



1 October 2007

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

Preliminary results for the year to 30 June 2007

Cambridge UK: Abcam plc (AIM: ABC), the rapidly growing bioscience company that markets antibodies via its own online catalogue, is pleased to announce preliminary results for the year to 30 June 2007.

Highlights

- Sales increased 26.6% to £24.5m (2006: £19.4m), representing a 33.8% increase using constant exchange rates. (Average exchange rate applied to US Sales 2007 £1:\$1.92, 2006 £1: \$1.77)
- Pre-tax profits increased 18.1% to £5.7m (2006: £4.8m)
- Product range grew to 33,900 antibodies and related products (2006: 23,200)
- Three licensing deals agreed giving Abcam exclusive distribution rights to over 4,000 existing and future complementary products
- High-throughput production (HTP) laboratory built to boost the number of high-margin in-house products. Operations began on schedule and the first antibodies will be ready for sale later this calendar year
- New subsidiary in Tokyo trading well to help Abcam further develop its fast-growing Asia-Pacific business
- Net cash and short term investments at 30 June 2007 of £10.7m (2006: £11.9m)
- Dividend policy increased from 25% to 33% of profit after tax
- Final dividend up 60% to 3.19p per share (2006: 2.0p)
- Basic EPS of 11.99p per share (2006: 10.73p). The EPS calculation for the year uses the weighted average of 34,572,810 shares (2006: 31,914,845)

David Cleevley, Abcam's Chairman, said: "This has been another highly successful year for Abcam. We are entering the current year with an exciting platform for growth and our cash generation is such that we have been able to significantly increase the distribution of our profits to shareholders by raising our dividend policy to 33% of our after-tax profits. Current trading remains strong and the Board is confident of the outlook for 2008."

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Notes for editors:**About Abcam plc**

Abcam is a producer and distributor of research-grade antibodies headquartered in Cambridge, UK, with a US office located in Cambridge, Massachusetts, and a Japan office in Tokyo. 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 throughout the world with product information provided and ordering available through the Company's website, www.abcam.com. The antibodies are sold under the Abcam brand name. The Company's vision is to build the largest online antibody resource in the world while also ensuring that the antibodies are of high quality and commercially viable. Abcam now has an online catalogue of approximately 35,000 products, most of which are antibodies, from over 200 suppliers supported by up-to-date and detailed technical data sheets, which are created by the Company. The Company currently employs 130 staff in its three operating companies.

CHAIRMAN'S REVIEW

It gives me great pleasure to report on a second outstanding year for Abcam as a public company. Building on the growth we enjoyed in 2006, we have produced another excellent set of results whilst making some important investments in the year, which will serve as a springboard to even greater success in the future.

First of all, the construction of our HTP facility in Cambridge UK has been completed on schedule and operations have already started. The facility will help Abcam to take advantage of new business opportunities, such as a better pharma/biotech offering and potentially diagnostics.

In addition to the HTP facility, we officially opened our new office in Japan in December 2006. Located in a prominent business district of Tokyo, the office gives us a strong foothold in one of the most rapidly growing antibody markets in the world. Having a local presence will greatly improve the quality of the support we can provide to Abcam customers in this region. With this goal in mind we have also enhanced the Japanese version of our website. Whilst these are early days for the Japanese business, we are encouraged by its performance during its first few months.

Although we plan to enlarge our portfolio of antibodies produced in-house, we continue to build relationships with institutes, academic laboratories and primary manufacturers that supply products to be sold under the Abcam brand. Over the last financial year we have also acquired the exclusive rights to distribute new antibody product lines with three companies. In August 2006 we announced an exclusive deal with Triple Point Biologics Inc. for a range of 350 antibodies with the delivery of another 360 antibodies over the next three years. We followed that by signing similar agreements with Assay BioTechnology Company Inc., a US firm that tests, validates and markets research antibodies, and with Diaclone, which is part of the Tepnel Group and develops antibodies and kits in the UK. ABT have already made 500 products available to Abcam on exclusive terms and are committed to adding a further 3,000 to our portfolio over the next five years; Diaclone has made 341 products available with exclusive distribution rights in the Americas and Japan.

Since our last annual report we have continued to attract top-quality staff. We now employ 27 PhDs out of 131 full-time employees and are currently in the midst of a recruitment drive as we increase production at the HTP facility. Last July we announced the appointment of two new Non-Executive Directors: Tim Dye and Mark Webster. Both have proven to be extremely valuable additions to the Board.

After almost eight years as Finance Director, a period including Abcam's successful IPO in 2005, Eddie Powell has indicated his desire to leave the Company to allow him to take a career break and subsequently to be available for consulting positions. We are already well under way in appointing Eddie's successor. Eddie will be stepping down from the Board on 20 November 2007, following which we will retain his services as an adviser. We owe him a debt of gratitude for his valuable contribution to building the Company and wish him well for the future.

