

For immediate release

10 March 2009

ABCAM PLC
("Abcam" or "the Company")

Interim Results for the Six Months ended 31 December 2008

Cambridge, UK: Abcam plc (AIM: ABC), the rapidly growing bioscience company which markets antibodies via its own online catalogue, is pleased to announce its interim results for the six months ended 31 December 2008.

Highlights

- Sales in the half year increased 50.6% to £23.1m (H1 2008: £15.3m), representing an increase of 33.3% on a constant currency basis.
- Pre-tax profits increased 128.3% to £6.8m (H1 2008: £3.0m before potential offer related costs of £0.25m).
- Product range expanded by 17.3% to 47,870 (31 December 2007: 40,800) through organic growth and the completion of new licensing deals.
- Net cash at 31 December 2008 was £20.9m (31 December 2007: £11.6m).
- Basic EPS increased by 157.3% to 14.28p per share (H1 2008: 5.55p).
- Proposed interim dividend is up 160% to 2.71p per share (H1 2008: 1.04p).

Commenting on today's interim results Jonathan Milner, Chief Executive Officer, said:

"We are particularly pleased with the performance of the Group in the six months ended 31 December 2008. This performance is testament to the strength of our business model, the traction of our brand, the relatively protected and growing markets in which we operate and in no small part to the hard work of our employees."

"Trading has begun well in the second half year though we have highlighted in the past the uncertainties faced by all companies in the current economic climate. It is difficult to assess what impact, if any, a global recession might have on our trading so we will continue to focus on maximising our performance by offering the highest quality products to new and existing customers."

For further information please contact:

Abcam

+ 44 (0) 1223 696000

Jonathan Milner, Chief Executive Officer
Jeff Iliffe, Chief Financial Officer
www.abcam.com

Numis Securities

+ 44 (0) 20 7260 1000

Michael Meade / Nick Westlake – Nominated Adviser
James Black – Corporate Broking

Buchanan Communications

+ 44 (0) 20 7466 5000

Mark Court / Mary-Jane Johnson / Stasa Filipic

Notes for editors

About Abcam plc

Abcam is a producer and distributor of research-grade antibodies headquartered in Cambridge, UK, with offices in Cambridge, Massachusetts, USA and Tokyo, Japan. Abcam was admitted to AIM in November 2005 and trades under the ticker symbol ABC. The Company produces and distributes its own and third-party-produced antibodies to academic and commercial users worldwide. Product ordering is available through the Company's website www.abcam.com, where customers are also able to access up-to-date and detailed technical product data sheets. All the antibodies are sold under the Abcam brand name and the Company's vision is to build the world's largest online resource of high quality and commercially viable antibodies. Abcam now has an online catalogue of over 50,000 products, most of which are antibodies, from over 250 suppliers and employs 225 staff in its three operating companies.

About antibodies

Antibodies are proteins produced by white blood cells in response to the introduction of a foreign body known as an antigen. Antibodies, which have a wide variety of uses in research, diagnostics and therapeutics, are used by bioscientists in research into disease and into the human genome, where they are used to mark and identify specific cells and other living matter. The number of human antibodies of use in research is potentially greater than one million.

CHAIRMAN'S STATEMENT

Overview

It gives me great pleasure to report another strong period of growth over the six months to 31 December 2008, with sales increasing by 50.6% to £23.1m (H1 2008: £15.3m). Abcam is a global business and over 90% of our sales are made in trading currencies other than sterling, namely the US dollar, Euro and Japanese Yen. As such we have been a beneficiary of the weakness in sterling over this period which has added to our reported sales. However even allowing for the favourable changes in currency rates, underlying sales growth at constant currencies was very strong at 33.3%.

Operational review

We have seen growth across all our markets, driven by the continued demand for top quality antibodies, strong technical support and high levels of service. North America remains our largest market, representing 45.8% of Group sales, and sales grew by 24.9% in local currency over the corresponding period last year to \$19.0m (£10.6m). This is probably the most developed and competitive market for our products in the world and our success there is testimony to the strength of our business model.

