abcam

We aspire to be the most influential life sciences company for researchers worldwide

Abcam plc
Interim Report 2015/16

Investing in our next chapter of growth...

In the half year to 31 December 2015 we have delivered sustained strong revenue growth and invested in our next chapter of growth. We are particularly pleased with our continued sales growth in China, which continues to outstrip the local market. Our core reagents business continues to show good growth and there remains significant momentum in the business as we continue our focus on high value targets. Driving standards in quality and validation both differentiates our products and aligns us with the needs of our customers, who demand ever higher standards in their research. The acquisitions of AxioMx and Firefly™, together with new partnerships and the other investments we are making in technology, provide additional avenues to grow and new markets we can access.

Review of the half year

Interim financial statements

Highlights of our half year

Financial highlights

— Revenue growth of 17.2% on a constant currency basis and 18.0% on a reported basis to £78.8m (H1 2015: £66.7m)

— Catalogue revenue growth of 15.7% on a constant currency basis and 16.1% on a reported basis to £72.9m (H1 2015: £62.7m)

— Gross margin of 69.3% (H1 2015: 70.4%), reflecting currency headwinds in H1 2016

— As anticipated, strategic investment to drive future growth has resulted in an adjusted operating margin* of 30.7% (H1 2015: 35.4%). Reported operating margin was 26.7% (H1 2015: 32.8%)

— Adjusted EBITDA* margin of 34.4% (H1 2015: 38.8%) and 32.5% (H1 2015: 38.6%) on a reported basis

— Profit before tax (PBT) on an adjusted basis* was £24.3m (H1 2015: £23.8m) and reported PBT was £20.9m (H1 2015: £22.1m)

— Adjusted diluted earnings per share (EPS)* increased by 2.8% to 9.64 pence (H1 2015: 9.38 pence). Reported diluted EPS decreased by 4.9% to 8.36 pence (H1 2015: 8.79 pence)

— Interim dividend increased by 2.8% to 2.354 pence (2015: 2.29 pence)

— As previously guided, the plan for a step change in investment to scale the business for future sustained growth is progressing well. Anticipated capital investment in systems and processes of £15m to £19m over the next two years

* Excluding acquisition costs, acquisition-related intangible amortisation, acquisition integration costs and the initial incremental costs associated with the investment in systems and processes. In the case of profit before tax and diluted earnings per share also excluding the expense related to the unwinding of the discount applied on deferred consideration for AxioMx. See Performance in the Period section below for more detail.

Operational highlights

— RabMAb® and non-primary antibody revenues up by over 32% to £12.8m and £14.3m respectively, demonstrating progress in executing our strategy, delivering at the top end of, or above, our KPI targets

— Acquisition of AxioMx and integration of its technology platform progressing well, adding innovative products to our portfolio of recombinant monoclonal antibodies

— Introduced a direct service to Singapore to provide technical support and customer services, expanding the Company's presence in the Asia Pacific region

— Signed a licence and supply agreement with Horizon Discovery Group plc for knockout cell lines, another tool enabling Abcam to provide the highest quality products

— Development of our plans to transform systems and processes to underpin our growth going well

Interim management report

We have delivered strong revenue performance whilst investing in the next chapter of Abcam's growth.

Murray Hennessy
Chairman

Alan Hirzel
Chief Executive Officer

Summary

- Delivered sustained double digit revenue growth whilst investing in the future
- Driving standards in quality and validation both differentiates our products and aligns us with the needs of our customers

Performance in the period

On a constant currency basis (in which we assume exchange rates had remained unchanged from H1 2015) Abcam achieved catalogue revenue growth of 15.7% and 17.2% growth in total revenues, when compared to the same period last year. Overall reported revenues increased by 18.0%.

For products sold via the catalogue, all geographic areas and main product categories are performing at levels above underlying market growth rates. Growth in other revenues reflects an increase in revenues from our IVD (*in vitro* diagnostics) products and our custom service business, which is now more closely aligned, size-wise and operationally, to the overall strategic direction of the business. Royalty income in the period benefited from one-off receipts which will not recur in the second half and royalty income is expected to be lower going forward.

Constant currency gross margins at the product and geographic levels were broadly flat whilst the reported gross margin decreased slightly to 69.3% (H1 2015: 70.4%), reflecting the impact of exchange rates.

Adjusted EBITDA was £27.1m (H1 2015: £25.9m), giving a margin of 34.4% (H1 2015: 38.8%). This reflects the negative impact of exchange rates over those in H1 2015, investment in product and technology development to exploit the AxioMx and Firefly™ acquisitions, and increased investment in talent to underpin the growth of the business. After taking into account acquisition costs of £0.4m (H1 2015: £0.2m), £0.2m (H1 2015: £nil) of acquisition integration costs and £0.9m (H1 2015: £nil) of incremental costs associated with the implementation of new systems and processes, EBITDA was £25.6m (H1 2015: £25.8m) on a reported basis.

Accounting regulations require a discount factor to be applied to deferred consideration arising from the acquisition of AxioMx, which is then unwound over time. After adjusting for the £0.2m (H1 2015: £nil) charge of unwinding this discount factor, net finance income was £0.1m (H1 2015: £0.2m), and adjusted PBT was £24.3m (H1 2015: £23.8m). PBT on a reported basis was £20.9m (H1 2015: £22.1m).

Adjusted diluted EPS increased by 2.8% to 9.64 pence per share (H1 2015: 9.38 pence), reflecting a reduced effective tax rate on adjusted profits of 19.7% (H1 2015: 20.9%) as a result of the reduction in the UK corporation tax rate. The reported effective tax rate was 19.1% (H1 2015: 20.0%). Before adjustments, diluted EPS was 8.36 pence per share (H1 2015: 8.79 pence).