Abcam is becoming increasingly visible on the world stage as an important contributor to the field of antibodies and related medical disciplines. Our market reach makes us attractive to suppliers, and our customer base now extends across almost 60 countries, thanks largely to our reputation for reliability and trust in the marketplace. A recent internally commissioned independent report named Abcam as one of the top five research antibody companies in the world, and in some of our Core Focus Areas (CFAs), such as chromatin research, we believe we are the market leader.

With the landmarks we have reached this year, and the initiatives we have unveiled, Abcam has laid solid foundations for expansion in the future. We remain firmly committed to our mission to build the largest online catalogue of the best antibodies in the world.

Once again I am grateful to all of our staff for their efforts during the year and take the opportunity to thank our customers, suppliers and shareholders for their continued support.

Dividends

The Directors' policy since the IPO in November 2005 has been to distribute 25% of earnings as dividends. However, in view of the continuing strong cashflow and growing success of the Group, the

Directors have decided to increase the distribution to 33% of earnings. An interim dividend of 0.8p per share was paid in April 2007 and the Directors are therefore recommending a final dividend of 3.19p per share, making a total for the year of 3.99p. Subject to shareholder approval at the annual general meeting in November, this dividend will be paid on 7 December 2007 to shareholders on the register on 9 November 2007.

Outlook

We are entering the current year with an exciting platform for growth and current trading in the first few months of the year has been strong. The Board is confident of the outlook for 2008.

David Cleevely
Chairman
28 September 2007

CEO'S REVIEW

Abcam has enjoyed another impressive year with sales increasing by 26.6% to £24.5m. This growth came despite the weakening dollar, without which sales would have grown by 33.8%. (Average exchange rate applied to US Sales 2007 £1:\$1.92, 2006 £1: \$1.77)

This success is due to the introduction of new products and the performance of the existing catalogue. Taken across the catalogue, average unit sales continue to increase the longer a product is listed – a trend we attribute in part to the sheer quantity of product information we are able to gather and publish over time. We should also not underestimate the contribution made by our highly skilled and committed staff, who make Abcam such a dynamic and motivating organisation.

We now have almost 34,000 products in our online catalogue, up from 23,200 at the end of June 2006. As well as listing over 25,000 antibodies, we sell more than 8,000 related products, including proteins, peptides and kits. The rapid expansion of our product portfolio has been fuelled by a growing number of partnerships with leading OEM suppliers worldwide and by our acquisition of the exclusive rights to distribute antibodies developed by some leading international manufacturers over the last financial year.

Major contributions to revenue have come from our US operation, where longer opening hours and a push on sales and marketing activities have helped us to achieve a high rate of growth.

In Europe a similar focus on marketing in the second half of the year has propelled a 58.8% year on year increase in the volume of business over the corresponding period last year. Our virtual European offices are promoting the use of French and German so that many European customers can now contact us directly in their own language.

Despite significant investments for the future, profit before taxation increased to £5.7m from £4.8m in 2006. While margins remain strong, overall profitability has been affected by the investment in the new Japanese office, the impact of the weaker US\$, increased research and development costs, early-stage costs for the exclusive distribution deals and the full-year effect of the costs of operating as a listed company.

Work on the HTP facility, meanwhile, was finished in June 2007. The antibodies we develop ourselves have typically been among our best sellers. Whilst only 6% of the products sold under the Abcam brand are produced in-house, these represent 16% of our sales by value and generate proportionately higher margins. We expect that the new facility will allow us to dramatically increase our range of in-house products over the next few years and will lead to increased sales as well as improved gross margins.

Abcam is expert at identifying the areas of research with the most promise and offering products specifically tailored to meet associated demands. These products fall within our Core Focus Areas (CFAs). Externally we have presented at conferences and run marketing activities around these CFAs, while internally we have vertically integrated our technical service, marketing, business development and sales departments to take full advantage of them. We have found this to be a highly successful strategy for capturing market share by segment, and plan to develop more CFAs in the future.

We are now becoming a leading player in an important and exciting market. We have a scaleable business based around our state-of-the-art website. By offering customers access to detailed and up-to-date technical information on our products, much of which is derived from customers' own reviews, we have built a strong reputation for trust and reliability. In addition, with our large and growing database of users, we can now tailor our marketing activities according to customer interest. The investment we have made in systems to link the website to product ordering and accounting has improved our efficiency, and gives us the confidence that we will continue to manage our growth effectively.

Jonathan Milner
CEO
28 September 2007

MANAGING DIRECTOR'S REVIEW

The construction of our HTP facility in Cambridge UK was a major project this year, and I am delighted to report it was completed on time and within budget. At this facility we will develop a highly automated monoclonal antibody production system and continue to produce polyclonal antibodies. We expect it to become one of the most advanced antibody production facilities in the world, further proving our commitment to build scaleable business processes and products of the highest standard. The facility is expected to add over 35,000 new quality high-margin monoclonal antibodies to our catalogue over the next five years.