Our penetration of Continental European markets is growing as we continue to see the benefits of strong marketing initiatives and the broadening of local language support for our customers. Euro denominated sales accounted for 29.4% of Group sales, having grown by 39.9% to €8.5m (£6.8m).

Our Japanese office achieved a key stage in its development at the end of the half year with the completion of its own sub-dealer network and move away from selling through distributors. A great deal of work has gone into building up the office and the Abcam brand over the last two years to make this possible and we are now much closer to our customers, which should allow us to build further sales growth at enhanced margins. In the six months to 31 December 2008, sales in Japan when measured in local currency grew by 40.8% to ¥273m (£1.5m) and represented 6.4% of Group sales.

We also continue to focus on penetration of our newer markets, where we have undertaken a number of initiatives to build our presence, such as the hosting of one of our flagship conferences for the first time in Singapore last month, which was particularly successful. Across the rest of the world, which for these purposes includes the UK, sales growth was 46.0% on a constant currency basis over the same period last year.

In the twelve months since 31 December 2007, the number of products in our catalogue has grown by 17.3% to 47,870 and in February 2009 broke through the 50,000 level. It has taken more than ten years to achieve this milestone, during which time we have forged strong relationships with over 250 suppliers. In addition to the launch of our own manufactured products, the users of our products enjoy the benefits of new product development from leading suppliers around the world. We also continue to add new suppliers and have a healthy pipeline of potential new relationships in negotiation.

Development of volume monoclonal antibody production at our high throughput facility continues to progress more slowly than we had hoped. As a consequence we will be refocusing our manufacturing resource on more targeted monoclonal production, whilst supplementing the sourcing of a broader range of monoclonals for which we believe there is strong demand. This may result in some modest restructuring of this part of the facility over the next six months. In all production areas our recently developed capability to add product features on a high throughput basis is becoming a major part of our strategy for improving product quality and driving sales.

Our people are an integral part of our success and we continue to attract impressive talent as we add to our team. We have further strengthened the Board with the recent appointment of Michael Redmond as Deputy Chairman, and during the last half year have recruited experienced individuals to head both our commercial and scientific teams.

Financial review

Gross margins for the period were 64.9% against 58.8% for the same period last year, with the increase being attributable to the impact of exchange rates, improved pricing and increasing sales under our exclusive supplier deals at improved margins.

Including R&D, expenses in the period were £8.5m, an increase of 29.7% over the previous year but as a percentage of sales expenses fell by 5.9 percentage points in the six months to 31 December 2008 to 36.9% (H1 2008: 42.8%). Exchange rate movements made a large contribution to this reduction, having made a much greater impact on increasing sales than expenses, because a larger proportion of our expenses are denominated in sterling. Even on a constant currency basis, however, there was a 2.5 percentage point reduction despite the relatively higher levels of cost associated with the development of the production processes at the high throughput facility.

The net effect of the retranslation of foreign currency denominated assets and the impact of contracts for the forward selling of currency was a gain of £0.2m in the period (H1 2008: £0.2m), which is included within administrative and management charges in the income statement.

The Group's cashflow continues to be strong, with net cash generated from operating activities of £8.2m (H1 2008: £3.4m). This includes the receipt of £1.1m on the signing of a lease in December 2008 for a new Head Office on the Cambridge Science Park adjacent to the current office, the fit-out of which is expected to be completed this financial year. A total of £1.0m was spent in the period on capital equipment and £0.2m was spent on the licensing of exclusive distribution rights.

The tax rate in the income statement for the current year is expected to be approximately 26.5%, reflecting in part the receipt of R&D tax credits and the share options exercised in the period, which result in a tax deduction for the Company.

Basic earnings per share (EPS) were 14.28p (H1 2008: 5.55p). The EPS for H1 2009 uses the weighted average of 35.2m shares (H1 2008: 34.8m shares).

Dividend

The Company's Directors are pleased to declare an interim dividend of 2.71p (H1 2008: 1.04p) representing an increase of 160%, which is in line with the increase in post tax profit. The Company's policy is to distribute a total of 33% of post tax earnings and this increase goes some way to addressing what we believe to be an undue weighting towards the final dividend.