Cash generated from operations increased to £26.0m (H1 2015: £22.6m) as the small decrease in working capital in the period contrasted significantly with the increase in the prior period. This was principally due to a £1.1m decrease in cash absorbed in inventory during H1 2015 versus a £3.3m increase in H1 2014. This was achieved as a follow-on to the project, which began last year, to more closely align inventory levels to customer demand, focusing on holding less inventory to targets and products where market demand is low.

After the cash cost of the acquisition of AxioMx of £6.3m, an outflow of £12.0m for the final dividend for FY 2015, corporation tax payments of £5.2m and capital investment of £7.0m (including £1.7m relating to the investment in new systems and processes and £2.0m on the relocation of the production facility in Hangzhou, China) and share issue proceeds of £1.2m, net cash and term deposits decreased to £56.5m (30 June 2015: £58.7m).

	Reported revenue			
	H1 2016 £000	H1 2015 £000	Increase in reported revenue	Constant currency growth rate
Geographic split				
The Americas	**30,967**	26,614	16.4%	10.1%
EMEA	**21,841**	20,734	5.3%	12.4%
Japan	**5,432**	5,188	4.7%	10.6%
China	**9,293**	5,909	57.3%	52.2%
Rest of Asia Pacific	**5,334**	4,298	24.1%	22.5%
Catalogue revenue	**72,867**	62,743	16.1%	15.7%
Other revenue	**5,890**	4,003	47.1%	40.3%
Total reported revenue	**78,757**	66,746	18.0%	17.2%
Product split				
Core primary antibodies	**45,839**	42,414	8.1%	7.8%
RabMAb® primary antibodies	**12,773**	9,619	32.8%	32.0%
Non-primary antibody products	**14,255**	10,710	33.1%	32.1%
Catalogue revenue	**72,867**	62,743	16.1%	15.7%

Dividend

An interim dividend of 2.354 pence per share will be paid on 15 April 2016 to shareholders whose names are on the register at close of business on 18 March 2016. The associated ex-dividend date will be 17 March 2016.

Interim management report continued

Performance in the period against our KPIs reflects achievements at the top end of, or above, our full-year targets.

Business commentary

Insights into how our consumers work have enabled us to identify the biological pathways and targets of greatest interest. By focusing on these high value targets, many of which have multiple potential products, we have been able to grow ahead of the market, while at the same time adding increased value to our customers.

Quality lies at the heart of what we offer at Abcam, and we strive to provide the highest quality products together with relevant supporting data. Our consumers want products with increased specificity, reproducibility and sensitivity. We are achieving this through a number of initiatives, including knockout validation and moves to recombinant antibodies to give researchers an enhanced level of confidence that they are using the highest specificity products that work first time and every time. In turn this adds to their efficiency and improves their return on investment.

Whilst we will refine our business model to provide what our consumers seek, in addition to our internal innovation, we will also look to acquire businesses which enable us to increase the supply of best in class products, and allow us to respond more quickly to our consumers' needs, as we have done recently.

During the period Firefly™ was launched with key opinion leaders in early beta testing for microRNA (miRNA), offering the ability to conduct multiple profiling with many fewer steps, which is attractive to consumers. In addition to miRNA, we are in the early stages of extending Firefly's technology to antibodies, to provide access to a larger potential market.

Our recent acquisition of AxioMx has the potential to provide us with breakthrough scalable capabilities to produce highly validated recombinant monoclonal antibodies within weeks; a significantly shorter timeframe than is possible with current *in vivo* technology, and adding further value to the research, diagnostic and therapeutic communities. The first AxioMx developed products are now on the catalogue.

Strategy

Performance against our strategic key performance indicators (KPIs) reflects achievement at the top end of, or above, our full-year targets, as listed below, and we are confident of meeting these targets for the full year. This growth also gives us confidence that our strategy to attract and retain consumers to our business is working.

Strategic KPIs	FY 2015 performance	**H1 2016 result**	FY 2016 target
Growth in constant currency revenue from RabMAb® primary antibody range	24.2%	**32.0%**	15–20%
Growth in constant currency revenue from non-primary antibody products	28.2%	**32.1%**	25–30%
Net promoter score (NPS)	24.0%	**26.0%**	22–28%

Milestones achieved within our five strategic goals

In September 2014 we announced the five strategic goals that underpin the actions we are taking to achieve our business aspirations. Overleaf are some of the significant milestones achieved in the period.

Grow our core reagents business faster than the market

We are becoming increasingly consumer-centric by using data and insights to focus efforts in the areas of greatest scientific and commercial value. This is guiding us to further opportunities to take market share by using our database, breadth of product RabMAb® technology and industry award-winning digital marketing capabilities.

Progress in H1 2016 has included:

— addition of validated antibodies and exclusive knockout cell lines that give researchers the highest specificity products. So far we have introduced knockout validation to 154 antibodies across 81 targets;

— strong performance across our digital/eCommerce platform, reflected in the growth in our web traffic and interaction; and

— further investment in our digital channels, including our mobile capabilities, content marketing strategy, marketing automation, and overall improvements in the user experience in finding products and completing transactions.

Establish new growth platforms

We are constantly seeking new growth platforms where we can use our core capabilities.

Progress in H1 2016 has included:

— continued progress securing market leadership in China with revenue growth of over 52%, reflecting some moderation as our business there becomes more established. Whilst this is a trend we expect to continue, we anticipate our growth to remain well ahead of the local market. We are focusing on optimising our China web traffic and our .cn domain, which is demonstrating benefits;

— rapid integration and promotion of new kits/assay products, such as Firefly™ miRNA and extension of our immunoassay portfolio. This includes beta testing for 24plex kits incorporating Firefly™ technology and significant growth of revenues from our SimpleStep ELISA range, driven by improved sensitivity and ease of use compared with competitor products;

— a focus on less penetrated, high potential consumer segments and adding our catalogue to a number of new e-procurement systems; and

— increased senior headcount to support our IVD and custom service product offering. In the short term this has enabled us to return this part of the business to growth as we review our contractual relationships and seek to align the business more closely with our consumers. We expect further progress to be made in the second half of the year.