The robotic stock storage and retrieval system that has been so successful in the UK has now been replicated in the US, and it is delivering similar results in terms of the speed and reliability of order delivery. Using leading-edge storage and handling facilities, we have successfully cut our shipping times and increased our rate of output without incurring additional expenditure on staffing and conventional refrigeration systems.

Extended opening times and Saturday working in the US have further improved service levels to customers and we are now trialling a key-account marketing initiative, selling to targeted market areas in the country. In the UK, we recently launched a new service promising same-day delivery of antibodies to scientists based in the Cambridge area at no extra cost.

We have successfully developed and deployed a Japanese-language version of our website to take full advantage of our local presence in our Tokyo office. Priorities in the Far East include improving our technical support and speeding up the delivery of our products to customers. Japan is a challenging market and so far we have been delighted with the performance of the business, which has generated ¥160m (£680k) in revenue in the second half of the year.

We continue to improve the performance of our website in general, focusing on the speed of access to our global market. We are now deploying a content caching and delivery solution so that our website can be served locally from over 25,000 servers across 69 countries. This important initiative will help stabilise the website and improve response times for users, supporting the continued expansion of our geographical reach.

Growth of the scale we are achieving relies in large part on the continued commitment of staff. We place strong emphasis on responsibility for and communication with employees. Through a programme of weekly updates, quarterly departmental and annual strategy and budget presentations, we ensure that each employee understands his or her objectives and targets and how these relate to the Group as a whole. The success of the programme is demonstrable in the enthusiasm and creativity which drives the Group.

Jim Warwick
Managing Director
28 September 2007

FINANCIAL REVIEW

Gross margin

Gross margins reported for the period under review are 59.1% compared with 61.3% for the previous year. The difference results partly from an increased allocation of costs to cost of sales and lower margins in the early stages of the exclusive product distribution deals signed in the year. As sales of products from these deals grow we expect margins to exceed those of the rest of the catalogue.

Part of the remit of our Business Development team is to obtain best terms from our suppliers and price increases in the year have been modest overall. As the Group's sales grow we are buying more from our suppliers and consequently are now able to negotiate some price reductions.

Administrative expenses

Although administrative expenses rose from £6.2m to £7.6m, they fell as a percentage of sales, from 31.9% to 30.9%. The costs for the year include those incurred in relation to the opening of the Japanese office, spending our first full-year as a public company and as explained below, from the application of FRS 20.

The accounting standard FRS 20 on share-based payments has been applied to the Company's accounts for the first time, and this has resulted in a charge of £162,000 for the period. As the first application of this standard is a change of accounting policy, the results for the same period last year have been restated by including a corresponding charge in the expenses for that period of £72,000.

US\$ impact

The weakening dollar has had an adverse impact on revenue. Had the rate remained the same as the previous year, sales would have been higher at £25.9m and operating profit would have been £0.4m higher based on an average exchange rate applied to US Sales 2007 £1:\$1.92, 2006 £1: \$1.77)

Research and Development expenditure

Research and Development expenditure increased to 7.0% of sales from 6.3% in 2006 and this is reflected in the growing number of products which are produced in-house.

Profit

Operating profits increased 15.3% from £4.5m in the year ended June 2006 to £5.2m. The decrease as a percentage of sales from 23.3% to 21.2% reflects the impact of the additional costs outlined above.

Interest income rose as the Company benefited from full-year availability of funds raised from the IPO.

Tax

The consolidated tax charge for the year was £1.6m or 27.3% of profit before tax. The effective tax charge for 2006 was 29.1%, reflecting the increased amount of research and development undertaken this year and the consequent tax credits. The tax charge for 2006 has been restated from £1.2m to £1.4m as a result of the adoption of FRS20 (see note 22)

Inventories

Inventory levels have increased somewhat faster than sales partly because of inventory purchased as part of the product line agreements that provide Abcam with exclusive distribution rights to certain products and partly because of the increase in the number of Abcam products developed in-house, which involve batch sizes larger than required for immediate sale.

Debtors

The majority of sales continue to be on credit and credit control is a key function. Debtor days have increased slightly to 47 days (2006: 45 days). Historically the Group has experienced a low level of bad debt.

Creditors

Total creditors rose from £3.0m to £3.8m. These now include amounts owing in relation to the deferred settlement arrangements on product line acquisitions concluded during the year. These have been allocated between creditors due within one year and amounts falling due after one year.

Provisions for Liabilities and Charges represents deferred tax balances which have increased due to the level of expenditure during the year on capital equipment relating to the HTP facility.

Cashflow

The Group's cashflow continues to be strong, with £4.9m (2006: £3.5m) generated from trading in the period. Consequently, despite spending £1.8m on acquiring distribution rights and £2.3m on facilities and equipment, the Group's cash and short term investments balances only decreased by £1.2m.