The dividend is payable on 17 April 2009 to Shareholders whose names are on the Register of Members at close of business on 20 March 2009.

Outlook

I am pleased to report that trading has begun well in the second half year. The Board has nevertheless highlighted in recent announcements the uncertainties faced by all companies in the current economic climate. At present it is extremely difficult to assess what impact, if any, the global recession may have on our trading. There is third-party evidence of some slowdown in growth in laboratory-based spending generally but it is less clear what the impact might be in the specialist area of research antibody sales. Furthermore, there are strong defensive qualities to our markets with many of our customers being centrally funded, and potential beneficiaries of fiscal stimulus packages.

What will place the Group in the best position to maximise performance is to continue to focus on sourcing the best quality, most scientifically relevant products, and penetrate further existing and new markets through targeted marketing, thus building closer links with our customers.

Our employees are the engine that drives the Group and I would like to thank them for their untiring efforts. I would also like to thank our shareholders, customers and suppliers whose support is so important to our success.

David Clevely
Chairman
10 March 2009

Abcam plc
Condensed Consolidated Income Statement
For the six months ended 31 December 2008

		Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Revenue	3	23,074	15,318	36,694
Cost of sales		(8,103)	(6,307)	(14,389)
Gross profit		<hr/> 14,971	<hr/> 9,011	<hr/> 22,305
Administration and management expenses excluding share based compensation charge		(7,027)	(5,404)	(12,344)
Share based compensation charge		(131)	(97)	(173)
Total management and administration expenses		<hr/> (7,158)	<hr/> (5,501)	<hr/> (12,517)
Research and development expenses excluding share based compensation charge		(1,301)	(1,049)	(2,398)
Share based compensation charge		(50)	(10)	(19)
Total research and development expenses		<hr/> (1,351)	<hr/> (1,059)	<hr/> (2,417)
OPERATING PROFIT		<hr/> 6,462	<hr/> 2,451	<hr/> 7,371
Investment revenue	3	358	285	581
PROFIT BEFORE TAXATION		<hr/> 6,820	<hr/> 2,736	<hr/> 7,952
Tax	5	(1,792)	(804)	(2,062)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	4	<hr/> <hr/> 5,028	<hr/> <hr/> 1,932	<hr/> <hr/> 5,890
Earnings per share from continuing operations - pence				
Basic	6	14.28	5.55	16.88
Diluted	6	14.10	5.44	16.56

All profit is attributable to equity holders of the parent.

Abcam plc
Condensed Consolidated Balance Sheet
As at 31 December 2008

	Unaudited 31/12/08 £000	Unaudited 31/12/07 £000	Audited 30/6/08 £000
Non-current assets			
Intangible assets	1,102	1,664	994
Property, plant and equipment	4,547	3,967	4,204
Deferred tax asset	211	-	-
	<u>5,860</u>	<u>5,631</u>	<u>5,198</u>
Current assets			
Inventories	5,485	3,446	4,506
Trade and other receivables	5,057	3,614	4,860
Current tax asset	-	30	-
Cash and cash equivalents	20,856	10,123	13,473
Short term deposits	-	1,500	1,020
	<u>31,398</u>	<u>18,713</u>	<u>23,859</u>
Total Assets	<u>37,258</u>	<u>24,344</u>	<u>29,057</u>
Current Liabilities			
Trade and other payables	(5,736)	(3,557)	(4,073)
Current tax liabilities	(1,469)	-	(382)
Provisions	(80)	(135)	(96)
Derivative financial instruments	(1,412)	(123)	(197)
	<u>(8,697)</u>	<u>(3,815)</u>	<u>(4,748)</u>
Net current assets	<u>22,701</u>	<u>14,898</u>	<u>19,111</u>
Non-current liabilities			
Deferred tax liabilities	-	(384)	(78)
Deferred creditor	-	(377)	(109)
	<u>-</u>	<u>(761)</u>	<u>(187)</u>
Total liabilities	<u>(8,697)</u>	<u>(4,576)</u>	<u>(4,935)</u>
Net assets	<u>28,561</u>	<u>19,768</u>	<u>24,122</u>
Equity			
Share capital	355	350	351
Share premium account	11,341	10,803	10,871
Own shares	(315)	-	-
Translation reserve	396	(38)	(33)
Share based compensation reserve	656	358	483
Hedging reserve	(35)	(117)	-
Deferred tax reserve	1,055	313	758
Retained earnings	15,108	8,099	11,692
Total equity	<u>28,561</u>	<u>19,768</u>	<u>24,122</u>