Scale organisation capabilities

Our aim is to attract and retain the best people, empower them to succeed and build the capabilities necessary to deliver our strategy. This will involve developing the systems and infrastructure to support our planned growth, which, in turn, will allow us to scale efficiently.

Progress in H1 2016 has included:

— delivery of the benefits of a new digital and consumer insights function implemented over the past year, as well as a more integrated, data driven approach to campaigns, product development and channel optimisation;

— improvements in facilities to fit the needs of the Company growing as quickly as Abcam; the relocation of our Hangzhou production facility increased product handling capacity, the integration of the Firefly team into the same building as our existing facility in Cambridge, US, and the expected relocation to a new building in Cambridge, UK, to combine our current three facilities and significantly increase the space available to us to approximately 100,000 sq ft. This is progressing well and we expect shortly to commit to a lease, subject to planning permission, with a view to occupation in 2018; and

— appointments to expand our product development and digital marketing, including the strengthening of the Company's legal team to bring capabilities in house, and an experienced Global Head of HR to ensure that we continue to attract and retain the best talent worldwide.

Interim management report continued

Helping scientists to discover more, quickly and investing in our future growth

Milestones achieved within our five strategic goals continued

Sustain attractive economics

We remain focused on generating strong revenue growth whilst optimising operational efficiency and making targeted investments.

Progress in H1 2016 has included:

- building on the success of switching to direct distribution in Australia and New Zealand in December 2014, we have launched a direct service to Singapore. This service brings us closer to our consumers and expands our presence in the Asia Pacific region;
- development of our plans to transform systems and processes to underpin our growth and allowing the business to scale efficiently (see below); and
- during the period the level of R&D investment increased to £6.9m from £4.4m, most notably due to the development of the Firefly™ and AxioMx technologies, both of which we believe have exciting long-term growth potential.

Selectively pursue partnerships and acquisitions

We continue to work with partners and look for intellectual property that will increase the range and number of high quality products we are able to offer to help researchers to discover more, quickly.

Progress in H1 2016 has included:

- the acquisition of AxioMx, a unique, cost-effective, and proprietary platform for producing recombinant monoclonal antibodies to Abcam's existing capabilities; and
- the signing of a licence and supply agreement with Horizon Discovery Group plc, giving Abcam exclusive rights to precision knockout validation technology for very high specificity antibodies and trusted data, enabling consumers to select the right product and ensure the accuracy of their results.

Investment in systems and processes

The strategy announced in September 2014, and the growth which has subsequently followed, places new demands on our existing systems, organisation and the processes that support the business. This requires new capabilities to be built in order to realise the opportunities we see in the markets in which we operate, and to do so within a controlled environment suitable for the management of this growth. We have previously announced our intention to build a scalable and flexible IT platform to achieve this and, after a rigorous selection process, have selected Oracle as the core software for the programme and are now moving on to the detailed design phase.

The programme involves the deployment of an enterprise wide change to our systems and processes, as well as the reshaping of some of our internal functions, to better match the capabilities our strategy calls for.

The benefits of this programme will be:

- allowing the business to scale without increasing headcount by as much as would otherwise be the case;
- improved consumer interaction and conversion;
- the underpinning of our growth plans through the delivery of better information for decision making, e.g. product target selection;
- significant improvements in our capabilities to integrate and deliver value from any future acquisitions or strategic investments;
- improved career development opportunities for our employees through the upskilling of staff; and
- enhancement of our risk management capabilities.

The implementation will take approximately two years. At this stage we estimate that total capex cost will be in the region of £15m–£19m, with incremental project costs of £8m–£10m during the implementation phase. These figures include capex of £1.7m and project costs of £0.9m in H1 2016.

We are targeting a four-year payback for this investment based on cost avoidance alone.

Outlook

We are on track to deliver our stretching targets for FY 2016. There is significant momentum across the business as we continue to grow our revenues ahead of the market in every region we serve.

We are strengthening our long-term prospects, which we demonstrated through the acquisition of AxioMx, potentially enhancing our ability to meet customers' needs in research, diagnostic and drug discovery labs globally.

To ensure we are able to capitalise fully on the further opportunities available to us we continue to work closely with our consumers and invest in R&D, organisation, IT and our infrastructure to provide innovative, trusted and improved solutions.

Supported by a clear purpose and strategy, and thanks to the significant efforts of all of our employees and partners, we believe that Abcam is well positioned to continue delivering long-term value for our shareholders.

Murray Hennessy
Chairman

Alan Hirzel
Chief Executive Officer
6 March 2016

Responsibility statement

We confirm to the best of our knowledge:

— the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting;*

— the Interim Management Report includes a fair review of the information required by the Financial Statements Disclosure and Transparency Rules (DTR) 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

— the Interim Management Report includes a fair review of the information required by DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period and also any changes in the related party transactions described in the last Annual Report that could do so.

At the date of this statement the Directors are those listed in the Group's 2014/15 Annual Report except for the following changes:

Mara Aspinall was appointed to the board on 14 September 2015 as a Non-Executive Director.

