and

> in the operation of the LTIP the Company in its absolute discretion and subject to any statutory prohibition may:

  > determine that the holding period from the date of grant to the vesting of an award be varied from the usual three year period applied by the Company;

REMUNERATION REPORT CONTINUED

Directors' Remuneration Policy continued

Future policy table continued

- meet any stamp duty or liability for any other taxes or expenses arising which it deems appropriate;
- determine that any LTIP award be subject to additional and/or modified terms and conditions relating to its grant, release or exercise as may be necessary to comply with or take account of any relevant laws or regulations;
- determine whether the participant shall be liable for the employer's NI contributions payable on the release or exercise of an award;
- determine that an award that has not been released shall not lapse on cessation of employment for reasons including, amongst others, injury, disability, ill health, retirement, redundancy and death;
- determine the period over which a participant may exercise all released nil-cost option awards, following his cessation of employment; and
- if events subsequently occur which cause the Committee to consider that the existing performance requirements have become unfair or impractical, it may, at its discretion, amend the relevant performance requirements, ensuring that they are no more or less difficult to abide by or satisfy as those originally imposed or last amended; and

- in the context of one-off recruitment cash or equity awards the Committee has the discretion to determine appropriate performance conditions for any equity award, taking account of the circumstances of each individual case.

Selection of performance measures and how targets are set

LTIP

Performance measures for the LTIP are selected after careful consideration by the Committee and where appropriate following consultation with larger shareholders. The Committee believes that the use of an EPS performance measure currently provides the best alignment to Group strategy and encourages, reinforces and rewards the delivery of sustainable shareholder value.

The Committee has set a stretching target for the normalised EPS growth performance condition for the awards made in November 2013, after taking into account the Group's financial projections for the three-year vesting period. The setting of the targets in future will reflect the Group's prospects at that time to ensure that they are suitably challenging while being motivational.

If events subsequently occur that cause the Committee to consider that the existing performance requirements have become unfair or impractical it may, at its discretion, amend those conditions, providing that in the reasonable opinion of the Committee they shall be no more or less difficult to abide by or satisfy as when they were originally imposed or last amended.

Annual incentive and deferred bonus for Executive Directors

The annual award under the ABP for 2013/14 consisted of two separate portions: a bonus based on financial profit measures and an individual performance bonus based on the achievement of personal targets, which included the successful execution of strategic initiatives.

Financial performance measures are set annually and chosen carefully to ensure a strong link between reward and underlying Group financial performance. Each year the Committee considers the most appropriate target to apply for the following financial year, taking into account the Group's key strategic priorities and the approved budget for the year.

The individual performance bonus objectives are specific to each Executive Director and are set based on a set of comprehensive business deliverables, personal performance and the achievement of specific individual objectives.

For 2014/15 the annual award under the ABP will have an additional component, which is based specifically on the achievement of key strategic goals. The strategic goals are based on the successful delivery of the Group against a set of performance measures which are chosen by the Committee to closely align to the strategy of the business as outlined on pages 18 to 23 and shareholder value creation. Further details of these measures for 2014/15 are set out on page 29. Achievement of the targets for these measures would result in a 50% payout of the relevant bonus, with adjustments to reflect over or under performance.

Remuneration arrangements across the Group

We firmly believe that successful delivery of our strategy can only be achieved with engaged and motivated employees and that our Group remuneration philosophy is sufficient to attract and retain high-calibre individuals. While this philosophy is consistent across the Group there may be variations due to various reasons, including geography and the local talent market.

- **Salaries and benefits** – a range of factors are considered including business and individual performance, the pay of other employees and external market data.
- **LTIP and ABP** – in addition to participation in the LTIP, key management team members below Board level may receive some of their annual bonus in shares under the ABP, which must be deferred for a further two years. The targets and deferral retention policies under both schemes are in line with the policy for Executive Directors. Other annual bonuses across the Group are typically linked to local business and individual performance.
- **All-employee share plans** – an HMRC-approved SIP is open to all UK eligible employees (including Executive Directors) on the same terms, giving them the opportunity to become shareholders in the Company. Currently over 230 employees participate in the SIP and hold over 940,000 shares.
- A number of other share schemes are in place to incentivise employees across the Group to enhance shareholder value, and to allow them the opportunity to become shareholders in the Company where possible. For awards to vest these schemes have historically required outperformance of the FTSE AIM All-share index over two, three or four years, depending on the specific local rules in place. For 2014/15 the targets will be amended to tie in with specific Company performance.

Approach to the recruitment and retention of Executive Directors

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.

The following factors are taken into account when negotiating a new appointment to the Board:

- **Base salary** – to be set based on relevant market data, experience and skills of the individual, internal relativities and their current base salary. Where new appointments have initial base salaries set below market, the shortfall will normally be managed with phased increases over a period of two to three years, subject to their development in the role. For interim positions a cash supplement may be paid rather than salary.
- **Bonus** – the annual and deferred bonuses described in the table above will apply to a new appointee with the relevant maximum being pro-rated to reflect the proportion of employment over the year. The committee may determine that for the first year of appointment the annual bonus award will be subject to such conditions as it may determine.

Approach to the recruitment and retention of Executive Directors continued

- **Share incentives** – usually new appointees will be granted awards under the LTIP on the same terms as other Executive Directors.
- To facilitate the recruitment of an Executive Director it may be necessary to buy out existing awards from their current employer. Any buyout may take the form of a cash payment or share award and would take into account the terms of the arrangements (e.g. form of award, performance conditions and timeframe) being forfeited. The overriding principle will be that any replacement buyout awards should be of no higher commercial value to the awards which have been forfeited. So far as practical any buyout would make use of existing plans.
- The maximum level of variable remuneration which may be granted in the first year (excluding buyouts) is in line with the aggregate maximums set out in the policy table and shall be no more than 200% of salary.

Service contracts and policy on payment for loss of office

Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the forthcoming AGM in November 2014 and during normal business hours at the Company's registered office.

Executive Directors have rolling service contracts. In order to ensure retention of key talent, and to minimise any potential disruption to the business, the notice period for Alan Hirzel, Jeff Iliffe and Jim Warwick was extended from six months to twelve months for 2014/15.

The details of Executive Directors' contracts are summarised below:

	Commencement of contract	Notice period (months)
Alan Hirzel	9 September 2014	12
Jeff Iliffe	9 September 2014	12
Jim Warwick	9 September 2014	12

Any payment in lieu of notice is at the Committee's discretion and both mitigation and the phasing of payments through the notice period would be considered by the Committee where appropriate.

All NEDs, including the Chairman, serve under letters of appointment. Currently either party can terminate on one month's written notice. The policy in relation to notice periods may be reviewed from time to time but will not exceed six months.

Neither the Chairman nor the NEDs have any right to compensation on the early termination of their appointment. The details of NEDs' current contracts are summarised below:

	Commencement of contract	Notice period (months)
Mike Redmond	1 March 2009	1
Jonathan Milner	9 September 2014	6
Murray Hennessy	9 September 2014	1
Peter Keen	27 October 2005	1
Anthony Martin	16 September 2011	1
Louise Patten	27 March 2014	1
Michael Ross	1 November 2011	1

Vesting of incentives for leavers

Cash and deferred share awards under the ABP

Any cash or deferred share awards outstanding under the ABP will ordinarily lapse on termination of employment. In certain circumstances, such as injury, disability, ill health, retirement, redundancy and death or any other reason at the discretion of the Remuneration Committee, it will vest in full on the second anniversary of the date of grant.

Alternatively the Remuneration Committee may determine that deferred shares vest at cessation of employment. Where vested deferred share awards are in the form of a nil-cost option, the award holder would then be entitled to exercise these for a period of twelve months from the date of vesting, after which time any unexercised nil-cost options will lapse.

Any unvested cash or deferred award outstanding under the ABP may be paid on a pro-rata basis for the period of the financial year in employment, at the Remuneration Committee's absolute discretion and their assessment of the achievement of the relevant performance targets.

LTIP awards

Unvested LTIP awards ordinarily lapse on cessation of employment, unless the Committee in its absolute discretion determines otherwise for reasons including, amongst others, injury, disability, ill health, retirement, redundancy and death. In this instance, the proportion of the award to be released is calculated based on the amount of the relevant holding period completed on the date of cessation and on the satisfaction of the performance requirements relating to the award.

CSOP options ordinarily lapse on cessation of employment. Options may be exercised in certain leaver circumstances including death, injury, ill health, disability, redundancy, retirement or the sale of the individual's employing company or business out of the Group. The proportion of the option that is exercisable in these circumstances is based on the proportion of time from grant to the third anniversary and by reference to the performance requirements. The Board may at its discretion permit options to be exercised by other leavers on such basis as it determines.

SIP awards

Payments may be made under the Company's SIP, the terms of which are governed by HMRC-approved plan rules and include certain provisions for employees leaving the Group.

Change of control

All of Abcam's equity-based plans contain change of control clauses. Deferred share awards typically vest upon change of control. Under the LTIP, on a change of control, merger or demerger, the Remuneration Committee may at its discretion determine the proportion of the award that shall be released, taking account of whatever factors it considers appropriate, as well as the period over which those awards may be exercised.

REMUNERATION REPORT CONTINUED

Directors' Remuneration Policy continued

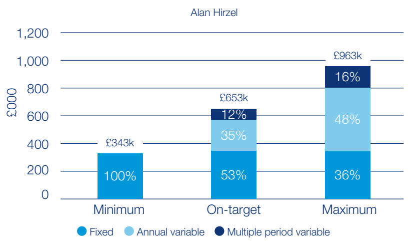
Illustrations of remuneration policy application

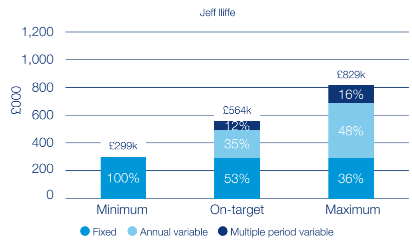
The charts below show hypothetical values of the remuneration package for 2014/15 in line with the policy above and include base salary, pension, benefits and incentives. The charts provide an illustration of the proportion of total remuneration made up of each component of the policy and the value of each component. These charts are for illustrative purposes only and actual outcomes may differ from those shown.

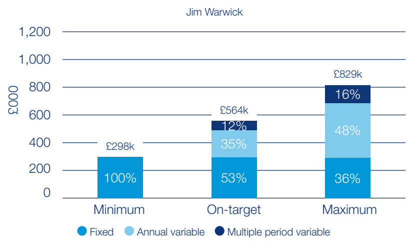
For these purposes base salary is the latest known salary for 2014/15, benefits are as disclosed in the single figure table on page 59 for the year ended 30 June 2014 and pension is calculated as 12% of base salary.

Three scenarios have been illustrated for each Executive Director:

Minimum performance	> No bonus payout > No vesting under the LTIP
On-target performance	> 52.5% of salary payout under the cash award of the ABP > 22.5% of salary payout under the deferred share award of the ABP > LTIP awards to a value of 50% of salary, of which 50% vest
Maximum performance	> 110% of salary payout under the cash award of the ABP > 40% of salary payout under the deferred share award of the ABP > LTIP awards to a value of 50% of salary, of which 100% vest







Notes

1 Fixed remuneration is comprised of salary, standard benefit provision and employer pension contribution/allowance.

2 Annual variable remuneration comprises cash awards under the ABP (including the individual performance bonus), and deferred bonuses awarded under the ABP, for which performance targets are measured over a one-year period.

3 All scenarios assume no share price appreciation during the vesting period. Therefore, depending on share price performance, the actual outcomes could be higher.

4 All-employee share plans have been excluded, as have any legacy awards which Executive Directors may hold.

5 Remuneration for Alan Hirzel is based upon a pro-rated salary of £240,000 until 8 September 2014 as Chief Marketing Officer and £320,000 for the remainder of 2014/15 as Chief Executive Officer.

Consideration of conditions elsewhere in the Group

The Committee has oversight of the main compensation structures throughout the Group and actively considers the relationship between general changes to employees' remuneration and Executive Director reward. When considering potential changes to Executive Director remuneration the Committee is provided with comparative employee information, e.g. average salary reviews across the Group.

The Committee does not consider it appropriate to consult directly with employees when formulating Executive Director reward policy. However, it does take into account information provided by the People and Organisational Development Director and feedback from our global employee satisfaction survey, which includes questions about pay and conditions generally.

Existing contractual arrangements

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Remuneration Policy where the terms of the payment were agreed:

(i) before the policy came into effect; or

(ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Committee may make minor changes to the policy that do not have a material advantage to Directors, to aid in its operation or implementation, without seeking shareholder approval but taking into account the interests of shareholders.

Consideration of shareholder views

The Committee is strongly committed to an open and transparent dialogue with shareholders on remuneration matters. We believe that it is important to meet regularly with our key shareholders to understand their views on our remuneration arrangements and discuss our approach.

The Committee will continue to engage with shareholders going forward and will aim to consult on any material changes to the policy or its application.

The following section sets out the Directors' remuneration for the financial year ended 30 June 2014.

REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014

AUDITED INFORMATION

Single total figure of remuneration

The aggregate remuneration provided to Directors who have served as Directors in the year ended 30 June 2014 is set out below, along with comparatives for the prior year.

Executive Directors

	Jonathan Milner[1]		Alan Hirzel[2]		Jeff Iliffe[3]		Jim Warwick	
	2013/14 £000	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000
(a) Salary[2]	**321**	206	**100**	—	**257**	227	**260**	239
(b) Taxable benefits	**3**	2	**—**	—	**2**	2	**1**	2
(c) Annual bonus	**235**	250	**65**	—	**169**	177	**169**	187
(d) Deferred bonus	**72**	80	**20**	—	**52**	57	**52**	60
(e) Long-term incentives	**4**	278	**—**	—	**4**	238	**4**	246
(f) Pension-related and other benefits[4]	**7**	5	**12**	—	**32**	30	**5**	4
Total remuneration	**642**	821	**197**	—	**516**	731	**491**	738

1 In 2013/14 Jonathan Milner waived an increase in salary of £39,000 (2012/13: £103,000) which would have taken his salary up to £360,000 (2012/13: £319,300). His bonus and benefits in both years were based on his salary prior to the waiver. He took unpaid leave with a value of £10,000 in 2012/13, and this has been deducted from the salary disclosed in the table above.