Accounting standards

The results for the period ended 30 June 2007 have been produced on the same basis as the restated statutory accounts at 30 June 2006. These accounts conform with UK Generally Accepted Accounting Principles. Abcam will move to report under International Financial Reporting Standards for the year ending 30 June 2008 but this is not expected to have a material impact on the Group's reported results.

EPS

Whilst post tax profit grew by 21.1%, the growth in basic EPS was only 11.74% reflecting the impact of the significant number of shares which were issued on the Company's IPO in November 2005 (see note 9).

Currency exposure

The Group continues to generate significant amounts of surplus dollars and euros and has hedging arrangements in place to reduce the exposure. During the year to 30 June 2007 the Company had forward exchange contracts in place to sell \$9.6m and €3.6m at average rates of £1 to \$1.79 and £1 to €1.47 respectively. For the year ending 30 June 2008 the Company has contracts in place to sell forward \$7.8m and €6.5m. These contracts are at average rates of £1 to \$1.92 and £1 to €1.47.

Eddie Powell
Finance Director
28 September 2007

ABCAM PLC**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

Year ended 30 June 2007

		Year to 30.6.07		Year to 30.6.06 Restated*
	Note	£'000	£'000	£'000
TURNOVER	2		24,519	19,362
Cost of sales			<u>(10,020)</u>	<u>(7,485)</u>
GROSS PROFIT			14,499	11,877
Administrative expenses		(7,584)		(6,178)
Research and development expenses		<u>(1,709)</u>		<u>(1,226)</u>
			<u>(9,293)</u>	<u>(7,404)</u>
			5,206	4,473
Other operating income			-	42
OPERATING PROFIT	4		<u>5,206</u>	<u>4,515</u>
Interest receivable and similar income			<u>495</u>	<u>313</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			5,701	4,828
Tax on profit on ordinary activities	6		(1,554)	(1,403)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	20		<u>4,147</u>	<u>3,425</u>
EARNINGS PER SHARE				
Basic earnings per share	9		11.99 p	10.73 p
Diluted earnings per share	9		11.67 p	10.36 p
Dividends paid per share	8		3.99 p	5.95 p

All activities derive from continuing operations.

The statement of movements on reserves is shown in note 20.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 June 2007

	Year to 30.6.07	Year to 30.6.06
	£'000	£'000
Profit for the financial year (before restatement)	4,147	3,679
Currency translation differences on foreign currency net investments	(28)	(24)
Total recognised gains and losses relating to the year	<u>4,119</u>	<u>3,655</u>
Prior year adjustment (see note 22)	(254)	
Total recognised gains and losses recognised since last annual report	<u>3,865</u>	

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.

ABCAM PLC**CONSOLIDATED BALANCE SHEET
30 June 2007**

	Note	30.6.07 £'000	30.6.06 £'000 Restated*
FIXED ASSETS			
Intangible assets	10	1,691	77
Tangible assets	11	<u>2,832</u>	<u>1,094</u>
		<u>4,523</u>	<u>1,171</u>
CURRENT ASSETS			
Stocks	13	3,102	2,358
Debtors	14	4,327	2,762
Short term investments	16	8,500	11,000
Cash at bank and in hand	16	<u>2,209</u>	<u>884</u>
		18,138	17,004
CREDITORS: amounts falling due within one year	15	<u>(3,404)</u>	<u>(3,023)</u>
NET CURRENT ASSETS		<u>14,734</u>	<u>13,981</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,257	15,152
CREDITORS: amounts falling due after more than one year	15	(386)	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>(444)</u>	<u>(85)</u>
NET ASSETS		<u>18,427</u>	<u>15,067</u>
CAPITAL AND RESERVES			
Called up share capital	19	346	345
Share premium account	20	10,619	10,573
Other reserves	20	251	89
Foreign exchange reserve	20	(36)	(8)
Profit and loss account	20	7,247	4,068
TOTAL SHAREHOLDERS' FUNDS	21	<u>18,427</u>	<u>15,067</u>

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.

These financial statements were approved by the Board of Directors
and authorised for issue on 28 September 2007

Signed on behalf of the Board of Directors

Dr E W Powell
28 September 2007

ABCAM PLC**COMPANY BALANCE SHEET****30 June 2007**

	Note	30.6.07 £'000	30.6.06 £'000 Restated*
FIXED ASSETS			
Intangible assets	10	1,691	77
Tangible assets	11	2,459	901
Investments	12	16	16
		<u>4,166</u>	<u>994</u>
CURRENT ASSETS			
Stocks	13	3,089	2,348
Debtors	14	4,572	2,676
Short term investments		8,500	11,000
Cash at bank and in hand		1,555	312
		<u>17,716</u>	<u>16,336</u>
CREDITORS: amounts falling due within one year	15	(3,218)	(2,705)
		<u>14,498</u>	<u>13,631</u>
NET CURRENT ASSETS			
		18,664	14,625
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	15	(386)	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	(444)	(77)
		<u>17,834</u>	<u>14,548</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	19	346	345
Share premium account	20	10,619	10,573
Other reserves	20	251	89
Profit and loss account	20	6,618	3,541
		<u>17,834</u>	<u>14,548</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.