By order of the Board

Alan Hirzel
Chief Executive Officer

Jeff Iliffe
Chief Financial Officer
6 March 2016

Independent review report to Abcam plc

For the six months ended 31 December 2015

Our Conclusion

We have reviewed Abcam plc's condensed consolidated interim financial information (the "interim financial statements") in the interim report of Abcam plc for the 6 month period ended 31 December 2015. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

What we have reviewed

The interim financial statements comprise:

— the condensed consolidated balance sheet as at 31 December 2015;

— the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;

— the condensed consolidated cash flow statement for the period then ended;

— the condensed consolidated statement of changes in equity for the period then ended; and

— the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the AIM Rules for Companies.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM Rules for Companies which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the company's annual financial statements.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the AIM Rules for Companies and for no other purpose. We do not, in giving this conclusion, 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.

Independent review report to Abcam plc continued

For the six months ended 31 December 2015

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
6 March 2016

Notes:

(a) The maintenance and integrity of the Abcam plc website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Condensed consolidated income statement

For the six months ended 31 December 2015

	Notes	**(Unaudited) six months ended 31 Dec 2015 £000**	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Revenue		**78,757**	66,746	144,033
Cost of sales		**(24,172)**	(19,754)	(42,507)
Gross profit		**54,585**	46,992	101,526
Administrative and management expenses before system and process improvement costs		**(25,732)**	(20,683)	(45,880)
System and process improvement costs		**(939)**	—	—
Administration and management expenses		**(26,671)**	(20,683)	(45,880)
Research and development expenses		**(6,872)**	(4,429)	(9,919)
Operating profit		**21,042**	21,880	45,727
Net finance income		**(147)**	180	372
Profit before tax		**20,895**	22,060	46,099
Tax	4	**(3,986)**	(4,404)	(8,715)
Profit for the period attributable to the owners of the parent		**16,909**	17,656	37,384
Earnings per share				
Basic	5	**8.43p**	8.84p	18.69p
Diluted	5	**8.36p**	8.79p	18.57p

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2015

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Profit for the period	**16,909**	17,656	37,384
Items that may be reclassified to profit or loss			
Movements on cash flow hedges	**(3,635)**	(1,443)	1,068
Exchange differences on translation of foreign operations	**6,990**	9,022	7,583
Tax relating to components of other comprehensive income	**727**	303	(203)
Other comprehensive income for the period	**4,082**	7,882	8,448
Total comprehensive income for the period	**20,991**	25,538	45,832

Reconciliation of adjusted financial measures

For the six months ended 31 December 2015

	(Unaudited) Six months ended 31 Dec 2015 £000	(Unaudited) Six months ended 31 Dec 2014 £000	(Audited) Year ended 30 Jun 2015 £000
Profit before tax	**20,895**	22,060	46,099
Acquisition costs	**373**	150	335
Integration costs	**203**	—	24
System and process improvement costs	**939**	—	—
Unwinding of discount factor on contingent consideration and fees	**246**	—	—
Amortisation of acquisition-related intangible assets	**1,617**	1,608	3,118
Adjusted profit before tax	**24,273**	23,818	49,576

	(Unaudited) Six months ended 31 Dec 2015 £000	(Unaudited) Six months ended 31 Dec 2014 £000	(Audited) Year ended 30 Jun 2015 £000
Operating profit	**21,042**	21,880	45,727
Acquisition costs	**373**	150	335
Integration costs	**203**	—	24
System and Process improvement costs	**939**	—	—
Amortisation of acquisition-related intangible assets	**1,617**	1,608	3,118
Adjusted operating profit	**24,174**	23,638	49,204
Adjusted operating margin*	**30.7%**	35.4%	34.2%

* Adjusted operating margin is adjusted operating profit divided by revenue.

	(Unaudited) Six months ended 31 Dec 2015 £000	(Unaudited) Six months ended 31 Dec 2014 £000	(Audited) Year ended 30 Jun 2015 £000
Operating profit	**21,042**	21,880	45,727
Depreciation and amortisation	**4,541**	3,894	8,038
EBITDA*	**25,583**	25,774	53,765
Acquisition costs	**373**	150	335
Integration costs	**203**	—	24
System and process improvement costs	**939**	—	—
Adjusted EBITDA	**27,098**	25,924	54,124
Adjusted EBITDA margin**	**34.4%**	38.8%	37.6%

* EBITDA is earnings before interest, tax, depreciation and amortisation.

** Adjusted EBITDA margin is adjusted EBITDA divided by revenue.

The reconciliation of adjusted EPS is included in Note 5.

Condensed consolidated balance sheet

At 31 December 2015

	Notes	(Unaudited) as at 31 Dec 2015 £000	(Unaudited) as at 31 Dec 2014 £000	Re-stated* as at 30 Jun 2015 £000
Non-current assets				
Goodwill	6	**103,592**	79,959	85,200
Intangible assets		**64,608**	30,053	44,815
Property, plant and equipment		**15,035**	11,072	12,451
Deferred tax asset		**4,123**	4,632	4,797
Term deposits		**—**	1,641	1,636
Derivative financial instruments		**—**	130	224
		187,358	127,487	149,123
Current assets				
Inventories		**18,885**	17,550	19,803
Trade and other receivables		**19,835**	16,471	19,727
Cash and cash equivalents		**54,758**	60,836	57,059
Term deposits		**1,696**	—	—
Derivative financial instruments		**543**	1,406	3,255
Deferred tax asset		**976**	—	301
Available-for-sale asset		**718**	683	678
		97,411	96,946	100,823
Total assets		**284,769**	224,433	249,946
Current liabilities				
Trade and other payables		**(15,909)**	(12,269)	(15,508)
Current tax liabilities		**(5,147)**	(3,445)	(4,813)
Derivative financial instruments		**(1,693)**	(1,654)	(737)
		(22,749)	(17,368)	(21,058)
Net current assets		**74,662**	79,578	79,765
Non-current liabilities				
Contingent consideration and fees	10	**(10,841)**	—	—
Deferred tax liability		**(21,674)**	(9,056)	(14,779)
Derivative financial instruments		**(301)**	(138)	(5)
		(32,816)	(9,194)	(14,784)
Total liabilities		**(55,565)**	(26,562)	(35,842)
Net assets		**229,204**	197,871	214,104
Equity				
Share capital	7	**405**	402	402
Share premium account		**20,678**	18,701	19,522
Merger reserve		**61,560**	56,513	56,513
Own shares		**(3,231)**	(2,657)	(2,812)
Translation reserve		**5,582**	138	(1,266)
Share-based payments reserve		**9,398**	7,425	8,319
Hedging reserve		**(1,150)**	(247)	1,758
Tax reserve		**73**	1,524	585
Retained earnings		**135,889**	116,072	131,083
Total equity attributable to the owners of the parent		**229,204**	197,871	214,104