2 Alan Hirzel was employed on 5 August 2013. He was appointed to the Board of Directors on 30 January 2014, and his remuneration and benefits from this date onwards have been included in the table above. His deferred bonus award for 2013/14 was £44,289; however, the amount disclosed above relates to the period following his appointment to the Board.

3 Jeff Iliffe took unpaid leave with a value of £2,723 in 2013/14, and this has been deducted from the salary disclosed in the table above.

4 In place of pension contributions that can no longer be contributed in a tax-efficient way, an additional cash allowance and/or provision of certain benefits have been provided to Jonathan Milner and Jim Warwick since 6 April 2012 and to Jeff Iliffe from 6 April 2014. The value of these cash payments and benefits has been disclosed within pension-related and other benefits in the table above. Jonathan Milner waived his entitlement to £35,000 (2012/13: £33,000) and Jim Warwick waived his entitlement to £26,000 (2012/13: £25,000) of these payments in lieu of retirement benefits. The Company made donations to charities of its choice amounting to the total amounts waived.

The figures in the single figure table above are derived from the following:

(a) Salary	The amount of base salary received in the year.
(b) Taxable benefits	This is the taxable value of benefits received in the year.
(c) Annual bonus	The value of the cash bonus earned in respect of the year, consisting of an individual performance bonus and an EPS-based bonus.
(d) Deferred bonus	The value of the EPS-based bonus in respect of the year, will be deferred as a nil-cost option or conditional share award over Abcam plc shares, for at least two years from the date of award. The deferred element is not subject to further performance conditions, but vesting requires continuation of employment.
(e) Long-term incentives	The value of performance-related incentives whose performance targets relate to a period ending in the relevant financial year and the value of Free and Matching Shares granted in the year under the HMRC-approved SIP, based on the fair value of the shares at the date of grant. The LTIP awards made in 2009, 2010 and 2011 were each divided into two equal portions, of which half were based on a compound EPS growth target (relating to the relevant financial years of the Company) and half were based on relative TSR performance against a comparator group, measured over the vesting period of the award, being three years from each date of grant. The values in the 2013/14 column therefore relate to the TSR awards which vested on 2 December 2013, valued using the mid-market closing share price on that date of 488.5 pence, along with the EPS awards which will vest on 1 November 2014, valued using the mid-market closing share price on 30 June 2014. The values shown in the 2012/13 column relate to the TSR awards which vested on 9 November 2012, valued using the mid-market closing share price on that date of 378.0 pence, along with the EPS awards which vested on 2 December 2013, valued using the mid-market closing share price of 453.5 pence on 30 June 2013.
(f) Pension-related and other benefits	The value of the employer contribution to the defined contribution pension plan (or the value of a salary or benefit supplement paid in lieu of a contribution to this pension plan).

REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014 continued

AUDITED INFORMATION continued
Single total figure of remuneration continued
Non-Executive Directors

	Fees 2013/14 £000	Fees 2012/13 £000
Mike Redmond	**72**	70
Murray Hennessy	**39**	37
Peter Keen	**45**	44
Anthony Martin	**39**	37
Louise Patten[1]	**13**	—
Tony Kouzarides[2]	**—**	10
Michael Ross	**37**	36
Total remuneration	**245**	234

1 Louise Patten was appointed to the Board of Directors on 27 March 2014. Her remuneration from this date onwards has been included in the above table.

2 Resigned from the Board 22 October 2012.

Details of individual elements of remuneration
Base salary/fees
As reported last year, the Committee approved salary increases for the Executive Directors from 1 July 2013 to their respective median levels from a benchmarking review which was undertaken in 2010, notwithstanding that the Group is now much larger and more complex than when the review was undertaken. This resulted in an increase in base salary of 12.7% for Jonathan Milner, 14.7% for Jeff Iliffe and 8.8% for Jim Warwick.

The fees for the NEDs were increased by 4.0% from 1 July 2014, which was in line with the range of salary increases across the Group.

Salary increases for Executive Directors for 2014/15 are 2%, which is in line with cost of living increases for UK-based employees. Fees for Non-Executive Directors will be reviewed later in the year, including consideration of paying part of the fees in shares in order to better align with shareholder interests.

Taxable benefits
Benefits comprise amounts in respect of life insurance, private medical cover and annual health screening.

Annual bonus
For the year ended 30 June 2014, the annual bonus under the ABP consisted of an individual performance bonus and an award based on performance against a Group EPS target for the year, delivered in cash.

The total on-target and maximum annual bonus is summarised as follows:

	On-target % of base salary	Maximum % of base salary
Individual performance bonus	12.5	25.0
EPS-based cash bonus	45.0	85.0
	57.5	**110.0**

The EPS-based cash award under the ABP was based on the following targets, with straight-line apportionment for performance between these levels:

Target	% of award earned	Equivalent % of salary
0–95% of target EPS	0%	0%
95–105% of target EPS	35.3–70.6%	30–60%
105–110% of target EPS	70.6–100.0%	60–85%

Group EPS is defined as Group adjusted diluted EPS, before cash bonuses. For 2013/14 the target was 18.55 pence. Group EPS achieved on the same basis was 18.25 pence which resulted in 47.2% of the EPS-based award being earned.

Taking into account achievement against personal objectives and contributions to the strategic direction of the business the individual performance bonuses for the Executive Directors were determined to be achieved in full. The overall bonus outcomes for the Executive Directors were 25% of salary.

Deferred bonus
For the year ended 30 June 2014, the performance targets for the deferred bonus were based on Group adjusted diluted EPS, before the effect of deferred bonuses, which for 2013/14 was 18.15 pence against a target of 18.29 pence.

The deferred bonus was based on the following targets, with straight-line apportionment for performance between these levels:

Target	% of award earned	Equivalent % of salary
0–95% of target EPS	0%	0%
95–105% of target EPS	35.3–70.6%	14.12–28.24%
105–110% of target EPS	70.6–100.0%	28.24–40.00%

The deferred bonus achievement for Executive Directors in 2013/14 was 99.3% of the EPS target, resulting in a payout of 20.1% of salary.

The value of the deferred bonus in respect of the year will be deferred into Abcam plc shares for a further two years from the date of approval of these audited financial statements subject to continuation of employment. The deferral may be structured as a nil-cost options and would exercisable for a period of seven years from the date of vesting. The deferred element is not subject to further performance conditions.

Long-term incentives
The LTIP awards made in 2009, 2010 and 2011 were each divided into two equal portions, of which half were based on a compound EPS growth target (relating to the three relevant financial years of the Company) and half were based on relative TSR performance against a comparator group, measured over the three-year vesting period of the award.

The values shown in the 2013/14 column in the 'single total figure of remuneration' table relate to those awards for which the performance conditions were tested in the year: the TSR awards which vested on 2 December 2013 and the EPS awards which will vest on 1 November 2014, based on EPS performance over the three years ended 30 June 2014.

Vesting of the TSR awards was determined as follows, with proportional straight-line vesting between these points, over the three-year period ended on 2 December 2013:

TSR performance compared to comparator group	% of TSR award vesting
Below 50th percentile	0%
At 50th percentile	30%
At or above 75th percentile	100%

Details of individual elements of remuneration continued

Long-term incentives continued

The comparator group comprised those companies quoted in the UK which were as close a fit as possible to Abcam in terms of activities undertaken, customer base, size and growth profile.

The Company's TSR performance over this three-year period fell below the median of the comparator group and therefore none of the TSR awards vested.

Vesting of the relevant EPS awards was determined as follows, with proportional straight-line vesting between these points, over the three-year period ending on 30 June 2014:

Annualised, compounded growth in EPS	% of EPS award vesting
Below 15%	0%
At or above 20%	100%

The Company's annualised, compounded EPS growth over the three-year performance period ended 30 June 2014 was 9.5%, resulting in none of the EPS awards vesting.

For the LTIPs whose performance conditions were tested in the prior year, 16.9% of the EPS awards and 92.6% of the TSR awards vested respectively.

Under the SIP, £3,000 of Free Shares and £1,500 of Matching Shares were awarded to each Executive Director in office on the date of grant in the current and prior period.

Retirement benefits

The Company operates a flexible benefits scheme under which the Executive Directors are entitled to contributions to be made by the Company on their behalf equivalent to 12% of base salary. Each Executive Director can choose how to spend this contribution amongst the specific benefits available and also has the option to sacrifice an element of base 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 or benefits, the Company's national insurance (NI) 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 pension-related benefit figures disclosed in the 'single total figure of remuneration' table above.

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, they are entitled to draw a cash supplement or other benefits equivalent to the cost to the Company of their pension entitlement, as adjusted for employer's NI contributions, such that the Company is in no better or worse position. These amounts have been included within the pension-related benefits disclosed in the 'single total figure of remuneration' table on page 59.

Scheme interests awarded during the year

Executive Director	Type of interest awarded	Award basis	Face value of award £000	% vesting at minimum performance requirements	Performance period	Date of award	Date of vesting
Jonathan Milner Jeff Iliffe Jim Warwick	LTIP (Part A)	Total of 50% of base salary before any voluntary waiver (less the value of SIP Free and Matching awards)	— 30 30	0%	1 Jul 2013 – 30 Jun 2016	25 Nov 2013	25 Nov 2016
Jonathan Milner Jeff Iliffe Jim Warwick	CSOP		— 30 30	0%	1 Jul 2013 – 30 Jun 2016	25 Nov 2013	25 Nov 2016
Jonathan Milner Jeff Iliffe Jim Warwick	LTIP (Part B)		176 96 96		1 Jul 2013 – 30 Jun 2016	25 Nov 2013	25 Nov 2016
Jonathan Milner Jeff Iliffe Jim Warwick	SIP – Free Shares	Maximum award as per scheme rules	3 3 3	n/a	n/a	24 Oct 2013	24 Oct 2016
Jonathan Milner Jeff Iliffe Jim Warwick	SIP – Matching Shares	Maximum award as per scheme rules	1 1 1	n/a	n/a	24 Oct 2013	24 Oct 2016
Jonathan Milner Jeff Iliffe Jim Warwick	ABP – deferred share award	Up to 40% of base salary before any voluntary waiver subject to EPS performance conditions	80 57 60	n/a	n/a	10 Sep 2013	10 Sep 2015

The LTIP has been structured in a tax-efficient manner as an HMRC-approved executive share option scheme. This tax-efficient element is applicable up to a maximum of the first £30,000 of the award (calculated based on the market value of shares at the date of grant), reduced by the value of any other outstanding approved share options. At the end of the performance period, if a portion of the share price increase is delivered via the tax-efficient CSOP then a portion of the Part A LTIP award would lapse. This means that in aggregate, on a pre-tax basis, only the value of the Part A LTIP is delivered. Thus, the CSOP value is not taken into account in the award basis of 50% of salary.

The share prices used to calculate the face value of the LTIP/CSOP awards, deferred share awards and the Free and Matching Shares under the SIP were the mid-market prices on the day prior to award date, being 464 pence for the 25 November 2013 awards and 509 pence for the 24 October 2013 awards.

The performance conditions for the LTIP awards are based on target annualised compound EPS growth over the three-year period ending on 30 June 2016. There will be 50% vesting at 10.5% compound growth and 100% vesting at 15% growth, with proportionate straight-line vesting between these two figures.

Although Alan Hirzel joined the Company in August 2013, he did not become a member of the Board of Directors until 30 January 2014, after the award of scheme interests for the year. His scheme interests have therefore been excluded from the above table.

REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014 continued

AUDITED INFORMATION continued

Payments to past Directors

There have been no payments to former Directors during the year.

Payments for loss of office

During the year there have been no payments made to Directors for loss of office.

Statement of Directors' shareholdings and share interests

Although there were no formal shareholding guidelines in place in 2013/14, the majority of Executive Directors already held significant value in shares. With effect from the date of the 2014 AGM, the Committee will introduce a shareholding guideline of two times salary for all Executive Directors. This level is to be built up over a period ending on the later of the fifth anniversary of appointment or the fifth anniversary of introduction of the policy. The extent to which each Executive Director has met the shareholding guideline as at 30 June 2014 is shown in the table below:

					Outstanding scheme interests[3,4,5]			
	Beneficial shareholding[1]	Beneficial holding as a percentage of salary[2]	Type	Owned outright	Unvested, subject to performance measures	Unvested, not subject to performance measures	Vested but unexercised	Total of all share interests and outstanding scheme interests
Executive Directors								
Jonathan Milner	27,362,466	28,883%	Shares	27,362,466	—	—	—	27,362,466
			Non-beneficial shares	595,500	—	—	—	595,500
			LTIP 'B' awards	—	77,361	—	—	77,361
			Deferred awards	—	—	17,278	—	17,278
			SIP Free	—	—	2,246	—	2,246
			SIP Matching	—	—	1,124	—	1,124
				27,957,966	77,361	20,648	—	28,055,975
Alan Hirzel	8,313	13%	Shares	8,313	—	—	—	8,313
			CSOP options	—	6,465	—	—	6,465
			LTIP 'A' awards	—	6,465	—	—	6,465
			LTIP 'B' awards	—	18,639	—	—	18,639
			SIP Free	—	—	589	—	589
			SIP Matching	—	—	294	—	294
				8,313	31,569	883	—	40,765
Jeff Iliffe	276,000	403%	Shares	276,000	—	—	—	276,000
			Unapproved options	—	—	—	170,460	170,460
			EMI options	—	—	—	40,000	40,000
			CSOP options	—	6,465	—	—	6,465
			LTIP 'A' awards	—	6,465	—	—	6,465
			LTIP 'B' awards	—	49,289	—	180,745	230,034
			Deferred awards	—	—	12,262	—	12,262
			SIP Free	—	—	2,246	—	2,246
			SIP Matching	—	—	1,124	—	1,124
				276,000	62,219	15,632	391,205	745,056
Jim Warwick	2,944,150	4,303%	Shares	2,944,150	—	—	—	2,944,150
			CSOP options	—	6,465	—	—	6,465
			LTIP 'A' awards	—	6,465	—	—	6,465
			LTIP 'B' awards	—	50,894	—	297,488	348,382
			Deferred awards	—	—	12,931	—	12,931
			SIP Free	—	—	2,246	—	2,246
			SIP Matching	—	—	1,124	—	1,124
				2,944,150	**63,824**	**16,301**	**297,488**	**3,321,763**

Statement of Directors' shareholdings and share interests continued

	Beneficial shareholding[1]	Beneficial holding as a percentage of salary[2]	Type	Owned outright	Outstanding scheme interests[3,4,5] Unvested, subject to performance measures	Unvested, not subject to performance measures	Vested but unexercised	Total of all share interests and outstanding scheme interests
Executive Directors[6]								
Mike Redmond	88,725	n/a	Shares	88,725	—	—	—	88,725
Murray Hennessy	12,800	n/a	Shares	12,800	—	—	—	12,800
Peter Keen	169,125	n/a	Shares	169,125	—	—	—	169,125
Anthony Martin	—	n/a	Shares	—	—	—	—	—
Louise Patten	13,617	n/a	Shares	13,617	—	—	—	13,617
Michael Ross	—	n/a	Shares	—	—	—	—	—

Notes

1 Interests in shares held at 30 June 2014 include shares held by connected persons.

2 Based on share price of 380 pence at 30 June 2014 and salary at 30 June 2014.

3 Outstanding scheme interests under the LTIP, SIP and ABP (deferred share awards) take the form of rights to receive shares (nil-cost share options or conditional share awards). Outstanding CSOP, Unapproved and EMI options take the form of rights to receive shares on payment of the relevant exercise price.