These financial statements were approved by the Board of Directors and authorised for issue on 28 September 2007

Signed on behalf of the Board of Directors

Dr E W Powell
28 September 2007

ABCAM PLC

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2007

	Note	£'000	Year to 30.6.07 £'000	Year to 30.6.06 Restated* £'000
Net cash inflow from operating activities	A		4,898	3,547
Returns on investments and servicing of finance				
Net Interest received		<u>495</u>	<u>313</u>	
Net cash inflow from returns on investments and servicing of finance			495	313
Taxation				
Corporation tax paid		<u>(1,473)</u>	<u>(954)</u>	
Tax paid			(1,473)	(954)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(2,316)	(597)	
Payments to acquire intangible fixed assets		(1,848)	(100)	
Receipts from sales of tangible fixed assets		<u>2</u>	<u>6</u>	
Net cash outflow from capital expenditure and financial investment			(4,162)	(691)
Equity dividends paid			(968)	(1,153)
Net cash outflow before management of liquid resources and financing			<u>(1,210)</u>	<u>1,062</u>
Management of liquid resources				
Decrease/ (increase) in short term deposits		<u>2,500</u>	<u>(10,000)</u>	
Net cash inflow/(outflow) from management of liquid resources			2,500	(10,000)
Financing				
Issue of ordinary share capital		<u>47</u>	<u>9,322</u>	
Net cash inflow from financing			47	9,322
Increase in cash	B/C		<u>1,337</u>	<u>384</u>

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.

ABCAM PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2007

Reconciliation of operating profit to net cash inflow from operating

A activities

	Year to 2007 £'000	Year to 2006 Restated* £'000
Operating profit	5,206	4,515
Depreciation and amortisation	795	355
Profit on sale of tangible fixed assets	-	(3)
Movement on share based compensation reserve	162	72
Increase in stocks	(745)	(1,171)
Increase in debtors	(1,565)	(850)
Increase in creditors	1,045	629
Net cash inflow from operating activities	<u>4,898</u>	<u>3,547</u>

B Analysis of net funds

	At 01.07.06 £'000	Cash Flow £'000	Exchange Movement £'000	At 30.06.07 £'000
Cash in hand and at bank	884	1,337	(12)	2,209
Current asset investments	11,000	(2,500)	-	8,500
Total	<u>11,884</u>	<u>(1,163)</u>	<u>(12)</u>	<u>10,709</u>

C Reconciliation of net cash flow to movement in net funds

	30.6.07 £'000	30.6.07 £'000	30.6.06 £'000	30.6.06 £'000
Increase in cash in the year	1,337		384	
Cash (inflow)/ outflow from (increase)/decrease in liquid resources	<u>(2,500)</u>		<u>10,000</u>	
Change in net funds resulting from cash flows		(1,163)		10,384
Translation difference		(12)		(10)
Movement in net funds in the year		<u>(1,175)</u>		<u>10,374</u>
Net funds at start of year		11,884		1,510
Net funds at end of year		<u>10,709</u>		<u>11,884</u>

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.

ABCAM PLC

NOTES TO THE ACCOUNTS

Year ended 30 June 2007

1 ACCOUNTING POLICIES

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 June 2007 or 2006, but is derived from those accounts. Statutory accounts for 2006 have been delivered to the Registrar of Companies and those for 2007 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s237(2) or (3) Companies Act 1985.

Tangible fixed assets

Tangible fixed assets are 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 generally used are shown below:

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

Depreciation is accelerated if assets are deemed to have been impaired or there is a change in the residual economic life.

Intangible assets

Payments made to acquire distribution rights from certain suppliers are capitalised and are amortised over the period of the agreement.

The Group acquires hybridomas for generating monoclonal antibodies either by licensing them in or by developing them itself. The up-front fees paid for licensing in hybridomas and the cost of developing hybridomas are capitalised in line with FRS 10 and SSAP 13 respectively. They are then amortised over their estimated minimum useful lives of 3 years.

Investments

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

The cost of Abcam own manufactured stock includes material, direct labour and an attributable portion of production overheads based on normal levels of activity. 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.

Taxation

Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which represent an obligation at the balance sheet date to pay more tax or a right to pay less tax at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

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 profit and loss account in respect of pension costs is the contribution payable in the year. Any differences between contributions payable in the year, and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

The amount included in the profit and loss account in the year in respect of the pension scheme was £253,000 (2006 - £105,000). The amounts included in creditors at 30 June 2007 in relation to the defined contribution pension scheme is £38,000 (2006 - £10,000).