* See Note 2 for details.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2015

	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	Tax reserve[4] £000	Retained earnings £000	Total £000
Balance as at 1 July 2015	402	19,522	56,513	(2,812)	(1,266)	8,319	1,758	585	131,083	214,104
Profit for the period	—	—	—	—	—	—	—	—	16,909	16,909
Exchange differences on translation of foreign operations	—	—	—	—	6,848	142	—	—	—	6,990
Movements on cash flow hedges	—	—	—	—	—	—	(3,635)	—	—	(3,635)
Tax relating to components of other comprehensive income	—	—	—	—	—	—	727	—	—	727
Total comprehensive income for the period	—	—	—	—	6,848	142	(2,908)	—	16,909	20,991
Issue of share capital	3	1,156	5,047	(547)	—	—	—	—	—	5,659
Own shares disposed of on release of shares	—	—	—	128	—	—	—	—	(128)	—
Credit to equity for share-based payments	—	—	—	—	—	937	—	(512)	—	425
Payment of dividends	—	—	—	—	—	—	—	—	(11,975)	(11,975)
Total transactions with owners, recognised directly in equity	3	1,156	5,047	(419)	—	937	—	(512)	(12,103)	(5,891)
Balance as at 31 December 2015 (unaudited)	**405**	**20,678**	**61,560**	**(3,231)**	**5,582**	**9,398**	**(1,150)**	**73**	**135,889**	**229,204**

1 Exchange differences on translation of overseas operations.

2 IFRS 2 charge for fair value of share options.

3 Gains and losses recognised on cash flow hedges.

4 Portion of deferred tax asset arising on outstanding share options and share options exercised.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 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	Tax reserve[4] £000	Retained earnings £000	Total £000
Balance as at 1 July 2014	401	17,692	56,513	(2,143)	(8,718)	6,441	893	(98)	109,919	180,900
Profit for the period	—	—	—	—	—	—	—	—	17,656	17,656
Exchange differences on translation of foreign operations	—	—	—	—	8,856	166	—	—	—	9,022
Movements on cash flow hedges	—	—	—	—	—	—	(1,443)	—	—	(1,443)
Tax relating to components of other comprehensive income	—	—	—	—	—	—	303	—	—	303
Total comprehensive income for the period	—	—	—	—	8,856	166	(1,140)	—	17,656	25,538
Issue of share capital	1	1,009	—	(730)	—	—	—	—	—	280
Own shares disposed of on release of shares	—	—	—	216	—	—	—	—	(216)	—
Credit to equity for share-based payments	—	—	—	—	—	818	—	1,622	—	2,440
Payment of dividends	—	—	—	—	—	—	—	—	(11,287)	(11,287)
Total transactions with owners, recognised directly in equity	1	1,009	—	(514)	—	818	—	1,622	(11,503)	(8,567)
Balance as at 31 December 2014 (unaudited)	402	18,701	56,513	(2,657)	138	7,425	(247)	1,524	116,072	197,871

1 Exchange differences on translation of overseas operations.

2 IFRS 2 charge for fair value of share options.

3 Gains and losses recognised on cash flow hedges.

4 Portion of deferred tax asset arising on outstanding share options and share options exercised.

Condensed consolidated cash flow statement

For the six months ended 31 December 2015

	Notes	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Profit before tax		**20,895**	22,060	46,099
Net finance cost/(income)		**147**	(180)	(372)
Operating profit for the period		**21,042**	21,880	45,727
Adjustments for:				
Depreciation of property, plant and equipment		**1,761**	1,219	2,934
Amortisation of intangible assets		**2,780**	2,675	5,104
Change in fair value of derivatives outstanding at period end		**(569)**	805	325
Non-cash foreign currency gains		**(220)**	255	375
Share-based payments charge		**1,105**	880	1,891
Operating cash flows before movements in working capital		**25,899**	27,714	56,356
Decrease/(increase) in inventories		**1,151**	(3,265)	(4,071)
Decrease/(increase) in receivables		**746**	609	(4,646)
(Decrease)/increase in payables		**(1,842)**	(2,500)	1,249
Cash generated by operations		**25,954**	22,558	48,888
Income taxes paid		**(5,225)**	(4,125)	(8,676)
Net cash inflow from operating activities		**20,729**	18,433	40,212
Investing activities				
Investment income		**97**	172	202
Purchase of property, plant and equipment		**(3,974)**	(2,553)	(6,501)
Purchase of intangible assets		**(2,972)**	(551)	(978)
Acquisition of subsidiary, net of cash and term deposits acquired	11	**(6,258)**		(17,333)
Net cash used in investing activities		**(13,107)**	(2,932)	(24,610)
Financing activities				
Dividends paid	8	**(11,975)**	(11,287)	(15,888)
Proceeds on issue of shares		**1,158**	280	1,832
Purchase of own shares		**(228)**	—	—
Net cash used in financing activities		**(11,045)**	(11,007)	(14,056)
Net (decrease)/increase in cash and cash equivalents		**(3,423)**	4,494	1,546
Cash and cash equivalents at beginning of period		**57,059**	55,278	55,278
Effect of foreign exchange rates		**1,122**	1,064	235
Cash and cash equivalents at end of period		**54,758**	60,836	57,059

Notes to the interim financial information

For the six months ended 31 December 2015

1. General information

This condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2015 were approved by the Board of Directors on 11 September 2015 and have been delivered to the Registrar of Companies. The audit report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

This consolidated interim financial information has been reviewed, not audited.