4 Outstanding scheme interests under the LTIP for which the performance conditions were not met have been excluded.

5 Details of each scheme interest held by each Executive Director are set out below.

6 The NEDs and the Chairman are not eligible to participate in the LTIP.

There have been no changes in the interests of the Executive Directors or NEDs between 30 June 2014 and the date of approval of the 2013/14 Annual Report and Accounts.

Reconciliations of the opening scheme interests to those at the end of the year are provided in the tables below, including grants/awards, exercises and lapses.

Details of scheme interests exercised in the year

Jonathan Milner was the only Director to exercise share options and awards in the year. Details of his exercises are as follows:

Scheme	Type of award	Number of shares	Exercise price pence	Market price on date of exercise pence	Gain on exercise £
2005 plan	EMI	24,210	82.6	426.0	83,137
2005 plan	Unapproved	205,810	82.6	426.0	706,752
CSOP	Approved	16,590	180.8	426.0	40,679
LTIP 'A'	Unapproved	7,076	0.2	426.0	30,130
LTIP 'B'	Unapproved	350,060	0.2	426.0	1,490,555
		603,746			**2,351,253**

Details of outstanding scheme interests

Abcam plc 2005 Plan ('the Plan')

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 as follows:

	Number of awards at 30 June 2013	Granted	Exercised	**Number of awards at 30 June 2014**	Exercise price pence	Date from which exercisable	Expiry date
Jeff Iliffe	210,460	—	—	**210,460**	62.4	8 Nov 2010	7 Nov 2017
Jonathan Milner	230,020	—	(230,020)	**—**	82.6	8 May 2011	7 May 2018
	440,480	—	(230,020)	**210,460**			

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.

Of the 210,460 share options outstanding at the end of the year for Jeff Iliffe, 40,000 of these are EMI options (subject to capital gains tax) and 170,460 are unapproved options (subject to income tax and employee's and employer's NI to be paid by the participant).

REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014 continued

AUDITED INFORMATION continued

Details of outstanding scheme interests continued

LTIP and CSOP awards

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

Name of Director	Type of award	Exercise price pence	Number of awards at 30 June 2013[1]	Awarded[2]	Exercised	Lapsed	Number of awards at 30 June 2014	Number of vested awards at 30 June 2014[3]
Jonathan Milner	CSOP	180.8	16,590	—	(16,590)	—	—	—
	'A' award	0.2	16,590	—	(7,076)	(9,514)	—	—
	'B' award	0.2	553,134	38,035	(350,060)	(81,123)	159,986	—
			586,314	38,035	(373,726)	(90,637)	159,986	—
Alan Hirzel	CSOP	464.0	6,465	—	—	—	6,465	—
	'A' award	0.2	6,465	—	—	—	6,465	—
	'B' award	0.2	18,639	—	—	—	18,639	—
			31,569	—	—	—	31,569	—
Jeff Iliffe	CSOP	464.0	—	6,465	—	—	6,465	—
	'A' award	0.2	—	6,465	—	—	6,465	—
	'B' award	0.2	348,349	20,794	—	(68,917)	300,226	180,745
			348,349	33,724	—	(68,917)	313,156	180,745
Jim Warwick	CSOP	464.0	—	6,465	—	—	6,465	—
	'A' award	0.2	—	6,465	—	—	6,465	—
	'B' award	0.2	449,557	20,794	—	(60,426)	409,925	297,488
			449,557	33,724	—	(60,426)	422,855	297,488
			1,415,789	105,483	(373,726)	(219,980)	927,566	478,233

1 The number of awards shown in the opening balance column for Alan Hirzel reflects his total awards outstanding on the date of his appointment to the Board, 30 January 2014.

2 The market price at the date of award for all awards made during the year was 464 pence.

3 These relate to the 2008, 2009 and 2010 awards and are included in the number of awards at 30 June 2013.

Part 'A' awards under the LTIP refer to the first £30,000 of LTIP value awarded at the date of grant. A corresponding CSOP option is also granted, with an exercise price equal to the share price at the date of grant, and subject to the same performance conditions. In respect of the LTIP Part 'A' award, subject to achievement of the relevant performance conditions, the participant will receive the lower of the number of shares with an aggregate value of £30,000 at the date of release and the number of shares originally subject to the award. Thus, £30,000 of gain will be subject to income tax/NI and any increase in value between the date of grant of the award and the date at which the shares are sold is delivered through the CSOP option and is subject to capital gains tax.

Annual bonus plan deferred share awards

Deferred share awards made under the ABP which remain outstanding at 30 June 2014 are outlined below:

Executive Directors	ABP shares/ nil-cost options held at 30 June 2013	Nil-cost options awarded during the year ended 30 June 2014[1]	Award date	Market price per share at award	Planned vesting date	Maximum ABP shares/nil-cost options held at 30 June 2014
Jonathan Milner	—	17,278	10 Sep 2013	463 pence	10 Sep 2015	17,278
Jeff Iliffe	—	12,262				12,262
Jim Warwick	—	12,931				12,931
		42,471				42,471

1 These options relate to the awards made in September 2013 under the ABP for financial year 2013.

Details of outstanding scheme interests continued

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 the HMRC limit, which in 2013/14 was £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 the HMRC limit, which in 2013/14 was £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.

Dividend shares

Shares conditionally and beneficially held in the SIP are entitled to earn dividends. These are immediately beneficially owned and can be removed from the SIP by the participant with no penalty.

The following table sets out the shares purchased and awarded under the SIP in respect of each of the Executive Directors during the year.

		Conditionally awarded shares				Beneficially owned shares		
Executive Director	Type of award	Number conditionally awarded shares as at 30 June 2013[1]	Shares conditionally awarded during the year	Conditionally awarded shares transferred to beneficial ownership during the year	**Number conditionally awarded shares as at 30 June 2014**	Number beneficially owned shares as at 30 June 2013[1]	Shares purchased/ acquired/ transferred to beneficial ownership during the year	**Number beneficially owned shares as at 30 June 2014**
Jonathan Milner, Jeff Iliffe and Jim Warwick	Free	2,526	589	(869)	**2,246**	4,900	869	**5,769**
	Partnership	—	—	—	**—**	3,559	295	**3,854**
	Matching	1,214	295	(385)	**1,124**	2,345	385	**2,730**
	Dividend	—	—	—	**—**	731	175	**906**
		3,740	**884**	**(1,254)**	**3,370**	**11,535**	**1,724**	**13,259**
Alan Hirzel	Free	589	—	—	**589**	—	—	**—**
	Partnership	—	—	—	**—**	294	—	**294**
	Matching	294	—	—	**294**	—	—	**—**
	Dividend	—	—	—	**—**	12	—	**12**
		883	**—**	**—**	**883**	**306**	**—**	**306**

1 The number of conditionally awarded and beneficially owned shares shown in the opening balance columns for Alan Hirzel reflects his interest on the date of his appointment to the Board, 30 January 2014.

The award/purchase of Free, Matching and Partnership shares in the year took place on 24 October 2013, at a price of 509.25 pence per share.

The market price of the ordinary shares at 30 June 2014 was 380 pence and the range during the year was 525 pence to 350 pence.

Non-Executive appointments at other companies

The following Executive Directors served as NEDs elsewhere and received and retained fees for the period covered by this report as follows:

Executive Director	Company	Fees £
Jonathan Milner	Frontier Developments plc	28,750
Jonathan Milner	Horizon Discover plc	9,110
Jeff Iliffe	Treatt plc	30,768
Jim Warwick	Quartix Ltd	5,833

Jonathan Milner also served as a NED elsewhere but did not receive fees for those appointments. Jeff Iliffe also serves on the board of trustees of a charity and does not receive fees for this appointment. Jim Warwick also serves on the board of directors for an academy school for which he does not receive fees.

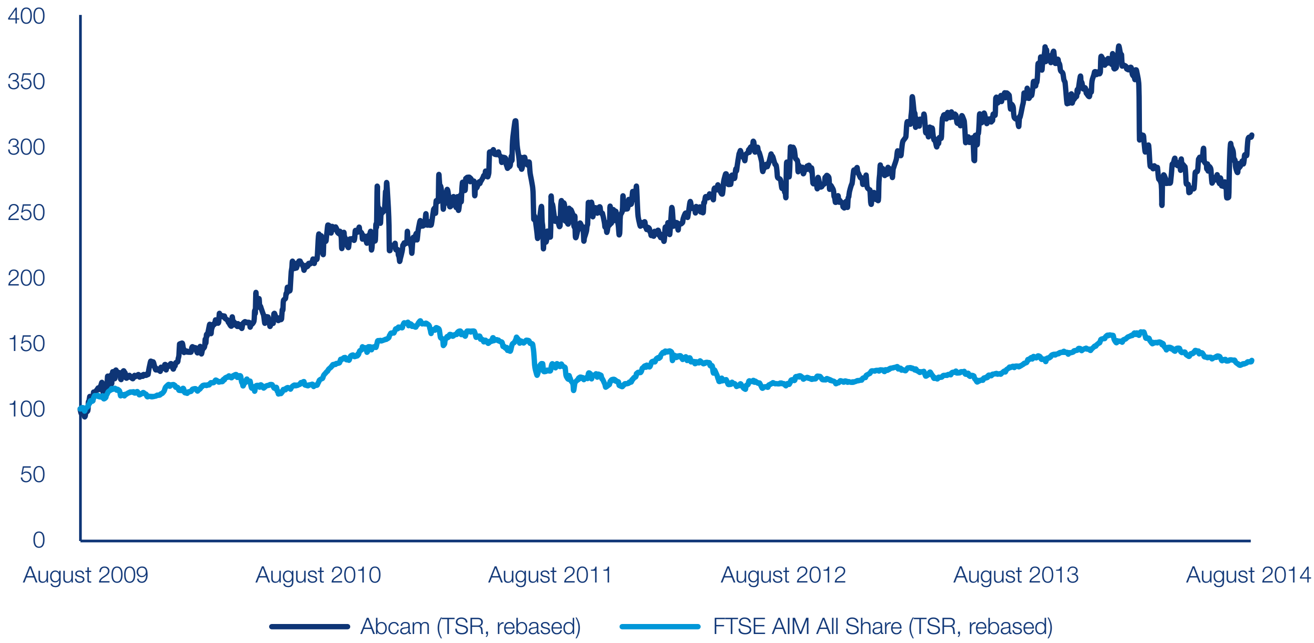
REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014 continued

UNAUDITED INFORMATION

Performance graph and table

The Company's TSR performance over the previous five years compared to a broad equity market is shown in the graph below. The AIM All-share index has been chosen as the comparator index.



CEO remuneration

The table below shows the historic levels of Jonathan Milner's pay (single figure of total remuneration) and annual variable and long-term incentive pay awards as a percentage of plan maxima.

Financial year	CEO single figure of total remuneration £000	Annual bonus awarded against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2013/14	642	56.8%	0%
2012/13	821	71.2%	16.9%
2011/12	739	60.0%	96.3%
2010/11	805	62.7%	100%
2009/10	716	100.0%	n/a

Percentage change in remuneration of CEO

Abcam has an international workforce of more than 740. Due to the differing local pay levels across each of our overseas offices, the Committee considers the most meaningful comparator group to be the average remuneration of UK employees.

The following table shows the percentage change in remuneration between the years ended 30 June 2013 and 30 June 2014 for the CEO and this comparator group.

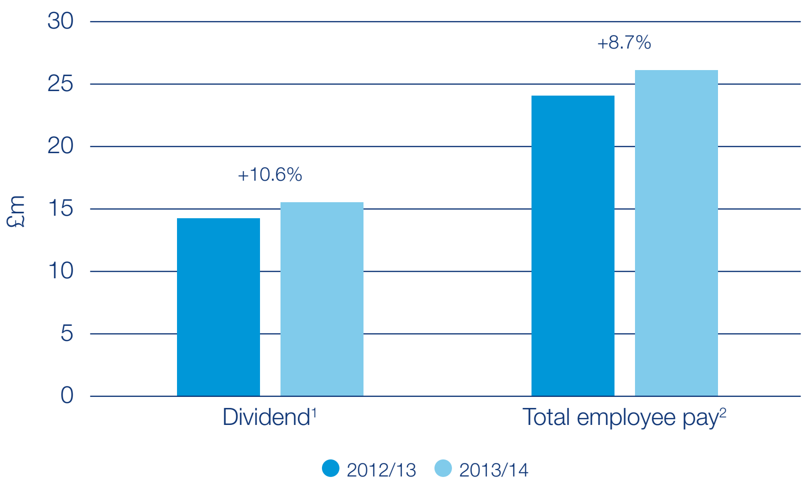
	Salary	Taxable benefits	Annual bonus
CEO percentage change[1]	12.7%	44.9%	(7.0%)
Comparator group percentage change[2]	4.8%	4.8%	(8.5%)

1 The rationale behind the CEO's salary increase in the current period is provided on page 52. Jonathan waived part of his salary increase in the year. The significant percentage increase in taxable benefits (2013/14: £3k, 2012/13: £2k) was as a result of the benefits being calculated on the salary pre-waiver.