Abcam plc
Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 December 2008

	Share capital	Share premium	Own shares	Translation reserve	Share-based compensation reserve	Hedging reserve	Deferred tax reserve	Retained earnings	Total
	£000's	£000's	a £000's	b £000's	c £000's	d £000's	e £000's	£000's	£000's
Balance as at 1 July 2007	346	10,619	-	(36)	251	168	256	7,283	18,887
Exchange differences on translating foreign operations	-	-	-	(2)	-	-	-	-	(2)
Share-based compensation	-	-	-	-	107	-	-	-	107
Deferred tax on outstanding share options	-	-	-	-	-	-	57	-	57
Profit for the period	-	-	-	-	-	-	-	1,932	1,932
Total income and expense for the period	-	-	-	(2)	107	-	57	1,932	2,094
Issue of share capital	4	184	-	-	-	-	-	-	188
Movement on hedging reserve for the adoption of hedge accounting	-	-	-	-	-	(285)	-	-	(285)
Payment of dividends	-	-	-	-	-	-	-	(1,116)	(1,116)
Balance as at 31 December 2007	350	10,803	-	(38)	358	(117)	313	8,099	19,768
Exchange differences on translating foreign operations	-	-	-	5	-	-	-	-	5
Share-based compensation	-	-	-	-	125	-	-	-	125
Deferred tax on outstanding share options	-	-	-	-	-	-	445	-	445
Profit for the period	-	-	-	-	-	-	-	3,958	3,958
Total income and expense for the period	-	-	-	5	125	-	445	3,958	4,533
Issue of share capital	1	68	-	-	-	-	-	-	69
Utilisation of derivative instruments	-	-	-	-	-	117	-	-	117
Payment of dividends	-	-	-	-	-	-	-	(365)	(365)
Balance as at 30 June 2008	351	10,871	-	(33)	483	-	758	11,692	24,122
Exchange differences on translating foreign operations	-	-	-	429	-	-	-	-	429
Share-based compensation	-	-	-	-	173	-	-	-	173
Deferred tax on outstanding share options	-	-	-	-	-	-	297	-	297
Profit for the period	-	-	-	-	-	-	-	5,028	5,028
Total income and expense for the period	-	-	-	429	173	-	297	5,028	5,927
Issue of share capital	4	470	(315)	-	-	-	-	-	159
Utilisation of derivative instruments	-	-	-	-	-	(35)	-	-	(35)
Payment of dividends	-	-	-	-	-	-	-	(1,612)	(1,612)
Balance as at 31 December 2008	355	11,341	(315)	396	656	(35)	1,055	15,108	28,561

a. This is the cost of shares in Abcam plc purchased in the market and held by the Abcam Employee Share Benefit Trust Ltd on behalf of employees.

b. Exchange differences on translation of overseas operations

c. IFRS 2 Charge for fair value of share options

d. Deferred gains and losses on cash flow hedges

e. Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS12.

Abcam plc
Condensed Consolidated Cash Flow Statement
For the six months ended 31 December 2008

	Notes	Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Net cash from operating activities	7	8,165	3,400	7,142
Investing activities				
Interest received		358	285	581
Proceeds on disposal of property, plant and equipment		16	-	(1)
Purchase of property, plant and equipment		(954)	(1,696)	(2,445)
Purchase of intangible assets		(223)	(145)	(274)
Net cash used in investing activities		(803)	(1,556)	(2,139)
Financing activities				
Dividends paid		(1,612)	(1,116)	(1,481)
Proceeds on issue of shares		159	188	257
Decrease/(increase) in short term deposits		1,020	7,000	(1,020)
Net cash (used in)/from financing activities		(433)	6,072	(2,244)
Net increase in cash and cash equivalents		6,929	7,916	2,759
Cash and cash equivalents at beginning of period		13,473	2,209	10,709
Effect of foreign exchange rates		454	(2)	5
Cash and cash equivalents at end of period		20,856	10,123	13,473