Research and development

Research and development expenditure, other than the development costs for internally produced hybridomas (see intangible assets above), is charged to the profit and loss account as incurred.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Foreign exchange

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date or, if appropriate, at the forward contract rate.

These translation differences are dealt with in the profit and loss account.

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 reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Government grants

Amounts receivable under government grants are credited to the profit and loss account as the related expenditure is incurred, and is included in other operating income. £nil has been recognised in the profit and loss account in the year (2006 - £42,000) in relation to a grant for the Epitron project, which is for the research and technological development of an epigenetic treatment for neoplastic disease.

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities after deduction of trade discounts and value added tax.

Revenue is recognised on despatch to the customer.

4 OPERATING PROFIT

Operating profit is after charging/(crediting):

	£'000	£'000
Depreciation - owned assets	561	332
Profit on disposal of fixed assets	-	(3)
Amortisation of intangible assets	234	23
Auditors remuneration:		
Fees payable to the Group's auditors for the audit of the annual accounts	79	51
Fees payable to the Group's auditors for other services to the group, being tax services	73	84
R & D expenditure	1,709	1,226
Rentals under operating leases:		
Land and buildings	<u>237</u>	<u>246</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

Year to 30.6.07	Year to 2006 Restated*
--------------------	------------------------------

	£'000	£'000
Current tax		
UK corporation tax at 30% (2006 - 30%)	871	1,146
Foreign tax	324	256
Adjustments in respect of prior periods - UK tax	-	(9)
Total current tax	<u>1,195</u>	<u>1,393</u>
Deferred tax		
Timing differences origination and reversal - UK tax	366	7
Timing differences origination and reversal - foreign tax	(7)	3
Total deferred tax	<u>359</u>	<u>10</u>
	<u>1,554</u>	<u>1,403</u>

The standard rate of current tax for the year is 30% (2006 - 30%).

The current tax charge for the year reconciles to the standard rate as follows:

	£'000	£'000
Profit on ordinary activities before tax	<u>5,701</u>	<u>4,828</u>
Tax on profit on ordinary activities at standard rate of 30%	1,710	1,448
<i>Factors affecting charge for the year:</i>		
Capital allowances for year in excess of depreciation	(411)	(23)
Other timing differences	13	5
Expenses not deductible for tax purposes	8	51
Revenue items capitalised	(2)	(2)
R&D tax credit uplift	(199)	(120)
Deduction for exercise of share options	(35)	(22)
Adjustment in respect of prior years	-	(9)
Losses in foreign subsidiary not subject to tax	27	-
Differences in tax rates	<u>84</u>	<u>65</u>
Current tax charge for the year	<u>1,195</u>	<u>1,393</u>

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 28% with effect from 1 April 2008. This legislation has been substantively enacted in June 2007. In future any deferred tax balances will be stated at 28% of those amounts.

The effective tax rate for the year to 30 June 2008 is expected to reduce accordingly.

8 DIVIDENDS

	Year to 30.6.07 £'000	Year to 30.6.06 £'000
Final interim dividend for the year ended 30 June 2006 of 2.0p (2006: 3.25p) per share	691	912

Interim dividend for the year ended 30 June 2007 of 0.80p
(2006: 0.70p) per share

277 241

968 1,153

Proposed final dividend for the year ended 30 June 2007 of
3.19p (2006: 2.0p)

1,105 689

The proposed dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Year to 30.06.07 £'000	Year to 30.06.07 £'000 Restated*
Profit for the financial year	<u>4,147</u>	<u>3,425</u>
	Number of shares	Number of shares
Weighted average number of shares:		
Basic earnings per share	34,572,810	31,914,845
Assumed exercise of share options	<u>943,674</u>	<u>1,135,585</u>
Fully diluted earnings per share	<u>35,516,484</u>	<u>33,050,430</u>

10 INTANGIBLE ASSETS

Group and Company

Cost	Development costs and up-front licence fees for monoclonal antibodies	Distribution Rights	Total
	£'000	£'000	£'000
As at 1 July 2006	100	-	100
Additions in the year	<u>50</u>	<u>1,798</u>	<u>1,848</u>
At 30 June 2007	<u>150</u>	<u>1,798</u>	<u>1,948</u>
Accumulated amortisation			
As at 1 July 2006	23	-	23
Charge for the year	<u>45</u>	<u>189</u>	<u>234</u>
At 30 June 2007	<u>68</u>	<u>189</u>	<u>257</u>

Net book value

At 30 June 2007	<u>82</u>	<u>1,609</u>	<u>1,691</u>
At 30 June 2006	<u>77</u>	<u>-</u>	<u>77</u>