2 Comparator group is inclusive of promotions in the period.

Relative importance of spend on pay

The graph below shows Abcam's dividend payout increased by 10.6% versus total Group employee pay expenditure increase of 8.7% for the financial years ended 30 June 2014 and 2013 and the respective percentage changes.



1 Dividends are the interim and final dividends paid in respect of the financial year ended 30 June 2013 and the interim dividend paid and the final dividend recommended in respect of the financial year ended 30 June 2014.

2 Total employee pay includes bonuses, employer social security, pension contributions, redundancies and share-based charges.

Remuneration for the year commencing 1 July 2014

The following sections outlines how the Executive Directors' remuneration policy, as outlined on pages 53 to 55 will be implemented in 2014/15.

Salary

The Committee has reviewed the anticipated performance of the business along with current market conditions, the scope of individual's role and/or responsibilities, and pay at other companies of similar size, industry and complexity to Abcam plc. As such the Committee has increased Executive Directors' base salaries by 2.0%, commensurate with cost of living increases. The salary for Alan Hirzel in his new role as CEO will be £320,000.

	Salary 2013/14 £000	Change (%)	Salary as at 1 July 2014 £000
Jonathan Milner[1]	360	2%	367
Alan Hirzel[2]	240	2%	245
Jeff Iliffe	260	2%	265
Jim Warwick	260	2%	265

1 In 2014 Jonathan Milner waived an increase in salary of £39,000. The salary shown is before the waiver.

2 Alan Hirzel was employed on 5 August 2013. He was appointed to the Board of Directors on 30 January 2014, and his salary as a Director from that date to 30 June 2014 was £100,000. His salary increase as Chief Marketing Officer on a pro-rata basis was 2% in line with the increase of the other Executive Directors.

Annual incentive and deferred bonus

The Committee considered it appropriate for additional measures to be incorporated into the ABP for 2014/15 to incentivise more directly the success of our organic growth initiatives.

For the 2013/14 annual incentive 125% of salary was based on one year's profit performance. Under the approach for 2014/15, this will be adjusted so that bonuses of up to 75% of salary will be based on one year's profit performance, which will exclude the impact of exchange rate fluctuations in order to provide a better measure of operational performance. Bonuses of up to a further 50% of salary will be based on performance against strategic measures, which will be in the following areas:

Annual bonus strategic performance measures for 2014/15

- RabMAb® revenue growth
- Non-primaries revenue growth
- Net Promoter Score
- Market position

The targets set in each of these areas will be measurable and quantifiable.

As in prior years a maximum bonus of up to 25% of salary will be based on the achievement of individual performance targets. These will be measured through an assessment of comprehensive business deliverables, personal performance and the achievement of specific individual objectives.

The exact values for each of these metrics will not be disclosed in advance, however, as they are deemed by the Committee to be commercially sensitive. The nature of these targets relies upon the use of internal budgets and strategic plans which would be inappropriate to disclose ahead of time.

Appropriate retrospective disclosure of targets will be provided when these are no longer considered commercially sensitive.

No payment will be made under those elements of the deferred bonus which are dependent on the achievement of strategic or individual performance targets unless a minimum profit underpin has been met.

The portion of the bonus deferred and paid in shares will be 30% (2013/14: 27%).

REMUNERATION REPORT CONTINUED

The Annual Report on Remuneration for the year ended 30 June 2014 continued

UNAUDITED INFORMATION continued

Long-term incentives

The 2014/15 LTIP award will be based on EPS growth targets. The targets will be determined at the time of the award taking into account the approved budget for the year, and the Group's longer-term financial outlook. The targets will be disclosed in the 2014/15 Annual Remuneration Report.

The overall performance framework is set out opposite.

	Maximum	2014/15 measures
Annual Bonus Plan	110%	Profit growth – 75% Strategic targets – 50% Personal objectives – 25% – no change
Deferred Share Plan	40%	
Long Term Incentive Plan	50%	Three-year EPS growth – no change

Pension

The Company retains its policy of contributing 12% of base salary (prior to any voluntary waivers) into each Executive Director's pension scheme. This figure may be amended from time to time in accordance with benchmarking reviews against current market practice.

Consideration by the Directors of matters relating to Directors' remuneration

The Committee advises the Board on overall remuneration policy. It also determines, on behalf of the Board, and with the benefit of advice from external consultants, the People and Organisational Development Director and other members of the human resources department, the remuneration of the Executive Directors and proposes a fee for the Chairman of the Board of Directors.

The Committee formulates and applies the policy with consideration to the prevailing economic climate in the major economies in which the Group operates. It also observes the spirit of the Group's core values which cultivate responsible leadership in the external and internal social environment. Consequently the Committee closely considers the Company's performance in building both shareholder value and a secure future for all stakeholders.

The activities of the Committee are governed by its Terms of Reference which were last revised on 5 September 2014 and can be found on the Company's website.

The Committee currently comprises three NEDs, each of whom the Company deems to be independent:

- Louise Patten – Chairman (appointed 27 March 2014)
- Murray Hennessy
- Anthony Martin

Peter Keen resigned from the Committee on 27 March 2014.

The Company's Chairman and CFO attend the Committee meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own compensation are discussed. No Director is involved in deciding his own remuneration.

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee. The three independent members of the Committee have no conflicts of interest arising from cross-directorships. Members of the Committee have no day-to-day involvement in the running of the Company. The Committee met four times during the year. Details of attendance can be found in the Corporate Governance Report (see page 45).

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisors, as fully informed given the internal and external environment.

External advisors to the Committee

The following table sets out the details of external advisors who provided material assistance to the Committee during the year in its consideration of matters related to Directors' remuneration:

Advisors	Appointment and selection	Other services provided to the Company	Fees for Committee assistance
Deloitte LLP (Deloitte)	Appointed by the Committee to consider incentive pay and perform a salary benchmarking review	Tax and other consultancy advice	£17,750

Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. Therefore the Committee is satisfied that advice received from Deloitte during the year was objective and independent.

During the year, the Committee also sought input from the Chief Financial Officer (Jeff Iliffe), Chief Operating Officer (Jim Warwick) and the People and Organisational Development Director (Jane Cooke) on various subjects including the remuneration of senior management.

Statement of voting at general meeting

The table below shows the voting outcome at the November 2013 AGM for the approval of the 2012/13 Remuneration Report:

Votes for		Votes against			
Number	%	Number	%	Votes total	Votes withheld
118,298,075	98.52%	1,781,665	1.48%	120,079,740	—

The Committee believes the 98.52% votes in favour of the Remuneration Report shows very strong shareholder support for the Group's remuneration arrangements.

The Directors' Remuneration Report was approved by a duly authorised Committee of the Board and signed on its behalf by:

Louise Patten

Louise Patten
Remuneration Committee Chairman
8 September 2014

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 30 June 2014.

Pages 1 to 71 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.

The following additional disclosures to be included in the Directors' Report are made in compliance with the Companies Act 2006, the Disclosure and Transparency Rules which the Company has voluntarily chosen to apply and the UK Corporate Governance Code 2012.

Likely future developments

The outlook for the business and likely future developments are outlined in the Marketplace and Trends and the Our Strategy sections of the Strategic Review on pages 18 to 23 and are incorporated in the Directors' Report by cross reference.

Post balance sheet events

There have been no important events affecting the Company or Group since the year end.

Research and development activities

A description of the Group's R&D activities is given in the Finance Review on page 32 and is incorporated in the Directors' Report by cross reference.

Dividends

The Directors recommend a final dividend of 5.62 pence (2012/13: 5.10 pence) per ordinary share to be paid on 28 November 2014 to shareholders on the register on 7 November 2014. Together with the interim dividend of 2.13 pence per share paid on 18 April 2014, this makes a combined dividend for the year of 7.75 pence (2012/13: 7.04 pence), representing an increase of 10.1%.

Employee information

Details of the Group's policy in respect of the employment and training of persons with disabilities are given in the Corporate Social Responsibility Report on pages 33 to 35 and are incorporated in the Directors' Report by cross reference.

Financial instruments

The Group's financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk, are given in note 26 to the financial statements.

Information on the principal risks and uncertainties and how they are managed by the Group is included in the Strategic Report on pages 24 to 28.

Control and share 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 27. 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.

Agreements affected by a change of control

The agreements affected by change of control are outlined in the Remuneration Report on page 52.

Other than some OEM supplier agreements that 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.

Major interests in shares

On 26 August 2014, 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 on page 62).

Fund manager	Number of ordinary shares held	Percentage of issued share capital
Baillie Gifford	18,420,642	9.19%
T Rowe Price Global Investments	18,051,227	9.00%
Wasatch Advisors	15,799,772	7.88%
Standard Life Investments	9,109,589	4.54%
Select Equity Group	7,526,434	3.75%

DIRECTORS' REPORT CONTINUED

Purchase of own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions of 8 November 2013, to purchase through the market 19,950,000 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 3 November 2014.

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

Directors

The following served as Directors of the Company during the year ended 30 June 2014:

- Mike Redmond
- Jonathan Milner
- Jeff Iliffe
- Jim Warwick
- Alan Hirzel (appointed 30 January 2014)
- Murray Hennessy
- Peter Keen
- Anthony Martin
- Louise Patten (appointed 27 March 2014)
- Michael Ross

Re-election of Directors

The Company's Articles of Association require that a minimum of one-third of the Directors must retire by rotation each year, excluding Directors who are retiring and standing for election at the first AGM following their appointment to the Board.

At the AGM to be held on 3 November 2014, Alan Hirzel and Louise Patten will retire and stand for election, this being the first AGM following their respective appointments to the Board.

Jim Warwick, who last stood for re-election in 2011, will retire by rotation and offer himself for re-election as required under the Articles. Peter Keen will have served on the Board for nine years and therefore, in line with best practice, will not be seeking re-election. After five years of service Mike Redmond will also be stepping down from the board.

Brief biographical descriptions of the Directors are set out on pages 38 and 39.

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

The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares of 0.2 pence are disclosed in the Remuneration Report.

Appointment of Directors

Abcam shareholders may by ordinary resolution appoint any person to be a Director. Abcam must have not less than three and no more than twelve Directors holding office at all times. Abcam may by ordinary resolution from time to time vary the minimum and/or maximum number of Directors.

The Directors may appoint a Director to fill a vacancy or as an additional Director to hold office until the next AGM, who shall then be eligible for election.

Articles of Association

Abcam's Articles of Association may be amended only by a special resolution at a general meeting of shareholders.

Powers of Directors

Abcam's Articles of Association confer the following powers on the Directors:

- to manage the business of the Group;
- to establish any local boards or agencies for managing any of the affairs of the Group;
- to appoint any attorney of the Company;
- to authorise all payments and other negotiable or transferable instruments, and all receipts for moneys paid to the Company;
- to establish any schemes or funds for providing pensions, annuities, sickness or compassionate allowance, life assurance benefits, donations, gratuities or other benefits for employees and to make contributions out of the Company's money to such schemes or funds;
- to support any institutions, associations, clubs, funds or trusts calculated to be for the benefit of employees;
- to sanction the exercise of any power conferred upon the Company by section 247 of the Companies Act 2006;
- to make payments to charities; and
- to restrict the borrowings of the Group to an amount not exceeding three times the 'adjusted capital and reserves' as defined within the Articles of Association.

Qualifying third party indemnity provisions

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.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 41 to 45 of these financial statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross reference.

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 34, reviewed the Group forecasts and budgets as well as the Group's principal risks and uncertainties as set out on pages 24 to 28.

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.

Annual General Meeting (AGM)

The AGM will be held at 330 Science Park, Milton Road, Cambridge CB4 0FL, UK, on 3 November 2014 at 11.00am. A presentation will be made at this meeting outlining recent developments in the business. All voting at the meeting will be conducted on a poll where every shareholder present in person or by proxy will have one vote for each share of which they are the owner. The Group will convey the results of the poll on the website after the AGM. Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to The Company Secretary, Abcam plc, 330 Science Park, Milton Road, Cambridge CB4 0FL, UK.

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor to the Group will be proposed at the AGM. Details of other resolutions to be proposed at the meeting are set out in the Circular and Notice of AGM 2014, which will be made available to all shareholders together with a proxy card.

Statement of Directors' responsibilities

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

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

> select suitable accounting policies and then apply them consistently;

> make judgements and accounting estimates that are reasonable and prudent;

> state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and

> prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate 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 the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the biographies on pages 38 and 39 confirm that, to the best of their knowledge:

> the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

> the Directors' Report on pages 69 to 71 and the Financial Review and the Risk Management sections on pages 24 to 28 of the Strategic Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Each Director in office at the date the Directors' Report is approved confirms that:

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

(b) he/she has taken all the steps that he ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

M Redmond

Mike Redmond
Chairman

J Iliffe

Jeff Iliffe
Chief Financial Officer
8 September 2014

FINANCIAL STATEMENTS

IN THIS SECTION

INDEPENDENT AUDITOR'S REPORT

to the members of Abcam plc

Report on the financial statements

Our opinion

In our opinion:

> the financial statements, defined below, give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2014 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;

> the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;

> the Company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements and Company financial statements (the "financial statements"), which are prepared by Abcam plc, comprise:

> the Consolidated and Company balance sheets as at 30 June 2014;

> the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;

> the Reconciliation of adjusted financial measures for the year then ended;

> the Consolidated and Company cash flow statements for the year then ended;

> the Consolidated and Company statement of changes in equity for the year then ended; and

> the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report and Accounts (the "Annual Report"), rather than in the notes to the financial statements. These are cross referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £2,178,000. This represents approximately 5% of profit before tax, being, in our view, a relevant measure of performance of the Group that provides a reasonable ongoing benchmark for our audit.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £108,900 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

The Group financial statements are a consolidation of 12 reporting units, comprising the Group's operating businesses and holding companies.