2. Accounting policies

Basis of preparation

The annual financial statements of Abcam plc (the 'Group') are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies, estimates and judgements adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2015, except where disclosed otherwise in this note.

Fair value adjustment in respect of prior period acquisition

During the period a study was undertaken to assess the extent to which pre-acquisition tax losses of Firefly Inc can be carried forward following the purchase of that company by the Group. Carried forward losses of $7.6m have been deemed available for future utilisation against the taxable profits of the consolidated US group with no restriction other than timing, resulting in a fair value deferred tax asset of £1.9m being recognised. The deferred tax asset has been recognised on the basis that management are comfortable that there will be sufficient taxable profits against which these losses can be utilised. As this is during the measurement period following the acquisition, the recognition of the asset has been recorded as if this position had been concluded at the date of acquisition, in line with the IFRS 3 requirements. This has meant a restatement of the Group's balance sheet at 30 June 2015 to recognise the increase in deferred tax asset and corresponding decrease in goodwill.

Risks and uncertainties

Like every business, the Group faces risks in the undertaking of its day-to-day operations and in pursuit of its longer-term objectives. An outline of the key risks and uncertainties faced by the Group was described on pages 18–21 of the 2015 Annual Report and Accounts. Information on financial risk management was also given on pages 102–105 of the Annual Report, a copy of which is available on the Company's website www.abcamplc.com. The key risks and risk profile of the Group have not changed over the interim period and are not expected to change over the next six months, these remain as:

Risk area	Key risks
Strategic	Changing marketplace and competition
Commercial	Supplier relationships and product defensibility
Legal/regulatory/financial	Intellectual property, international trade regulation, health and safety and regulatory, distributor relationships, foreign currency exposure and complexity
Operational	Infrastructure, integration and staff recruitment and retention

2. Accounting policies continued

Going concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, support the conclusion that there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, the going concern basis has been adopted in preparing the interim financial report.

New standards, amendments and interpretations

The Group has adopted a number of new standards and interpretations, which have been assessed as having no financial impact or disclosure requirements at the interim.

The following Standards and Interpretations were in issue but not yet effective, and therefore have not been applied in this interim report:

IFRS 15 – Revenue (Effective for reporting periods commencing on or after 1 January 2018).

IFRS 16 – Leases (Effective for reporting periods commencing on or after 1 January 2019).

The directors are still assessing the impact of the adoption of the Standards and Interpretations listed above.

3. Operating segments

The Group has only one reportable segment, which is 'sales of antibodies and related products'. There has been no change in the basis of segmentation or the basis of measurement of segment profit or loss since the last annual financial statements. The Group's revenue and assets for its 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. Sales of antibodies and related products are traditionally more heavily weighted towards the second half of the year.

4. Income tax

The major components of the income tax expense in the income statement are as follows:

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Current tax	**4,171**	5,333	10,347
Deferred tax	**(185)**	(929)	(1,632)
	3,986	4,404	8,715

Corporation tax for the six month period is charged at 19.1% (six months ended 31 December 2014: 20.0%; year ended 30 June 2015: 18.9%), representing management's best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six month period.

Tax rates quoted above are the Group's reported tax rates. The adjusted tax rate is 19.7% (six months ended 31 December 2014: 20.9%; year ended 30 June 2015: 19.8%).

Notes to the interim financial information continued

For the six months ended 31 December 2015

5. Earnings per share

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

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Earnings			
Earnings for the purposes of basic and diluted EPS, being net profit attributable to equity holders of the parent	**16,909**	17,656	37,384
Number of shares			
Weighted average number of ordinary shares for the purposes of basic EPS	**200,653,747**	199,619,400	199,978,991
Effect of dilutive potential ordinary shares:			
– Share options	**1,661,880**	1,273,750	1,298,477
Weighted average number of ordinary shares for the purposes of diluted EPS	**202,315,627**	200,893,150	201,277,468

Basic EPS is calculated by dividing the earnings attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period. Own shares held by the Abcam Employee Share Benefit Trust are eliminated from the weighted average number of ordinary shares.

Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment to the weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share 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 period.

Adjusted earnings per share

The calculation of adjusted EPS is based on earnings of:

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Earnings for the purposes of basic and diluted EPS, being net profit attributable to equity holders of the parent – profit after tax	**16,909**	17,656	37,384
Acquisition costs	**373**	150	335
Integration costs	**203**	—	24
System and process improvement costs	**939**	—	—
Unwinding of discount factor on contingent consideration and fees	**246**	—	—
Amortisation of acquisition-related intangible assets	**1,617**	1,608	3,118
Tax effect of adjusting items	**(788)**	(563)	(1,084)
Adjusted profit after tax	**19,499**	18,851	39,777

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

5. Earnings per share continued

Adjusted earnings per share continued

Adjusted EPS after adding back acquisition and integration costs, system and process improvement costs, unwinding of discount factor on contingent consideration and fees, and amortisation of associated intangible assets:

	(Unaudited) six months ended 31 Dec 2015	(Unaudited) six months ended 31 Dec 2014	(Audited) year ended 30 Jun 2015
Adjusted basic EPS	**9.72p**	9.44p	19.89p
Adjusted diluted EPS	**9.64p**	9.38p	19.76p

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

6. Goodwill

	£000
Cost	
At 1 July 2015	86,998
Prior period adjustment (note 2)	(1,798)
At 1 July 2015 (re-stated)	85,200
Acquired on acquisition of subsidiary (note 11)	13,269
Exchange differences*	5,123
At 31 December 2015	**103,592**
Accumulated impairment losses	
At 1 July 2015 and 31 December 2015	**—**
Carrying amount	
At 30 June 2015	85,200
At 31 December 2015	**103,592**

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

The carrying amount of goodwill has been allocated as follows:

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000
Goodwill relating to the Abcam Group CGU	**103,592**	79,959

Group goodwill acquired in the year relates to the acquisition of AxioMx Inc on 11 November 2015. Note 11 contains further details of the transaction and resulting financial impact on the Group.