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies

Basis of Preparation

The condensed interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs). The same accounting policies, presentation and methods of computation are followed in the condensed interim financial information as applied in the Group's latest annual audited financial statements. While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

The interim financial information has not been audited but has been reviewed by the auditors in accordance with ISRE 2410 issued by the Accounting Practices Board.

The interim financial information has been prepared under the historical cost convention, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below and have been consistently applied to all periods presented, unless otherwise stated.

The information for the year ended 30 June 2008 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on these accounts: the report was unqualified and did not draw attention to any matters by way of emphasis and did not contain a statement under 498(2) or (3) of the Companies Act 2006.

The Group's revenues are largely derived from sales of products in the UK, and overseas. To date, demand has been relatively unaffected by changes in the general economy, and the Group has seen a positive impact from fluctuations in foreign exchange rates as discussed in the Chairman's statement. The Group has considerable financial resources available to it and as a consequence, the Directors believe that it is appropriate to continue to adopt the Going Concern basis of preparation.

Basis of consolidation

The consolidated interim financial information incorporates the financial information of the Company and entities controlled by the Company made up to the end of the period. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

Property, plant and equipment

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

The depreciation rates applied are shown below:

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

Depreciation is accelerated if assets are deemed to have been impaired or there is a change in the residual economic life. The remaining useful lives of assets are re-assessed at each balance sheet date.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies (continued)

Intangible assets

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

Payments made to acquire distribution rights from third parties are capitalised and are amortised over the period of the agreement or over their estimated minimum useful lives of 3 years.

Intangible assets are reviewed for impairment both annually and when there is an indication that an asset may be impaired when events or changes in circumstances indicate that the carrying value may not be recoverable. The assets' residual values, useful lives, and methods of valuation are reviewed and adjusted, if appropriate, at each financial year end.

Investments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the actual cost of the product when acquired or manufactured.

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. When a trade receivable is considered uncollectible, 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.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies (continued)

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. All derivative financial instruments are measured at the balance sheet date at their fair value.

Where derivative financial instruments are not designated as or not determined to be effective hedges, any gain or loss on the re-measurement of the fair value of the instrument at the balance sheet date is taken to the income statement.

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 cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

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. Amounts deferred in equity are recycled in profit or loss in the periods when the corresponding gain or loss on the hedged item arises.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the profit and loss from that date and is included in the "other gains and losses" line of the income statement. 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.

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

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies (continued)

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 period. 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 calculation of the 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

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 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.

Pensions

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

The amount charged to the income statement in respect of pension costs is the contribution payable in the period.

Any differences between contributions payable in the period, and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

Leases

Leases are classified as financial 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 under an operating lease are also spread on a straight-line basis over the lease term.

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

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies (continued)

Foreign exchange

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 interim financial information, the results and financial position of each group company are expressed in pounds 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 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.

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

The treatment of exchange differences on transactions entered into to hedge certain foreign currency risks is detailed under derivative financial instruments above.

All other differences are included in the income statement in the period in which they arise.

Share Based Payments

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

The Group provides certain employees with equity settled share based payments. The Group provides employees with the ability to purchase the Group's ordinary shares at current market value and also grants free shares. For each share that is purchased, the Group grants a matching share. The free and matching shares are held by the Abcam Employee Share Benefit Trust Ltd until the vesting conditions are met. The Group also grants employees options to purchase shares.

Equity settled share based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) at the date of the 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. There are both market and non-market based performance conditions attached to the vesting and exercising of equity instruments.

The Monte Carlo model has been used to calculate the fair value of the share incentives and 50% of the LTIP options, because these share incentives have market based performance criteria attached and therefore a sufficiently sophisticated valuation model must be used in order to account for the effect of these criteria. The Binomial model has been used for valuing the other 50% of the LTIP options as they have non-market based criteria attached.