11 TANGIBLE FIXED ASSETS

	Computer equipment £'000	Laboratory and Operations Equipment £'000	Office equipment, fixtures and fittings £'000	Total £'000
Group				
Cost				
At 1 July 2006	251	717	674	1,642
Additions in year	207	1,824	285	2,316
Disposals in year	(1)	(1)	-	(2)
Exchange difference	(3)	(9)	(10)	(22)
At 30 June 2007	<u>454</u>	<u>2,531</u>	<u>949</u>	<u>3,934</u>
Accumulated depreciation				
At 1 July 2006	136	134	278	548
Charge for the year	85	214	262	561
Disposals in year	-	(1)	-	(1)
Exchange difference	(3)	(1)	(2)	(6)
At 30 June 2007	<u>218</u>	<u>346</u>	<u>538</u>	<u>1,102</u>
Net book value				
At 30 June 2007	<u>236</u>	<u>2,185</u>	<u>411</u>	<u>2,832</u>
At 30 June 2006	<u>115</u>	<u>583</u>	<u>396</u>	<u>1,094</u>
Company				
Cost				
At 1 July 2006	206	599	579	1,384
Additions in year	139	1,690	171	2,000
Disposals in year	(1)	(3)	-	(4)
At 30 June 2007	<u>344</u>	<u>2,286</u>	<u>750</u>	<u>3,380</u>
Accumulated depreciation				
At 1 July 2006	115	123	245	483
Charge for the year	65	170	204	439
Disposals in year	-	(1)	-	(1)
At 30 June 2007	<u>180</u>	<u>292</u>	<u>449</u>	<u>921</u>
Net book value				
At 30 June 2007	<u>164</u>	<u>1,994</u>	<u>301</u>	<u>2,459</u>

12 FIXED ASSET INVESTMENTS

The Company's subsidiaries at 30 June 2007 are:

	Nature of business	Country of incorporation	Proportion of shares owned	Proportion of voting power held
Abcam Inc	Sale and distribution of antibodies	USA	100%	100%
Abcam KK	Sale and distribution of antibodies	Japan	100%	100%
Camgene	Dormant	UK	100%	100%

As at 30 June 2007 the called up share capital and reserves of Camgene were £10 (2006 - £10). The company is dormant.

13 STOCKS

	Group 30.6.07 £'000	Company 30.6.07 £'000	Group 30.6.06 £'000	Company 30.6.06 £'000
Goods for resale	3,102	3,089	2,308	2,298
Work in progress	-	-	50	50
	<u>3,102</u>	<u>3,089</u>	<u>2,358</u>	<u>2,348</u>

14 DEBTORS

	Group 30.6.07 £'000	Company 30.6.07 £'000	Group 30.6.06 £'000	Company 30.6.06 £'000
Trade debtors	3,315	1,708	2,386	1,164
Owed by subsidiary undertaking	-	1,461	-	1,165
Other debtors and prepayments	1,012	1,403	376	347
	<u>4,327</u>	<u>4,572</u>	<u>2,762</u>	<u>2,676</u>

All amounts are due within one year.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 30.6.07 £'000	Company 30.6.07 £'000	Group 30.6.06 £'000	Company 30.6.06 £'000
Trade creditors	1,382	1,324	1,160	1,133
Corporation tax	284	279	562	411
Other taxes and social security	124	124	89	89
Other creditors	337	321	127	98

Accruals and deferred income	1,277	1,170	1,085	974
	<u>3,404</u>	<u>3,218</u>	<u>3,023</u>	<u>2,705</u>

CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 30.6.07 £'000	Company 30.6.07 £'000	Group 30.6.06 £'000	Company 30.6.06 £'000
Other creditors	<u>386</u>	<u>386</u>	<u>-</u>	<u>-</u>

16 FINANCIAL INSTRUMENTS

The Group does not undertake any speculative trading in financial instruments. Financial instruments comprise cash and short term investments together with debtors, creditors and accruals. The risks that arise from these instruments are currency exposure, interest rate and liquidity, and the policies followed throughout the year are as follows:

Currency risk:

The Group trades in US dollars and euros as well as in sterling, having both income and expenses in all of these currencies, and this trading results in a surplus of dollars and euros. The Group hedges these surpluses at the start of each financial year in order to minimise the impact on that year's trading from exchange rate fluctuations. This is done by arranging forward exchange contracts month by month to sell a portion of the expected surpluses.

Interest rate risk:

The Group places most of its liquid assets on deposit for periods of between one and six months. These deposits are with recognised UK high street banks. During the year the average interest rate received on these deposits was 5.12% (2006:4.45%)

Liquidity risk:

Liquidity is maintained by placing cash on deposit having regard to the Group's liquidity requirements which are assessed on a regular basis.

At 30 June the Group held the following liquid assets:

	30.6.07 £'000	30.6.06 £'000
Sterling cash deposits	8,500	11,000
Cash - sterling	1,017	205
Cash - US dollars	697	610
Cash - euros	40	59
Cash - yen	455	10
	<u>10,709</u>	<u>11,884</u>

At the balance sheet date Abcam plc was contracted to sell \$7,750,000 (2006 - \$9,624,000) and € 6,450,000 (2006 - € 3,577,000). The directors consider there to be no material difference between the book value and the fair value of the Group's financial assets as at the balance sheet date.