Our Group audit focused on the two largest reporting units of the Group (Abcam plc and Abcam Inc) which contribute 72% of the Group's third party revenue and more than 82% of the Group's third party expenses. We performed full scope audit procedures at Abcam plc and Abcam Inc. We also performed audit procedures over goodwill and other intangible assets, as well as certain account balances and transaction classes at four further Group reporting units utilising a risk-based approach. Substantially all audit work in respect of the Group financial statements was performed by the Group engagement team, with the assistance of auditors from other PwC network firms in respect of audit procedures over specific account balances or transaction classes at certain Group reporting units.

Areas of particular audit focus

In preparing the financial statements, the Directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 46 to 48.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Abcam plc

Report on the financial statements continued
Overview of our audit approach continued
Areas of particular audit focus continued

Area of focus	How the scope of our audit addressed the area of focus
Fraud in revenue recognition Under ISAs (UK & Ireland) there is a presumed risk of fraud in revenue recognition for every audit because of the pressure management may feel to achieve the planned results. We focused on obtaining evidence that revenue recorded represented genuine sales of goods and royalties earned during the year.	We understood and evaluated the relevant IT systems and the internal controls over the completeness, accuracy and timing of revenue recognised. We employed data analysis techniques to match revenue transactions with postings to accounts receivable and cash receipts to check that the transactions had occurred in the year. We performed detailed testing on a sample of journal entries that did not match the usual transaction flow to validate unusual or irregular items. We tested a sample of transactions recorded in the two weeks either side of the year end to check whether revenue had been recorded in the correct year.
Inventory provision The Group's inventory provision is calculated by comparing the quantity of each item held at the year end with forecast sales of that product over a number of years. The calculation involves significant judgement because it relies on the Directors' projections of future sales.	We understood and assessed the methodology utilised to estimate the Group's inventory provision and checked that the calculation of the provision was mathematically accurate and in accordance with the Group's policy. We assessed the reasonableness of the Directors' future sales forecasts by considering whether projected levels of sales growth were supported by historic trends or specific factors relevant to the product in question. We also performed sensitivity analysis on the forecast future sales. Having ascertained the change that would be required to materially affect the determined provision, we considered the likelihood of a change of this magnitude. We also understood and evaluated the rationale for any year-on-year change in the inventory provision as a percentage of the gross inventory balance.
Valuation of inventory manufactured in-house and hybridomas capitalised as property, plant and equipment Inventory manufactured in-house is valued using a standard cost, on a first-in first-out basis. The Group capitalises within property, plant and equipment the costs of producing hybridomas. As part of the standard cost of inventory, an element of labour costs and overheads is allocated to the inventory valuation. The allocation is based on the proportion of batches produced that pass internal quality tests. The calculation of cost therefore involves a level of complexity, as the manufacturing process results in inherent fluctuations in the proportion of batches which pass such tests.	We evaluated whether appropriate costs had been capitalised as inventory and property, plant and equipment, including checking, on a sample basis, the labour costs capitalised. We also checked the mathematical accuracy of the calculations (taking into account the proportion of batches passing quality tests) and that only reasonable categories of overheads were absorbed into inventory and capitalised as property, plant and equipment.
Impairment of goodwill and intangible assets The Group has significant goodwill and intangible asset balances arising principally from its acquisitions of Epitomics, Ascent Scientific and MitoSciences. The Group is required to assess such balances for impairment annually, and this requires judgement in determining the Group's cash-generating units, developing projections of future cash flows, and estimating the appropriate discount rate to apply. See note 12 for further information.	We understood and assessed the Directors' determination of the Group's cash-generating units and the assets, liabilities and income allocated to them. We reviewed management's cash flow projections, reconciling them to the latest Board-approved budgets and tested the accuracy of the underlying calculations. We challenged: • the Directors' key assumptions for the long-term growth rates in the forecasts by comparing them to external analyst forecasts; and • the discount rate used by comparing to our own estimate of the cost of capital of the Group. We further performed sensitivity analysis around the key assumptions including forecast revenue growth and discount rates used in the forecasts, and considered the likelihood of such changes in the assumptions arising.

Report on the financial statements continued
Overview of our audit approach continued
Areas of particular audit focus continued

Area of focus	How the scope of our audit addressed the area of focus
Risk of management override of internal controls ISAs (UK & Ireland) require that we consider this.	We examined the significant estimates and judgements relevant to the financial statements for evidence of bias by management. In particular, as noted above, we challenged management over the estimates and judgements made in respect of the inventory provision and the annual goodwill impairment review. We also performed testing over manual journal entries.

Going concern
The Directors have voluntarily complied with Listing Rule 9.8.6(R)(3) of the Financial Conduct Authority and provided a statement in relation to going concern, set out on page 70, required for companies with a premium listing on the London Stock Exchange.

The Directors have requested that we review the statement on going concern as if the Company were a premium listed company. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Company's ability to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinions on additional disclosures
Directors' Remuneration Report
The Company voluntarily prepares a Directors' Remuneration Report in accordance with the provisions of the Companies Act 2006. The Directors have requested that we audit the part of the Directors' Remuneration Report specified by the Companies Act 2006 to be audited as if the Company were a quoted company.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement
The Company voluntarily prepares a Corporate Governance Statement that includes the information with respect to internal control and risk management systems and about share capital structures required by the Disclosure Rules and Transparency Rules of the Financial Conduct Authority. The Directors have requested that we report on the consistency of that information with the financial statements.

In our opinion the information given in the Corporate Governance Statement set out on pages 43 to 45 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Other matters on which we are required to report by exception
Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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

> the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement
The Directors have chosen to voluntarily comply with the UK Corporate Governance Code ('the Code') as if the Company were a premium listed company. On page 71 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Company's performance, business model and strategy. On page 47, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

> the statement given by the Directors is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit; or

> the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland) we are required to report to you if, in our opinion, information in the Annual Report is:

> materially inconsistent with the information in the audited financial statements; or

> apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or

> otherwise misleading.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of Abcam plc

Matters on which we have agreed to report by exception

Corporate Governance Statement

The Company's voluntary Corporate Governance Statement includes details of the Company's compliance with the UK Corporate Governance Code. The Directors have requested that we review the parts of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for auditor review by the Listing Rules of the Financial Conduct Authority as if the Company were a premium listed company. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 71, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Simon Ormiston
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Cambridge
8 September 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2014

	Notes	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Revenue	5	**127,954**	122,206
Cost of sales		**(37,569)**	(35,500)
Gross profit		**90,385**	86,706
Administration and management expenses excluding share-based payments charge		**(36,340)**	(34,701)
Share-based payments charge	27	**(678)**	(1,211)
Total administration and management expenses		**(37,018)**	(35,912)
R&D expenses excluding share-based payments charge		**(9,791)**	(7,766)
Share-based payments charge	27	**(263)**	(180)
Total R&D expenses		**(10,054)**	(7,946)
Operating profit		**43,313**	42,848
Finance income	9	**238**	129
Finance costs	9	**—**	(83)
Profit before tax		**43,551**	42,894
Taxation	10	**(9,506)**	(10,236)
Profit for the year attributable to the owners of the parent	6	**34,045**	32,658
Earnings per share			
Basic	11	**17.12p**	16.52p
Diluted	11	**17.02p**	16.34p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Profit for the year	**34,045**	32,658
Items that may be reclassified to profit or loss		
Movement on cash flow hedges	**2,491**	(2,244)
Exchange differences on translation of foreign operations	**(11,116)**	1,510
Tax relating to components of other comprehensive income	**(550)**	1,304
Other comprehensive (expense)/income for the year	**(9,175)**	570
Total comprehensive income for the year	**24,870**	33,228

RECONCILIATION OF ADJUSTED FINANCIAL MEASURES

For the year ended 30 June 2014

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Profit before tax	**43,551**	42,894
Integration costs	**—**	400
Amortisation of acquisition-related intangible assets	**3,265**	3,282
Profit before tax (adjusted)	**46,816**	46,576

BALANCE SHEETS

At 30 June 2014

	Notes	Consolidated 30 June 2014 £000	Consolidated 30 June 2013 £000	Company 30 June 2014 £000	Company 30 June 2013 £000
Non-current assets					
Goodwill	12	**73,549**	81,954	**—**	—
Intangible assets	13	**30,176**	33,107	**5,836**	4,361
Property, plant and equipment	14	**8,502**	7,501	**3,835**	1,565
Investments	15	**—**	—	**96,147**	95,840
Deferred tax asset	16	**2,258**	5,011	**485**	2,395
Loan receivable	19	**—**	—	**39,133**	44,175
Term deposits		**1,000**	1,000	**1,000**	1,000
Derivative financial instruments	21	**180**	29	**180**	29
		115,665	128,602	**146,616**	149,365
Current assets					
Inventories	17	**14,753**	15,330	**13,321**	15,630
Trade and other receivables	18	**17,843**	17,440	**13,248**	15,062
Cash and cash equivalents		**55,278**	35,388	**49,013**	25,295
Term deposits		**584**	1,923	**—**	—
Available-for-sale asset	20	**623**	703	**—**	—
Derivative financial instruments	21	**1,848**	531	**1,848**	531
		90,929	71,315	**77,430**	56,518
Total assets		**206,594**	199,917	**224,046**	205,883
Current liabilities					
Trade and other payables	22	**(14,036)**	(14,317)	**(16,526)**	(13,314)
Current tax liabilities		**(2,782)**	(2,325)	**(4,145)**	(4,716)
Derivative financial instruments	21	**(14)**	(1,339)	**(14)**	(1,339)
		(16,832)	(17,981)	**(20,685)**	(19,369)
Net current assets		**74,097**	53,334	**56,745**	37,149
Non-current liabilities					
Deferred tax liability	16	**(8,841)**	(11,284)	**—**	—
Derivative financial instruments	21	**(21)**	(375)	**(21)**	(375)
		(8,862)	(11,659)	**(21)**	(375)
Total liabilities		**(25,694)**	(29,640)	**(20,706)**	(19,744)
Net assets		**180,900**	170,277	**203,340**	186,139
Equity					
Share capital	24	**401**	399	**401**	399
Share premium account	24	**17,692**	16,395	**17,692**	16,395
Merger reserve	24	**56,513**	56,513	**56,513**	56,513
Own shares	24	**(2,143)**	(1,872)	**(2,143)**	(1,872)
Translation reserve	24	**(8,718)**	2,203	**—**	—
Share-based payments reserve	24	**6,441**	5,893	**6,113**	5,370
Hedging reserve	24	**893**	(1,048)	**893**	(1,048)
Deferred tax reserve	24	**(98)**	1,252	**(121)**	1,022
Retained earnings		**109,919**	90,542	**123,992**	109,360
Total equity attributable to the owners of the parent		**180,900**	170,277	**203,340**	186,139

The financial statements on pages 77 to 112 of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 8 September 2014.

They were signed on its behalf by:

Jeff Iliffe
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share capital £000	Share premium account £000	Merger reserve £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 2013	399	16,395	56,513	(1,872)	2,203	5,893	(1,048)	1,252	90,542	170,277
Profit for the year	—	—	—	—	—	—	—	—	34,045	34,045
Exchange differences on translation of foreign operations	—	—	—	—	(10,921)	(195)	—	—	—	(11,116)
Movements on cash flow hedges	—	—	—	—	—	—	2,491	—	—	2,491
Tax relating to components of other comprehensive income	—	—	—	—	—	—	(550)	—	—	(550)
Total comprehensive income for the year	—	—	—	—	(10,921)	(195)	1,941	—	34,045	24,870
Issue of share capital	2	1,297	—	(484)	—	(198)	—	—	—	617
Own shares disposed of on release of shares	—	—	—	213	—	—	—	—	(213)	—
Credit to equity for share-based payments	—	—	—	—	—	941	—	(1,350)	—	(409)
Payment of dividends	—	—	—	—	—	—	—	—	(14,455)	(14,455)
Balance as at 30 June 2014	**401**	**17,692**	**56,513**	**(2,143)**	**(8,718)**	**6,441**	**893**	**(98)**	**109,919**	**180,900**

	Share capital £000	Share premium account £000	Merger reserve £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	15,300	56,513	(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	—	779	1,304
Total comprehensive income for the year	—	—	—	—	1,457	53	(1,719)	—	33,437	33,228
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	—	(765)	—	626
Payment of dividends	—	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	16,395	56,513	(1,872)	2,203	5,893	(1,048)	1,252	90,542	170,277

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.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share capital £000	Share premium £000	Merger reserve £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 2013	399	16,395	56,513	(1,872)	5,370	(1,048)	1,022	109,360	186,139
Profit for the year	—	—	—	—	—	—	—	29,300	29,300
Movements on cash flow hedges	—	—	—	—	—	2,491	—	—	2,491
Tax relating to components of other comprehensive income	—	—	—	—	—	(550)	—	—	(550)
Total comprehensive income for the year	—	—	—	—	—	1,941	—	29,300	31,241
Issue of share capital	2	1,297	—	(484)	(198)	—	—	—	617
Own shares disposed of on exercise of share options	—	—	—	213	—	—	—	(213)	—
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	—	307	—	—	—	307
Credit to equity for share-based payments	—	—	—	—	634	—	(1,143)	—	(509)
Payment of dividends	—	—	—	—	—	—	—	(14,455)	(14,455)
Balance as at 30 June 2014	**401**	**17,692**	**56,513**	**(2,143)**	**6,113**	**893**	**(121)**	**123,992**	**203,340**

	Share capital £000	Share premium £000	Merger reserve £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	15,300	56,513	(1,586)	4,386	671	1,787	68,727	146,195
Profit for the year[4]	—	—	—	—	—	—	—	52,524	52,524
Movements on cash flow hedges	—	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	—	525	—	710	1,235
Total comprehensive income for the year	—	—	—	—	—	(1,719)	—	53,234	51,515
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	—	(765)	—	219
Payment of dividends	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	16,395	56,513	(1,872)	5,370	(1,048)	1,022	109,360	186,139

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.
4 Profit for the prior 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).