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

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

1. Significant accounting policies (continued)

Revenue recognition

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

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

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.

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

2. Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make estimates and assumptions, in accordance with IFRS, that affect the amounts reported as assets and liabilities as at the date of reporting the financial statements, and the reported amounts of revenues and expenditure during the period. In preparation of the consolidated interim financial information, estimates and assumptions have been made by the Directors concerning the fair value of share options, the estimated useful lives of fixed assets, provisions required, the recoverability of trade and other receivables, the carrying value of intangible assets and other similar evaluations. Actual amounts that result could differ from those estimates.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key 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 or the most significant effect on the amounts recognised in financial statements are discussed below.

Impairment of intangibles

The carrying value of the intangible assets related to product line agreements is dependant on the anticipated future sales of the related products.

Fair value of derivatives and other financial instruments

As described in Note 1, the directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

Valuation of own manufactured inventory

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

Provision for obsolete stock

The provision for obsolete stock is based on management's estimation of the commercial life of inventory lines and is applied on a prudent basis. In assessing this, management takes into consideration the sales history of products and the length of time that they have been available for resale.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December 2008

3. Business and geographical segments

Geographical segments

The Group's operations are located in the UK, USA and Japan.

Business segments

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.

	North America 6 months ended 31/12/08 £000	Europe 6 months ended 31/12/08 £000	UK and rest of world 6 months ended 31/12/08 £000	Japan 6 months ended 31/12/08 £000	Total 6 months ended 31/12/08 £000
Revenue					
Total revenue	10,578	6,793	4,215	1,488	23,074
Result					
Segment result	222	4,646	2,879	66	7,813
Unallocated corporate expenses					(1,351)
Operating profit					6,462
Investment revenues					358
Profit before tax					6,820
Tax					(1,792)
Profit after tax					5,028
Other information					
Capital additions	245	-	927	5	1,177
Depreciation and amortisation	69	-	723	6	798
Balance sheet					
Assets					
Segment assets	3,693	-	32,477	1,088	37,258
Consolidated total assets					37,258
Liabilities					
Segment liabilities	(494)	-	(8,025)	(178)	(8,697)
Consolidated total liabilities					(8,697)

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

3. Business and geographical segments
(continued)

	North America 6 months ended 31/12/07 £000	Europe 6 months ended 31/12/07 £000	UK and rest of world 6 months ended 31/12/07 £000	Japan 6 months ended 31/12/07 £000	Total 6 months ended 31/12/07 £000
Revenue					
Total revenue	7,541	4,162	2,793	822	15,318
Result					
Segment result	461	1,269	1,645	135	3,510
Unallocated corporate expenses					<u>(1,059)</u>
Operating profit					2,451
Investment revenues					285
Profit before tax					<u>2,736</u>
Tax					(804)
Profit after tax					<u><u>1,932</u></u>
Other information					
Capital additions	12	-	1,821	8	1,841
Depreciation and amortisation	85	-	641	5	731
Balance sheet					
Assets					
Segment assets	2,214	-	21,711	419	<u>24,344</u>
Consolidated total assets					<u><u>24,344</u></u>
Liabilities					
Segment liabilities	(196)	-	(4,323)	(57)	<u>(4,576)</u>
Consolidated total liabilities					<u><u>(4,576)</u></u>

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

3. Business and geographical segments
(continued)

	North America Year ended 30/6/08 £000	Europe Year ended 30/6/08 £000	UK and rest of world Year ended 30/6/08 £000	Japan Year ended 30/6/08 £000	Total Year ended 30/6/08 £000
Revenue					
Total revenue	16,947	10,748	6,884	2,115	36,694
Result					
Segment result	1,046	5,198	3,327	215	9,786
Unallocated corporate expenses					(2,415)
Operating profit					7,371
Investment revenues					581
Profit before tax					7,952
Tax					(2,062)
Profit after tax					5,890
Other information					
Capital additions	28	-	2,744	4	2,776
Depreciation and amortisation	172	-	1,255	10	1,437
Impairment losses recognised in income	-	-	642	-	642
Balance sheet					
Assets					
Segment assets	2,946	-	25,384	727	29,057
Consolidated total assets					29,057
Liabilities					
Segment assets	(307)	-	(4,377)	(251)	(4,935)
Consolidated total liabilities					(4,935)