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 Directors consider there to be one CGU. Acquisitions are immediately integrated into the Group's operations and product portfolio. Therefore any discrete financial information which is available for an individual entity does not reflect the true economic substance of the performance of that entity within the Group and the value being added, which has meant it is not possible to accurately assess the value in use of acquired entities.

Notes to the interim financial information continued

For the six months ended 31 December 2015

6. Goodwill continued

There have been no changes to the Group organisation during the interim period which would require a reallocation of the goodwill balance.

The Group performs an annual test for goodwill impairment or more frequently if there are any indications that goodwill might be impaired. Based on the positive performance and operational cash generation of the Group during the period, an interim impairment test is not considered required at this reporting date.

7. Share capital

Share capital as at 31 December 2015 amounted to £404,641. During the period, the Group issued 387,658 shares as a result of the exercise of share options and issued a further 881,030 shares in relation to the acquisition of AxioMx Inc. This increased the number of shares in issue from 201,052,039 to 202,320,727.

8. Dividends

	(Unaudited) six months ended 31 Dec 2015 £000	(Unaudited) six months ended 31 Dec 2014 £000	(Audited) year ended 30 Jun 2015 £000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 30 June 2015 of 5.92 pence (2014: 5.62 pence) per share	**11,975**	11,287	11,287
Interim dividend for the year ended 30 June 2015 of 2.29 pence per share	**—**	—	4,601
Total distributions to equity holders in the period	**11,975**	11,287	15,888
Proposed interim dividend for the year ended 30 June 2016 of 2.354 pence (2015: 2.29 pence) per share	**4,754**	4,600	—
Proposed final dividend for the year ended 30 June 2015 of 5.92 pence per share	**—**	—	11,902

The interim dividend of 2.354 pence per share was approved by the Board on 6 March 2016 and has not been recognised as a liability as at 31 December 2015. It will be recognised in equity attributable to owners of the parent in the year ended 30 June 2016.

9. Foreign currency

The Group continues to generate significant amounts of US Dollars, Euros and Japanese Yen in excess of payments in these currencies and has hedging arrangements in place to reduce its exposure to currency fluctuations.

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

	US Dollars		Euros		Japanese Yen	
	Sell $000	Average rate	Sell €000	Average rate	Sell ¥000	Average rate
Six months ending 30 June 2016	19,556	1.56	17,916	1.32	793,735	181.88
Year ending 30 June 2017	20,186	1.54	24,939	1.38	915,239	185.25

9. Foreign currency continued

An analysis of the foreign currency components of revenue and cost of sales together with average exchange rates used in the period is given in the table below:

	Average exchange rates used for revenue		Average exchange rates used for cost of sales		Percentage currency contribution	
	H1 2016 £	H1 2015 £	**H1 2016 £**	H1 2015 £	**H1 2016 revenue %**	**H1 2016 cost of sales %**
US Dollar	**1.540**	1.642	**1.513**	1.641	**50.1**	**65.9**
Euro	**1.393**	1.266	**1.362**	1.265	**19.7**	**5.8**
Japanese Yen	**187.336**	177.253	**183.262**	177.135	**7.0**	**0.9**
Hong Kong Dollar	**11.923**	12.736	**11.933**	12.752	**0.5**	**0.3**
Canadian Dollar	**2.015**	1.811	**—**	—	**1.9**	**—**
Chinese Renminbi	**9.706**	10.036	**9.452**	10.164	**11.8**	**3.5**
Australian Dollar	**2.124**	1.818	**2.123**	1.824	**1.2**	**0.5**
New Zealand Dollar	**2.342**	2.034	**—**	—	**0.1**	**—**
Singapore Dollar	**2.140**	—	**2.133**	—	**0.3**	**0.1**
Sterling	**1.000**	1.000	**1.000**	1.000	**7.4**	**23.0**
					100.0	**100.0**

The exchange rates reported for sales in the second half of last year were £1: $1.5250, €1.3584, ¥183.3789.

10. Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks that include currency risk, interest rate risk, credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's financial statements as at 30 June 2015. There have been no changes to the risk management policies since the year ended 30 June 2015.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

— 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).

Notes to the interim financial information continued

For the six months ended 31 December 2015

10. Financial risk management and financial instruments continued

The following table presents the Group's assets and liabilities carried at fair value by valuation method.

31 December 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial instruments	—	543	—	543
Available-for-sale asset	—	—	718	718
Total assets	**—**	**543**	**718**	**1,261**
Liabilities				
Derivative financial instruments	—	(1,994)	—	(1,994)
Contingent consideration and fees	—	—	(10,841)	(10,841)
Total liabilities	**—**	**(1,994)**	**(10,841)**	**(12,835)**

30 June 2015	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial instruments	—	3,479	—	3,479
Available-for-sale asset	—	—	678	678
Total assets	—	3,479	678	4,157
Liabilities				
Derivative financial instruments	—	(742)	—	(742)
Total liabilities	—	(742)	—	(742)

There were no transfers between levels during the period.