CASH FLOW STATEMENTS

For the year ended 30 June 2014

		Consolidated		Company	
	Notes	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Profit before tax		**43,551**	42,894	**37,840**	41,923
Finance income		**(238)**	(129)	**(3,361)**	(1,902)
Finance costs		**—**	83	**22**	200
Operating profit for the year		**43,313**	42,848	**34,501**	40,221
Adjustments for:					
Depreciation of property, plant and equipment	14	**1,882**	1,990	**852**	871
Amortisation of intangible assets	13	**4,831**	3,838	**1,767**	774
Impairment loss on intangible assets	13	**454**	—	**454**	—
Change in fair value of derivatives outstanding at year end		**(655)**	(99)	**(655)**	(99)
Share-based payments charge	27	**941**	1,391	**634**	984
Operating cash flows before movements in working capital		**50,766**	49,968	**37,553**	42,751
Decrease/(increase) in inventories		**252**	1,288	**2,309**	(2,091)
(Increase)/decrease in receivables		**(280)**	(4,493)	**6,575**	(6,584)
Increase/(decrease) in payables		**508**	4,625	**1,719**	(280)
Cash generated by operations		**51,246**	51,388	**48,156**	33,796
Income taxes paid		**(9,948)**	(11,872)	**(8,926)**	(8,574)
Finance costs paid		**—**	(82)	**—**	(200)
Net cash inflow from operating activities		**41,298**	39,434	**39,230**	25,022
Investing activities					
Investment income		**231**	115	**3,318**	1,934
Proceeds on disposal of property, plant and equipment		**—**	8	**—**	—
Purchase of property, plant and equipment		**(3,828)**	(3,675)	**(1,500)**	(963)
Purchase of intangible assets		**(3,647)**	(3,548)	**(3,492)**	(3,513)
Acquisition of subsidiaries, net of cash and term deposits acquired		**—**	42	**—**	42
Dividends received		**—**	—	**—**	6,558
Decrease in term deposits		**1,187**	520	**—**	—
Net cash (used in)/arising from investing activities		**(6,057)**	(6,538)	**(1,674)**	4,058
Financing activities					
Dividends paid	25	**(14,455)**	(12,506)	**(14,455)**	(12,506)
Proceeds on issue of shares		**617**	716	**617**	716
Net cash used in financing activities		**(13,838)**	(11,790)	**(13,838)**	(11,790)
Net increase in cash and cash equivalents		**21,403**	21,106	**23,718**	17,290
Cash and cash equivalents at beginning of year		**35,388**	14,037	**25,295**	8,005
Effect of foreign exchange rates		**(1,513)**	245	**—**	—
Cash and cash equivalents at end of year		**55,278**	35,388	**49,013**	25,295

Reconciliation to total cash and cash equivalents and term deposits

	Consolidated		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Cash and cash equivalents	**55,278**	35,388	**49,013**	25,295
Term deposits (non-current)	**1,000**	1,000	**1,000**	1,000
Term deposits (current)	**584**	1,923	**—**	—
Total cash and cash equivalents and term deposits	**56,862**	38,311	**50,013**	26,295

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2014

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, Abcam Trading (Shanghai) Co., 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
Standards affecting the financial statements
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:

IFRS 13 *Fair Value Measurement*. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

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 9	*Financial Instruments*
IFRS 10	*Consolidated Financial Statements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 15	*Revenue from Contracts with Customers*
IAS 16 (amended)	*Property, Plant and Equipment*
IAS 27 (revised)	*Separate Financial Statements*
IAS 36 (amended)	*Impairment of Assets*
IAS 38 (amended)	*Intangible Assets*
Amendments to IFRS 7 and IAS 32	*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 annual financial statements of Abcam plc are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS and 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 accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the statements for the year ended 30 June 2013 except where disclosed otherwise in this note.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2014

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.

The Directors have reconsidered the treatment adopted in 2010/11 and 2011/12 and have concluded that the option to recognise share premium on shares issued as part consideration for acquisitions was not available therefore merger relief has been applied with the merger reserve being created. However as there is no impact on net assets, profit or cash flows, balance sheets as at 30 June 2012 have not been presented.

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 and income 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 discrete stage of the contract can be estimated reliably and is based on the stage of completion of the contract activity per agreed milestones set out in the contract. 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 income.

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. The Group has no further obligations once the contributions have been paid.

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2014

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. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment, fixtures and fittings	Two to five years
Laboratory equipment	One to five years
Computer equipment	Three years
Hybridomas	Three to eight years
Motor vehicles	Five years

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. Residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 principal economic lives used for this purpose are as follows:

Upfront licence fees	Three years
Distribution rights	One to ten years
Software	One to five years
Contract based	Term of contract
Customer relationships	Seven to ten years
Patents, technology and know-how	Five to 15 years
Trade names	Eight years

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

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).

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.

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 initially recognised at fair value and subsequently held at amortised cost, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Cash and cash equivalents

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

3. Significant accounting policies continued

Term deposits
Term deposits represent bank deposits and a charitable bond all with an original maturity of over three months.

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

Trade payables
Trade payables are initially recognised at fair value and subsequently held 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 schemes. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

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

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

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

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

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

3. Significant accounting policies continued
Share-based payments continued
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

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. These estimates and judgements are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing at that time. 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.

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 an impairment was considered necessary for a specific IT project not considered appropriate for use in the business. An impairment of the carrying value of £454,000 has been recognised in the year (2013: £nil).

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 2014 was £73,549,000 (2013: £81,954,000). Further details are given in note 12.

Property, plant and equipment and intangible assets carrying value
Property, plant and equipment and intangible assets (excluding goodwill) represent 18.7% (2013: 20.3%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation and amortisation charge. See note 13 'Intangible assets' and note 14 'Property, plant and equipment' for further details.

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 inventory is based on management's estimation of the future sales of each of the Group's products over the next five years (or period from the balance sheet date to the expiry date of the product, whichever is the shorter), taking into account actual sales of those products in previous years and applying an assumed growth rate based on historical trends where available.

Should forecast sales (incorporating the projected growth rates) differ from those estimated by management, both the level of provision against existing inventory and the rates of provision applied to inventory in future periods would need to be revised.

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

Key sources of estimation uncertainty continued

Provisions for income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is employed to determine the income tax provision on a global basis. There are numerous transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from amounts initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 2014 £000	Year ended 30 June 2013 £000	**As at 30 June 2014 £000**	As at 30 June 2013 £000
US	**55,210**	53,399	**92,493**	107,233
Japan	**11,462**	12,594	**71**	109
Germany	**9,350**	8,393	**—**	—
UK	**9,400**	8,314	**19,622**	15,187
China	**7,315**	6,544	**1,032**	1,010
Other countries	**35,217**	32,962	**9**	23
	127,954	122,206	**113,227**	123,562

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 2014 £000**	Year ended 30 June 2013 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss		**(655)**	(99)
Other net foreign exchange differences		**(1,004)**	(848)
R&D expenditure (including amortisation as detailed below)		**10,054**	7,946
Operating lease rentals – land and buildings	23	**2,600**	2,180
Depreciation of property, plant and equipment	14	**1,882**	1,990
Amortisation of intangible assets included within administration and management expenses	13	**1,566**	556
Amortisation of acquisition-related intangible assets included within administration and management expenses	13	**1,517**	1,525
Impairment loss on intangible assets	13	**454**	—
Amortisation of acquisition-related intangible assets included within R&D expenditure	13	**1,748**	1,757
Cost of inventories recognised as an expense		**35,872**	33,411
Write down of inventories recognised as an expense		**1,697**	2,088
Staff costs	8	**26,239**	24,372
Impairment gain/(loss) recognised on trade receivables	18	**101**	(18)
Auditor's remuneration	7	**138**	293

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

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

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Fees payable to the Company's auditor for the audit of the parent company and the consolidation	95	96
Total audit fees	**95**	**96**
– Audit-related assurance services[1]	20	20
– Audit of the Company's subsidiaries pursuant to legislation	10	4
– Taxation compliance services	—	65
– Other taxation advisory services	—	98
– Other assurance services	—	10
– Other services	13	—
Total other services fees	**43**	**197**
Total auditor's remuneration	**138**	**293**

1 This relates to the interim review.

The auditor's remuneration for the year ended 30 June 2014 relates to PricewaterhouseCoopers LLP following its appointment as auditor during the year. The comparatives relate to the previous auditor, Deloitte LLP. Details on the Company's policy on the use of the auditor for other services are set out in the Audit Committee Report.

8. Employees and remuneration
The average monthly number of employees (including Executive Directors) was:

	Group	
	Year ended 30 June 2014 Number	Year ended 30 June 2013 Number
Management, administrative, marketing and distribution	437	400
Laboratory	297	290
	734	690

Their aggregate remuneration comprised:

	Group	
	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Wages and salaries	21,644	20,007
Social security costs	3,231	2,431
Other pension costs	1,207	977
Charge in respect of share options and awards granted	941	1,391
Total staff costs	**27,023**	**24,806**
Staff costs capitalised[1]	(784)	(434)
Net staff costs	**26,239**	**24,372**

1 £784,000 (2013: £434,000) 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).

The remuneration of the Directors is set out in the Directors' Remuneration Report on pages 51 to 68.

9. Net finance income

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Interest on cash and term deposits	238	129
Facility fees	—	(83)
Net finance income	238	46

10. Taxation

	Note	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Current tax		**9,984**	10,084
Deferred tax	16	**(478)**	152
		9,506	10,236

UK corporation tax is calculated at 22.5% (2013: 23.7%) 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 2013, which provided for a reduction in the main rate of UK corporation tax to 21% effective from 1 April 2014 and a further reduction to 20% from 1 April 2015, was substantively enacted in July 2013. This further rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

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

	Year ended 30 June 2014 £000	Year ended 30 June 2014 %	Year ended 30 June 2013 £000	Year ended 30 June 2013 %
Profit before tax	**43,551**		42,894	
Tax at the UK corporation tax rate of 22.5% (2013: 23.7%)	**9,799**	**22.5**	10,188	23.8
Effect of different tax rates of subsidiaries operating in different jurisdictions	**563**	**1.3**	502	1.2
Tax effect of expenses that are not deductible in determining taxable profit	**322**	**0.7**	254	0.6
Additional relief in relation to overseas entities	**(778)**	**(1.8)**	(442)	(1.0)
R&D tax credit uplift	**(479)**	**(1.1)**	(369)	(0.9)
Prior year adjustments	**52**	**0.1**	93	0.2
Effect of difference between closing deferred tax rate and current tax rate	**27**	**0.1**	10	—
Tax expense and effective rate for the year	**9,506**	**21.8**	10,236	23.9

11. Earnings per share

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

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to owners of the parent	**34,045**	32,658

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	**198,858,251**	197,743,410
Effect of dilutive potential ordinary shares:		
– Share options	**1,159,930**	2,176,531
Weighted average number of ordinary shares for the purposes of diluted EPS	**200,018,181**	199,919,941

Basic EPS is calculated by dividing the earnings attributable to the owners of the parent 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 and where it is considered performance conditions will be met.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

11. Earnings per share continued
Adjusted earnings per share
The calculation of adjusted EPS excluding integration costs and amortisation of acquisition-related intangible assets is based on earnings of:

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Earnings for the purposes of basic and diluted EPS being net profit attributable to the owners of the parent	**34,045**	32,658
Integration costs	**—**	400
Amortisation of acquisition-related intangible assets	**3,265**	3,282
Tax effect of adjusting items	**(1,191)**	(1,216)
Profit after tax excluding integration costs and amortisation of acquisition-related intangible assets	**36,119**	35,124

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 2014	Year ended 30 June 2013
Adjusted basic EPS	**18.16p**	17.76p
Adjusted diluted EPS	**18.06p**	17.57p

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

12. Goodwill

	£000
Cost	
At 1 July 2012	82,356
Fair value adjustments during measurement period	(1,367)
Exchange differences	965
At 1 July 2013	81,954
Exchange differences	(8,405)
At 30 June 2014	**73,549**
Accumulated impairment losses	
At 1 July 2012, 1 July 2013 and **30 June 2014**	—
Carrying amount	
At 30 June 2012	82,356
At 30 June 2013	81,954
At 30 June 2014	**73,549**

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:

	Carrying value 1 July 2013 £000	Exchange differences[1] £000	**Year ended 30 June 2014 £000**	Year ended 30 June 2013 £000
Goodwill relating to the Abcam group CGU	81,954	(8,405)	**73,549**	81,954

1 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.

12. Goodwill continued

IAS 36 requires that following a re-organisation 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, in the prior year the Directors considered it appropriate to reallocate the goodwill arising from the acquisitions to a single CGU, which would reflect the re-organised 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 recoverable amount of goodwill exceeds its carrying 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

	Upfront 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 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 1 July 2013	497	1,732	4,244	3,452	218	4,790	22,820	2,022	39,775
Additions	47	229	175	—	3,306	106	—	—	3,863
Transfer to asset in use	—	—	3,324	—	(3,324)	—	—	—	—
Disposals	(19)	(868)	(543)	—	—	—	—	—	(1,430)
Exchange differences	—	—	(8)	(200)	—	(262)	(1,261)	(121)	(1,852)
At 30 June 2014	**525**	**1,093**	**7,192**	**3,252**	**200**	**4,634**	**21,559**	**1,901**	**40,356**
Accumulated amortisation									
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 1 July 2013	420	1,340	651	1,041	—	631	2,285	300	6,668
Charge for the year	56	152	1,353	771	—	500	1,748	251	4,831
Impairment	—	—	454	—	—	—	—	—	454
Disposals	(2)	(867)	(543)	—	—	—	—	—	(1,412)
Exchange differences	—	—	(2)	(100)	—	(55)	(173)	(31)	(361)
At 30 June 2014	**474**	**625**	**1,913**	**1,712**	**—**	**1,076**	**3,860**	**520**	**10,180**
Carrying amount									
At 30 June 2013	77	392	3,593	2,411	218	4,159	20,535	1,722	33,107
At 30 June 2014	**51**	**468**	**5,279**	**1,540**	**200**	**3,558**	**17,699**	**1,381**	**30,176**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

13. Intangible assets continued
Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Assets under construction £000	Total £000
Cost					
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 1 July 2013	493	2,127	4,195	218	7,033
Additions	47	229	127	3,306	3,709
Transfer to asset in use	—	—	3,324	(3,324)	—
Disposals	(15)	(868)	(543)	—	(1,426)
At 30 June 2014	**525**	**1,488**	**7,103**	**200**	**9,316**
Accumulated amortisation and impairment					
At 1 July 2012	356	1,314	228	—	1,898
Charge for the year	63	303	408	—	774
At 1 July 2013	419	1,617	636	—	2,672
Charge for the year	55	381	1,331	—	1,767
Impairment	—	—	454	—	454
Disposals	(2)	(868)	(543)	—	(1,413)
At 30 June 2014	**472**	**1,130**	**1,878**	**—**	**3,480**
Carrying amount					
At 30 June 2013	74	510	3,559	218	4,361
At 30 June 2014	**53**	**358**	**5,225**	**200**	**5,836**

The amortisation period for the upfront licence fees is three years and software is between one 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, which has full rights and entitlement to commercially exploit these materials in exchange for an ongoing fee. The remaining amortisation period is eleven 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 eight 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 13 years, being the remaining term of the primary patent.