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

4. Profit for the period

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

	Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Net foreign exchange (gains)/losses	(223)	(177)	136
Operating lease rentals - land and buildings	323	248	545
Depreciation and amortisation of owned assets	798	731	1,437
Impairment loss on Intangible assets	-	-	642
Cost of inventories recognised as an expense	7,927	6,141	13,850
Write-down of inventories recognised as an expense	176	166	539
Staff costs	4,702	3,380	7,308
Impairment loss recognised on trade receivables	-	183	367
Legal fees associated with proposed sale of group	-	-	250

5. Taxation

	Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Current tax	1,877	610	1,632
Deferred tax	(85)	194	430
	<u>1,792</u>	<u>804</u>	<u>2,062</u>

Corporation tax is calculated at 28% (2007:30%, June 2008:29.5%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

6. Earnings per share

	Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Earnings			
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent.	5,028	1,932	5,890
Number of shares			
Weighted average number of ordinary shares for the purposes of the basic earnings per share	35,205,255	34,771,594	34,902,538
Effect of dilutive potential ordinary shares:			
Share options	465,878	754,840	671,614
Weighted average number of ordinary shares for the purposes of diluted earnings per share.	35,671,133	35,526,434	35,574,152

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

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

7. Notes to the cash flow statement

	31/12/08	31/12/07	30/6/08
	£000	£000	£000
Operating profit for the year	6,462	2,451	7,371
Adjustments for:			
Depreciation of property, plant and equipment	684	559	1,092
Impairment losses on intangible assets	-	-	642
Amortisation of intangible assets	114	172	309
Share based compensation charge	173	107	232
Operating cash flows before movements in working capital	7,433	3,289	9,646
Increase in inventories	(979)	(343)	(1,405)
(Increase)/decrease in receivables	(197)	713	(533)
Increase in payables ¹	1,536	563	772
Decrease in derivative financial instruments	1,216	6	365
Decrease in hedging reserve	(34)	-	(168)
Cash generated by operations	8,975	4,228	8,677
Income taxes paid	(810)	(828)	(1,535)
NET CASH FROM OPERATING ACTIVITIES	8,165	3,400	7,142

¹This includes £1.1million received as an incentive from the landlord of premises leased by Abcam plc with effect from December 2008.

8. Related party transactions

Under a New Product Development agreement with a laboratory associated with Tony Kouzarides, (a non-executive director of the Company) Abcam provided products from its catalogue free of charge, with a resale value of £9,628 (Year 2008: £16,714) and paid £21,504 in royalties (Year 2008: £36,148). £17,368 of these royalties were outstanding at the end of the period (Year 2008: £6,632).

The Company purchased services with a value of £37,050 (Year 2008: £6,000) from Cambridge Network Limited ("CNL") and its subsidiaries, which are non-profit making entities, of which £1,000 was outstanding at the end of the period (2008 - £nil). During that time David Cleevely (the Chairman of the Company) was Chairman of CNL. These services were purchased at the market value.

Abcam plc
Notes to the unaudited results
For the six months ended 31 December
2008

9. Dividends

	Unaudited 6 months ended 31/12/08 £000	Unaudited 6 months ended 31/12/07 £000	Audited Year ended 30/6/08 £000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 30 June 2008 of 4.56p (2007:3.19p) per share.	1,612	1,116	
Interim dividend for the year ended 30 June 2008 of 1.04p (2007:0.80p) per share.			365
Proposed interim dividend for the year ended 30 June 2009 of 2.71p (2008:1.04 p) per share.	960	365	
Proposed final dividend for the year ended 30 June 2008 of 4.56p (2007:3.19 p) per share.			1,599

The proposed interim dividend is subject to approval of the Board and has not been included as a liability in this interim financial information.