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 Level 3 contingent consideration and fees payable were recognised as part of the AxioMx acquisition in November 2015. As part of the total consideration the Group has agreed to pay the selling shareholders additional consideration of up to $23.5m and related legal fees of up to $1.5m if predetermined milestones are met. The milestones are based on further intellectual property and technology development targets. The achievement of milestones will be assessed quarterly and some or all of the consideration payable may fall due at any of the assessment dates up to the final maturity dates, ranging from November 2017 to November 2020.

The fair value is calculated based on management's best estimate of the likely achievement of each milestone and the expected achievement timing. It is most sensitive to changes in the estimated probability of performance. The effect of a 5% decrease/increase in the probability profile for each milestone would result in a change in liability of -$0.8m/+$0.7m.

10. Financial risk management and financial instruments continued

The movement in the fair value in the period is shown below:

	£000
At 1 July 2015	—
Created on acquisition	10,177
Unwinding of discount	246
Exchange differences	418
At 31 December 2015	**10,841**

See note 11 for information in relation to the contingent consideration liability arising from the business combination.

The Group's finance department performs the valuations of financial assets and liabilities 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 finance team at least once every six months, in line with the Group's reporting dates.

11. Business combinations

On 11 November 2015 the Group completed the acquisition of 100% of the issued share capital of a private Delaware corporation, AxioMx Inc. Upfront consideration, including payments for working capital, of $19.3m was exchanged on the acquisition date with a payment of $2.4m made after the acquisition to settle pre-existing liabilities to largely offset the $2.0m cash and cash equivalents acquired. Further consideration payments of up to $23.5m and related fees up to $1.5m will be payable on successful completion of future development and technology milestones. As a result of the acquisition, Abcam now has access to AxioMx's technology, which potentially provides scalable capabilities to produce highly validated recombinant monoclonal antibodies within weeks (significantly faster than *in vivo* methods).

The goodwill of $20.3m (£13.3m) arising from the acquisition consists largely of the production opportunities derived from the acquired technology and the value of the highly knowledgeable and skilled workforce. The tax treatment of goodwill recognised is under review.

The following table summarises the consideration transferred and the provisional fair value for the assets and liabilities recognised at the date of acquisition.

Recognised amounts of identifiable assets acquired and liabilities assumed	**Provisional fair value £000**
Non-current assets	
Intangible assets	**16,413**
Property, plant and equipment	**115**
Other long-term assets	**3**
Current assets	
Cash	**1,326**
Trade and other receivables	**167**
Current liabilities	
Trade and other payables	**(1,919)**
Non-current liabilities	
Contingent fees	**(598)**
Deferred tax liability	**(6,565)**
Total identifiable assets acquired	**8,942**
Goodwill	**13,269**
Total consideration	**22,211**

Notes to the interim financial information continued

For the six months ended 31 December 2015

11. Business combinations continued

Consideration at 11 November 2015	£000
Cash	7,584
Equity	5,048
Deferred	9,579
Total consideration transferred	**22,211**
Cash consideration	7,584
Cash and cash equivalents acquired	(1,327)
Net cash outflow arising on acquisition	**6,258**

Acquisition-related expenses totalling £373,000 are included within administrative expenses in the consolidated income statement for the period ending 31 December 2015.

The fair value of the acquired identifiable intangible assets consists of £15,928,000 attributable to technology and £485,000 attributable to contracts. The values have been assessed by an independent third party valuation company. A related deferred tax liability has also been recognised.

The Group recognised a contingent consideration liability of £9.6m in relation to the acquisition, which represents the total calculated present value of expected payments due upon achievement of predetermined development milestones. This value was also assessed as part of the independent third party valuation.

During the period from the date of acquisition to the balance sheet date, AxioMx contributed £168,000 to the Group's revenue from sales to third parties and a loss before tax of £305,000 over the same period.

Had AxioMx Inc been consolidated from 1 July 2015, the consolidated statement of income would show pro-forma revenue of £79,430,000 and profit of £15,929,000.

12. Related party transactions

Directors' transactions

During the period the Group entered into a licence and supply agreement, for access to knockout cell lines, with Horizon Discovery Group plc, of which Jonathan Milner is a non-executive director. A total of £111,216 has been paid during the period under the agreement.

The Group has also made a software subscription purchase for £35,000 from Dynamic Action, a company of which Michael Ross is a director.

13. Date of approval of interim financial statements

The interim financial statements cover the period 1 July 2015 to 31 December 2015 and were approved by the Board on 6 March 2016.

Further copies of the interim financial statements are available from the Company's registered office, 330 Cambridge Science Park, Cambridge CB4 0FL, and can be accessed on the Abcam plc investor relations website, www.abcamplc.com.

Board of Directors

Murray Hennessy, MBA
Chairman

Alan Hirzel, MS, MBA
Chief Executive Officer

Jeff Iliffe, ACA
Chief Financial Officer

Jim Warwick, MA (Cantab)
Chief Operating Officer

Suzanne Elaine Smith
Company Secretary
(appointed 6 July 2015)

Jonathan Milner, PhD
Deputy Chairman

Sue Harris, BSc ACMA
Non-Executive Director

Mara Glickman Aspinall
Non-Executive Director
(appointed 14 September 2015)

Anthony Martin, PhD
Non-Executive Director

Louise Patten, MA (Oxon)
Non-Executive and Senior Independent Director

Michael Ross, MA (Cantab)
Non-Executive Director

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The Group's commitment to environmental issues is reflected in this Interim Report which has been printed on Cocoon Offset which is made from 100% post-consumer fibres, FSC® certified and PCF (Process Chlorine Free). Printed in the UK by Ripping Image using their and environmental printing technology, and vegetable inks were used throughout.

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