Trade names relate to RabMAb® and Epitomics. The remaining amortisation period is six 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 2012	1,559	7,914	2,237	1,404	735	96	13,945
Additions	329	1,274	238	1,343	437	52	3,673
Disposals	(122)	(36)	(7)	—	(35)	—	(200)
Exchange differences	—	113	28	40	25	8	214
At 1 July 2013	1,766	9,265	2,496	2,787	1,162	156	17,632
Additions	332	710	768	1,468	257	6	3,541
Transfer to asset in use	—	—	—	342	(342)	—	—
Disposals	(176)	(301)	(63)	—	—	(5)	(545)
Exchange differences	(57)	(307)	(197)	(284)	(133)	(19)	(997)
At 30 June 2014	**1,865**	**9,367**	**3,004**	**4,313**	**944**	**138**	**19,631**
Accumulated depreciation							
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
Disposals	(119)	(36)	(6)	—	—	—	(161)
Exchange differences	1	71	35	10	—	3	120
At 1 July 2013	1,284	6,587	1,753	483	—	24	10,131
Charge for the year	312	762	476	312	—	20	1,882
Disposals	(175)	(284)	(60)	—	—	(5)	(524)
Exchange differences	(40)	(143)	(120)	(52)	—	(5)	(360)
At 30 June 2014	**1,381**	**6,922**	**2,049**	**743**	**—**	**34**	**11,129**
Carrying amount							
At 30 June 2013	482	2,678	743	2,304	1,162	132	7,501
At 30 June 2014	**484**	**2,445**	**955**	**3,570**	**944**	**104**	**8,502**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

14. Property, plant and equipment continued
Company

	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 2012	1,104	5,990	993	223	—	—	8,310
Additions	234	491	81	61	—	—	867
Disposals	(47)	(1)	—	—	—	—	(48)
At 1 July 2013	1,291	6,480	1,074	284	—	—	9,129
Additions	198	456	289	1,242	945	6	3,136
Disposals	(161)	(250)	(25)	—	—	—	(436)
At 30 June 2014	**1,328**	**6,686**	**1,338**	**1,526**	**945**	**6**	**11,829**
Accumulated depreciation							
At 1 July 2012	824	5,102	674	139	—	—	6,739
Charge for the year	189	400	216	66	—	—	871
Disposals	(45)	(1)	—	—	—	—	(46)
At 1 July 2013	968	5,501	890	205	—	—	7,564
Charge for the year	210	379	149	113	—	1	852
Disposals	(161)	(236)	(25)	—	—	—	(422)
At 30 June 2014	**1,017**	**5,644**	**1,014**	**318**	**—**	**1**	**7,994**
Carrying amount							
At 30 June 2013	323	979	184	79	—	—	1,565
At 30 June 2014	**311**	**1,042**	**324**	**1,208**	**945**	**5**	**3,835**

15. Investments in subsidiaries
The Company's subsidiaries at 30 June 2014 were:

	Country of incorporation	Proportion of shares held	Proportion of voting power held
Abcam Australia Pty Limited	Australia	100%	100%
Abcam Inc	US	100%	100%
Abcam KK	Japan	100%	100%
Abcam (Hong Kong) Limited	Hong Kong	100%	100%
Abcam Epitomics Holdings, Inc	US	100%	100%
Abcam LLC	US	100%	100%
Abcam Trading (Shanghai) Co., Limited	China	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 (dormant)	Hong Kong	100%	100%
MitoSciences Inc	US	100%	100%
The Abcam Employee Share Benefit Trust Limited	UK	100%	100%

15. Investments in subsidiaries continued

Analysis of changes in investments

	£000
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	(42)
At 30 June 2013	95,840
Capital contribution[1]	307
At 30 June 2014	**96,147**

1 The capital contribution represents share-based payment charges for share options issued by the Company to employees of its subsidiaries.

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).

16. Deferred tax assets and liabilities

The following are the 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	Acquired intangible assets £000	Other temporary differences £000	Total £000
At 30 June 2012	(858)	(213)	2,776	(12,937)	2,696	(8,536)
(Charge)/credit to income	(520)	—	227	1,259	(1,118)	(152)
Fair value adjustments	26	—	—	394	2,230	2,650
Credit/(charge) to equity	—	525	(841)	—	—	(316)
Exchange differences	(44)	—	—	—	125	81
At 30 June 2013	(1,396)	312	2,162	(11,284)	3,933	(6,273)
Credit/(charge) to income	658	—	85	1,191	(1,456)	478
Charge to equity	—	(550)	(1,350)	—	—	(1,900)
Exchange differences	125	—	—	1,252	(265)	1,112
At 30 June 2014	**(613)**	**(238)**	**897**	**(8,841)**	**2,212**	**(6,583)**

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 2014 £000	30 June 2013 £000	30 June 2012 £000
Deferred tax assets	**2,258**	5,011	4,401
Deferred tax liabilities	**(8,841)**	(11,284)	(12,937)
	(6,583)	(6,273)	(8,536)

The deferred tax liability of £8,841,000 (2013: £11,284,000) 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 £1,191,000 (2013: £1,259,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

16. Deferred tax assets and liabilities continued
Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other temporary differences £000	Total £000
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
Charge to income	(70)	—	—	(147)	(217)
Charge to equity	—	(550)	(1,143)	—	(1,693)
At 30 June 2014	**(28)**	**(238)**	**863**	**(112)**	**485**

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 (2013: £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 2014 £000	30 June 2013 £000	**30 June 2014 £000**	30 June 2013 £000
Raw materials	**834**	1,113	**—**	—
Work in progress	**1,079**	739	**—**	—
Finished goods	**12,840**	13,478	**13,321**	15,630
	14,753	15,330	**13,321**	15,630

18. Financial assets
Trade and other receivables

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	**30 June 2014 £000**	30 June 2013 £000
Amounts receivable for the sale of goods	**12,620**	11,886	**4,124**	3,900
Allowance for doubtful debts	**(479)**	(411)	**(196)**	(140)
	12,141	11,475	**3,928**	3,760
Amounts owed by subsidiary undertakings	**—**	—	**7,689**	9,413
Other debtors	**2,386**	4,578	**754**	1,139
Prepayments	**3,316**	1,387	**877**	750
	17,843	17,440	**13,248**	15,062

Trade receivables
The average credit period taken for sales is 35.3 days (2013: 34.5 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 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
0 to 30 days overdue	**2,281**	2,532	**632**	877
30 to 60 days overdue	**332**	277	**12**	31
	2,613	2,809	**644**	908

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Balance at the beginning of the year	**(411)**	(433)	**(140)**	(101)
Impairment losses recognised through the income statement	**(101)**	18	**(56)**	(39)
Exchange differences on translation of foreign operations	**33**	4	**—**	—
Balance at the end of the year	**(479)**	(411)	**(196)**	(140)

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 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
0 to 30 days overdue	**163**	81	**66**	23
30 to 60 days overdue	**164**	201	**75**	77
60 to 90 days overdue	**116**	78	**32**	20
More than 90 days overdue	**36**	51	**23**	20
	479	411	**196**	140

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

19. Loan receivable

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Amount owed by subsidiary undertaking	**—**	—	**39,133**	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. The movement in the year is due to foreign exchange. See note 15 for further details.

20. Available-for-sale financial asset

	30 June 2014 £000	30 June 2013 £000
Shares	**623**	703

As part of the Epitomics acquisition 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. The movement in the year is due to foreign exchange. See note 26 for further details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

21. Derivative financial instruments
Group and Company: 30 June 2014

	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	862	—	—	—	862
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	986	(14)	180	(21)	1,131
	1,848	(14)	180	(21)	1,993

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)

Further details of derivative financial instruments are provided in note 26.

22. Trade and other payables

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Amounts falling due within one year				
Trade payables	3,737	4,812	3,107	3,930
Amounts owed to subsidiary undertakings	—	—	7,663	4,579
Accruals and deferred income	7,986	7,579	5,317	4,501
Other taxes and social security	1,534	1,239	431	295
Other payables	779	687	8	9
	14,036	14,317	16,526	13,314

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2014, the Group had an average of 32.8 days of purchases (2013: 32.1 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 2014 £000	Year ended 30 June 2013 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– Land and buildings	**2,600**	2,180

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 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Within one year	**2,458**	2,251	**1,032**	833
In the second to fifth years inclusive	**5,544**	6,227	**2,802**	3,180
After five years	**—**	23	**—**	—
	8,002	8,501	**3,834**	4,013

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 charge in 2014/15 on these operating leases is expected to be £2.4m for the Group and £1.0m for the Company. There are no commitments relating to the acquisition of property, plant and equipment and intangible assets (2013: £nil).

24. Capital and reserves
Share capital
Group and Company

	30 June 2014 £000	30 June 2013 £000
Issued and fully paid:		
200,446,300 (2013: 199,378,377) ordinary shares of 0.2 pence each	**401**	399

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

	2014 Number	2014 £000	2013 £000
Balance at beginning of year	**199,378,377**	**399**	397
Issue of share capital	**1,067,923**	**2**	2
Balance at end of year	**200,446,300**	**401**	399

The Company has one class of ordinary shares which carry no right to fixed income. The share capital issued during the year arose from the exercise of share options.

Share premium
Group and Company

	£000
Balance at 1 July 2012	15,300
Premium arising on issue of equity shares	1,095
Balance at 1 July 2013	16,395
Premium arising on issue of equity shares	1,297
Balance at 30 June 2014	**17,692**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

24. Capital and reserves continued
Own shares
Group and Company

	£000
Balance at 1 July 2013	(1,872)
Acquired in the period	(484)
Disposed of on exercise of options	213
Balance at 30 June 2014	**(2,143)**

This balance represents the cost of 981,901 shares with a nominal value of £1,964 in Abcam plc (2013: 786,145 with a nominal value of £1,572) 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 27 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 income statement in accordance with IAS 12.

Merger reserve
The merger reserve comprises the premium issued on shares allotted as consideration for acquisitions where conditions for merger relief are satisfied.

25. Dividends

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Amounts recognised as distributions to the owners of the parent in the year:		
Final dividend for the year ended 30 June 2013 of 5.10 pence (2012: 4.36 pence) per share	**10,187**	8,650
Interim dividend for the year ended 30 June 2014 of 2.13 pence (2013: 1.94 pence) per share	**4,268**	3,856
Total distributions to owners of the parent in the period	**14,455**	12,506
Proposed final dividend for the year ended 30 June 2014 of 5.62 pence (2013: 5.10 pence) per share	**11,265**	10,168

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. 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 owners 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.

26. Financial instruments continued

Categories of financial instruments

	Group carrying value		Company carrying value	
	30 June 2014 £000	30 June 2013 £000	**30 June 2014 £000**	30 June 2013 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	**—**	—	**46,822**	53,588
Trade receivables	**12,141**	11,475	**3,928**	3,760
Other receivables	**1,194**	1,282	**—**	—
	13,335	12,757	**50,750**	57,348
Cash and cash equivalents and term deposits				
Cash and cash equivalents and term deposits	**56,862**	38,311	**50,013**	26,295
Total financial assets	**70,197**	51,068	**100,763**	83,643
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables[1]	**(12,502)**	(13,078)	**(16,095)**	(13,019)
Total financial liabilities	**(12,502)**	(13,078)	**(16,095)**	(13,019)

1 Financial liabilities at amortised cost within trade and other payables consist of trade payables, accruals, intercompany payables 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 following table presents the Group's assets and liabilities carried at fair value by valuation method.

30 June 2014	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Assets				
Derivative financial instruments	**—**	**2,028**	**—**	**2,028**
Available-for-sale asset	**—**	**—**	**623**	**623**
Total assets	**—**	**2,028**	**623**	**2,651**
Liabilities				
Derivative financial instruments	**—**	**(35)**	**—**	**(35)**
Total liabilities	**—**	**(35)**	**—**	**(35)**

30 June 2013	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial instruments	—	560	—	560
Available-for-sale asset	—	—	703	703
Total assets	—	560	703	1,263
Liabilities				
Derivative financial instruments	—	(1,714)	—	(1,714)
Total liabilities	—	(1,714)	—	(1,714)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2014

26. Financial instruments continued

Fair value measurements recognised in the balance sheet continued

There were no transfers between levels during the year.

Level 2 derivative financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

The Level 3 available-for-sale asset is an unlisted equity instrument stated at cost less any provision for impairment. The Directors believe that no reasonably foreseeable changes to key assumptions would result in a significant change in fair value.

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. It reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

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 trade receivables 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 35.3 days (2013: 34.5 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 35.3 days, as well as observable changes in international or local economic conditions.

The standard payment term for intra-group receivables is 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 2014 £000	30 June 2013 £000	**30 June 2014 £000**	30 June 2013 £000
Euros	**(96)**	(247)	**4,893**	7,020
US Dollars	**(8,824)**	(5,758)	**10,942**	11,813
Japanese Yen	**(10)**	(33)	**2,924**	3,146
Hong Kong Dollars	**—**	—	**82**	84
	(8,930)	(6,038)	**18,841**	22,063

26. Financial instruments continued

Foreign currency sensitivity analysis

The Group's principal functional currency is Sterling. The Group is mainly exposed to fluctuations in US Dollars, Euros and Japanese Yen exchange rates.

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.

	US Dollar currency impact		Euro currency impact		Yen currency impact	
	2014 £000	2013 £000	**2014 £000**	2013 £000	**2014 £000**	2013 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	**311**	448	**356**	501	**216**	231
Other equity	**1,996**	2,182	**2,211**	1,840	**618**	631
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	**(366)**	(685)	**(417)**	(589)	**(254)**	(271)
Other equity	**(2,343)**	(2,402)	**(2,593)**	(2,160)	**(726)**	(741)

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 18 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.

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

Outstanding contracts	Average rate 30 June 2014	Foreign currency 30 June 2014 000	Contract value 30 June 2014 £000	Fair value gain 30 June 2014 £000
Sell US Dollars				
Less than 3 months	1.55	$10,800	6,951	627
3 to 6 months	1.67	$9,571	5,715	111
7 to 12 months	1.67	$20,556	12,279	214
13 to 18 months	1.68	$12,142	7,240	86
	1.65	$53,069	32,185	1,038
Sell Euros				
Less than 3 months	1.19	€6,750	5,653	246
3 to 6 months	1.22	€8,369	6,851	128
7 to 12 months	1.22	€15,704	12,842	201
13 to 18 months	1.23	€11,075	9,015	69
	1.22	€41,898	34,361	644
Sell Yen				
Less than 3 months	150.92	¥333,000	2,207	281
3 to 6 months	172.13	¥350,381	2,036	8
7 to 12 months	171.43	¥693,680	4,046	18
13 to 18 months	170.76	¥391,512	2,293	4
	167.14	¥1,768,573	10,582	311
Total of outstanding forward contracts			77,128	1,993

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

26. Financial instruments continued
Forward exchange contracts continued

Outstanding contracts	Average rate 30 June 2013	Foreign currency 30 June 2013 000	Contract value 30 June 2013 £000	Fair value gain/(loss) 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 18 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 18 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 18 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)

At 30 June 2014, the fair value of contracts held as cash flow hedges is an asset of £862,000 (2013: liability of £1,361,000). The remaining contracts are not held as cash flow hedges. The gain on the financial assets at fair value through the profit and loss account was £655,000 (2013: £99,000).

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, continually 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 2014, the average maturity of balances was 805 days (2013: 693 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 risk tables – financial liabilities
All trade and other payable balances are capital and do not include accrued interest.

	Less than six months £000	**Between six months and one year £000**	**Total £000**
Group			
2014			
Trade and other payables	**(12,502)**	**—**	**(12,502)**
	(12,502)	**—**	**(12,502)**
Company			
2014			
Trade and other payables	**(8,432)**	**—**	**(8,432)**
Trade payables owed to subsidiary undertakings	**(3,363)**	**—**	**(3,363)**
Loans payable to subsidiary undertakings	**—**	**(4,300)**	**(4,300)**
	(11,795)	**(4,300)**	**(16,095)**

26. Financial instruments continued
Liquidity risk tables – financial liabilities continued

	Less than six months £000	Between six months and one year £000	Total £000
Group			
2013			
Trade and other payables	(13,078)	–	(13,078)
	(13,078)	–	(13,078)
Company			
2013			
Trade and other payables	(8,440)	–	(8,440)
Trade payables owed to subsidiary undertakings	(4,579)	–	(4,579)
	(13,019)	–	(13,019)

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 £119,000 (2013: £70,000) and by the Company of £95,000 (2013: £44,000). 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 £119,000 (2013: £70,000) and by the Company of £95,000 (2013: £44,000). 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.

27. 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 Abcam Company Share Option Plan (CSOP), the LTIP and the SIP. Option grants under each scheme have been aggregated.

The vesting period ranges from one to four 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 £941,000 in the year (2013: £1,391,000), of which £678,000 (2013: £1,211,000) was included within administration and management expenses and £263,000 (2013: £180,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP
Options outstanding as at 30 June 2014 had an exercise price of between 12.5 pence and 464 pence (2013: 5 pence and 385 pence). The weighted average remaining contractual life is 7.28 years (2013: 7.16 years). The weighted average fair value of the options outstanding at the end of the year was 68.37 pence (2013: 78.02 pence). The Group recorded a total share-based payments expense of £568,000 (2013: £573,000) in the year relating to all schemes excluding the SIP and LTIP.

	2014			2013		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**2,371,600**	**260.95**	**–**	2,618,082	173.35	–
Granted during year	**687,945**	**464.00**	**–**	796,060	385.00	–
Forfeited during year	**(494,329)**	**392.32**	**–**	(198,625)	293.19	–
Exercised during year	**(529,750)**	**122.80**	**446.36**	(843,917)	93.82	406.38
Outstanding at end of year	**2,035,466**	**331.77**	**–**	2,371,600	260.95	–
Exercisable at end of year	**660,947**	**162.95**	**–**	956,369	95.51	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

27. Share-based payments continued
Enterprise Management Incentive (EMI) scheme

	2014			2013		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	278,710	60.57	—	359,987	57.29	—
Exercised during year	(131,215)	62.45	465.99	(81,277)	46.04	427.23
Outstanding at end of year	147,495	58.89	—	278,710	60.57	—
Exercisable at end of year	147,495	58.89	—	278,710	60.57	—

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

The vesting dates and expected cash receivable on exercise relating to the options outstanding are detailed in the table below.

		2014			2013		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
5 May 2007	5 May 2014	—	—	—	1,200	5.0	—
27 May 2008	27 May 2015	7,900	12.5	1	7,900	12.5	1
7 September 2009	7 September 2016	19,270	56.0	11	83,825	56.0	47
8 November 2010	8 November 2017	120,325	62.4	75	161,575	62.4	101
7 May 2011	7 May 2018	—	—	—	24,210	82.6	20
Total		147,495		87	278,710		169

Unapproved Share Option Plan

	2014			2013		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	376,270	73.45	—	746,150	57.95	—
Exercised during year	(205,810)	82.60	426.00	(369,880)	42.18	427.74
Outstanding at end of year	170,460	62.40	—	376,270	73.45	—
Exercisable at end of year	170,460	62.40	—	376,270	73.45	—

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

The vesting dates and expected cash receivable on exercise relating to the options outstanding are detailed in the table below.

		2014			2013		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
8 November 2010	8 November 2017	170,460	62.4	106	170,460	62.4	106
7 May 2011	7 May 2018	—	—	—	205,810	82.6	170
Total		170,460		106	376,270		276

27. Share-based payments continued

The Abcam 2005 Share Option scheme

	2014			2013		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**1,114,907**	**302.18**	**—**	842,673	254.88	—
Granted during year	**558,241**	**464.00**	**—**	652,183	385.00	—
Forfeited during year	**(410,597)**	**396.04**	**—**	(119,661)	346.37	—
Exercised during year	**(73,643)**	**187.27**	**462.98**	(260,288)	141.69	397.79
Outstanding at end of year	**1,188,908**	**395.46**	**—**	1,114,907	302.18	—
Exercisable at end of year	**156,590**	**242.49**	**—**	122,750	118.33	—

The vesting dates and expected cash receivable on exercise (subject to performance conditions being met for options yet to vest) relating to the options outstanding are detailed in the table below.

		2014			2013		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
6 November 2011	6 November 2018	**45,100**	**92.4**	**42**	86,750	92.4	80
9 November 2012	9 November 2019	**28,375**	**180.8**	**51**	36,000	180.8	65
2 December 2013	2 December 2020	**83,115**	**345.0**	**287**	120,833	345.0	417
1 November 2014	1 November 2021	**201,410**	**370.0**	**745**	275,031	370.0	1,018
1 November 2014	1 November 2022	**149,475**	**385.0**	**575**	263,190	385.0	1,013
1 November 2015	1 November 2022	**128,559**	**385.0**	**495**	201,548	385.0	776
1 November 2016	1 November 2022	**74,714**	**385.0**	**288**	131,555	385.0	506
25 November 2015	25 November 2023	**211,746**	**464.0**	**983**	—	—	—
25 November 2016	25 November 2023	**160,472**	**464.0**	**745**	—	—	—
25 November 2017	25 November 2023	**105,942**	**464.0**	**492**	—	—	—
Total		**1,188,908**		**4,703**	1,114,907		3,875

The Abcam CSOP

	2014			2013		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**601,713**	**310.46**	**—**	658,477	265.24	—
Granted during year	**129,704**	**464.00**	**—**	143,877	385.00	—
Forfeited during year	**(83,732)**	**374.11**	**—**	(78,964)	212.59	—
Exercised during year	**(119,082)**	**218.91**	**449.64**	(121,677)	184.23	387.07
Outstanding at end of year	**528,603**	**359.39**	**—**	601,713	310.46	—
Exercisable at end of year	**186,402**	**270.40**	**—**	178,639	180.80	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2014

27. Share-based payments continued
The Abcam CSOP continued
The vesting dates and expected cash receivable on exercise (subject to performance conditions being met for options yet to vest) relating to the options outstanding are detailed in the table below.

		2014			2013		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
9 November 2012	9 November 2019	**84,685**	**180.8**	**153**	179,748	180.8	325
2 December 2013	2 December 2020	**101,717**	**345.0**	**351**	148,879	345.0	514
1 November 2014	1 November 2021	**107,520**	**370.0**	**398**	132,959	370.0	492
1 November 2015	1 November 2022	**115,202**	**385.0**	**444**	140,127	385.0	539
25 November 2016	25 November 2023	**119,479**	**464.0**	**554**	—	—	—
Total		**528,603**		**1,900**	601,713		1,870

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	1 November 2012	1 November 2012	1 November 2012	25 November 2013	25 November 2013	25 November 2013
Share price at grant (pence)	389	389	389	464	464	464
Fair value at valuation date (pence)	89	96	103	75	110	115
Exercise price (pence)	385	385	385	464	464	464
Expected volatility	33%	33%	33%	24%	31%	30%
Expected life (years)	5	6	7	5	6	7
Expected dividend yield	1.56%	1.56%	1.56%	1.70%	1.70%	1.70%
Risk-free rate	0.28%	0.41%	0.61%	0.52%	0.89%	1.28%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Abcam CSOP

Grant date	1 November 2012	25 November 2013
Share price at grant (pence)	389	464
Fair value at valuation date (pence)	96	108
Exercise price (pence)	385	464
Expected volatility	33%	31%
Expected life (years)	6	6
Expected dividend yield	1.56	1.70
Risk-free rate	0.41%	0.89%
Employee exercise multiple	2	2
Employee exit rate	0.00%	0.00%

27. Share-based payments continued

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 up to a limit of £1,500 per tax year 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 the HMRC approval limit which during the year was £3,000 of shares (Free Shares) per tax year. 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.

	Number of Free Shares		Number of Matching Shares	
	2014	2013	**2014**	2013
Outstanding at beginning of year	**591,272**	540,330	**154,857**	130,749
Granted during year	**111,119**	138,607	**29,867**	37,374
Forfeited during year	**(39,156)**	(32,645)	**(5,819)**	(5,631)
Released during year	**(85,704)**	(55,020)	**(20,976)**	(7,635)
Outstanding at end of year	**577,531**	591,272	**157,929**	154,857
Exercisable at end of year	**268,880**	251,325	**66,261**	58,450

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 £475,000 (2013: £561,000) in the year relating to Matching and Free Share awards.

LTIP

The Company approved a new LTIP in 2008. Full details of the performance conditions are outlined in the Directors' Remuneration Report. 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 2014	LTIP awards 2013
Outstanding at beginning of year	**1,771,767**	1,887,156
Granted during year	**190,224**	161,044
Forfeited during year	**(338,510)**	(58,700)
Exercised during year[1]	**(454,609)**	(217,733)
Outstanding at end of year	**1,168,872**	1,771,767
Exercisable at end of year	**522,307**	966,929

1 The weighted average sales price for exercises in the year was 435 pence (2013: 410 pence). Of the 454,609 options exercised during the year 6,407 were exercised in exchange for cash (2013: 31,988).

The aggregate of the fair values of the awards made on 25 November 2013 is £856,137 (2013: £600,348).

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	1 November 2012	25 November 2013	9 December 2013
Weighted average exercise price (pence)	—	—	—
Expected volatility	33%	31%	29%
Expected life (years)	3	3	3
Expected dividend yield	1.56%	1.70%	1.66%
Risk-free rate	0.41%	0.87%	0.99%

The Group recognised a net credit of £102,000 (2013: an expense of £257,000) in the year related to performance share awards under the LTIP due to a credit back of charges relating to non-market based performance conditions not being met.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2014

28. 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 2014 was £1,207,000 (2013: £977,000). As at 30 June 2014 contributions of £83,000 (2013: £84,000) due in respect of the current reporting period had not been paid over to the schemes.

29. Related party transactions

Remuneration of key management personnel

The remuneration of the Senior Leadership Team and the executive and Non-Executive Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report.

Group and Company	**30 June 2014 £000**	30 June 2013 £000
Short-term employee benefits and fees	**3,155**	2,290
Post-employment benefits	**107**	88
Share-based payments charge	**190**	866
	3,452	3,244

Directors' transactions

Dividends totalling £2,175,556 were paid in the year in respect of ordinary shares held by the Company's Executive and Non-Executive Directors.

During the year the Company made sales to Horizon Discovery Limited, of which Jonathan Milner is a non-executive director, totalling £5,413 (2013: £3,711).

Company transactions with its subsidiaries

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

	30 June 2014 £000	30 June 2013 £000
Sales of goods	**62,812**	55,539
Purchase of goods	**(7,495)**	(8,549)
Dividends received	**—**	6,557
Management fees charged	**(1,209)**	(1,705)
	54,108	51,842

Amounts remaining outstanding at the year end can be seen in the Company balance sheet.

30. 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 2014 of £29,300,000 (2013: £52,524,000). Profit for the prior year included £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

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Jeff Iliffe

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UK

SHAREHOLDER INFORMATION

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our Registrars, Capita Asset Services, 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
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Financial calendar

Financial year end	30 June 2014
Full year results announced	9 September 2014
Annual General Meeting	3 November 2014
Ex-dividend date for final dividend	5 November 2014
Record date for final dividend	7 November 2014
Final dividend payment	28 November 2014

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谢谢 Köszönöm Danke

Grazie ďakujem 감사합니다

THANK YOU!

ありがとう آپ کا شکریہ Obrigado

děkuji Gracias

Merci σας ευχαριστώ

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 plc

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