Credit risk:

Credit risk is primarily attributable to the Groups's trade debtors. The average credit period taken on sales goods is 47 days. An allowance has been made for potential bad debts in arriving at the amounts stated in the balance sheet. The Group has no significant concentration of credit risk in its debtors as the exposure is spread over a very wide range of customers.

18 DEFERRED TAX**Company and Group**

Deferred taxation provided is as follows:

	Group		Company	
	30.6.07	30.6.06	30.6.07	30.6.06
		Restated*		Restated*
	£'000	£'000	£'000	£'000
Accelerated capital allowances	549	152	534	110
Other timing differences	(105)	(67)	(90)	(33)
Deferred tax liability	<u>444</u>	<u>85</u>	<u>444</u>	<u>77</u>

Group

	£'000
At 1 July 2006	85
Charge in year	<u>359</u>
At 30 June 2007	<u>444</u>

Company

	£'000
At 1 July 2006	77
Charge in year	<u>367</u>
At 30 June 2007	<u>444</u>

19 CALLED UP SHARE CAPITAL

	30.6.07	30.6.06
	£'000	£'000
Authorised		
100,000,000 (2006 - 100,000,000) ordinary shares of 1p each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
34,623,384 (2006 - 34,464,584) ordinary shares of 1p each	<u>346</u>	<u>345</u>

The Company operates a number of share option schemes for certain employees of the Group. The share based compensation charge is made up from option awards from the EMI plan, Unapproved share option plan, the US employees share option plan and the SAYE plan. Information is shown for these schemes in aggregate.

The vesting period is from 1 - 3 years other than for those options with performance criteria, which vest when the criteria are met. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

2007		2006	
No.of	Weighted	No.of	Weighted

	Share options	average exercise price Pence	Share options	average exercise price Pence
Outstanding at beginning of period	4,999,210	19.02	5,552,850	17.44
Granted during the period	683,672	274.40	347,640	50.54
Forfeited during the period	-	-	(14,040)	12.50
Exercised during the period	(133,120)	38.75	(887,240)	16.71
Outstanding at the end of the period	5,816,002	42.28	4,999,210	19.02
Exercisable at end of period	162,080	35.75	76,360	34.12

Under the Company's Enterprise Management Incentive Scheme employees of Abcam plc held options at 30 June 2007 for 966,191 unissued 1p ordinary shares (2006 - 728,480).

During the year options for 117,440 1p ordinary shares were exercised and 37,089 1p ordinary shares lapsed. The options outstanding at the end of the year were as follows:

Date of grant	Number of 1p shares	per share	Vesting
Apr-03	8,280	12.5p 25.0p to	Apr-05
Jun-03	64,000	50.0p	Jun-07
Jul-04	61,920	25.0p	Nov-05
Dec-04	220,000	25.0p	Nov-07
Jul-05	196,840	62.5p	Jul-07
Sep-05	60,000	62.5p	Sep-07
Sep-06	321,368	280.0p	Sep-09
Mar-07	33,783	296.0p	Mar-10

Employees of Abcam plc also held options under an unapproved scheme at 30 June 2007 for 427,504 unissued ordinary shares (2006 - 261,360) at exercise prices of 62.5p to 296p per share. 1,360 options for 1p ordinary shares were exercised during the year, 742 options 1p ordinary shares lapsed and 168,246 options for 1p ordinary shares were granted. The options vest over the period January 2006 to March 2010.

Employees of Abcam Inc also held options under an unapproved scheme at 30 June 2007 for 104,207 unissued 1p ordinary shares (2006 - 55,320) at an exercise price between \$1.125 and \$5.26. During the year 42,020 options for 1p ordinary shares lapsed and 90,907 options for 1p ordinary shares were granted. The options vest over the period July 2007 and September 2009.

An option for 40,000 1p ordinary shares granted to a scientific advisor in 2003 was exercised at a price of 25p per share. The option was exercised in July 2006.

During the year the company issued 1p ordinary shares as follows:

Date issued	Number of shares	Exercise Price £	Total Paid £
Jul-06	40,000	0.25	10,000
Sep-06	20,000	0.25	5,000

Sep-06	36,000	0.25	9,000
Sep-06	3,360	0.25	840
Sep-06	4,320	0.25	1,080
Nov-06	20,000	0.25	5,000
Mar-07	1,360	0.625	850
Mar-07	2,160	0.625	1,350
Mar-07	1,960	0.625	1,225
Apr-07	4,320	0.25	1,080
May-07	2,160	0.625	1,350
May-07	4,000	0.25	1,000
May-07	6,720	0.625	4,200
Jun-07	5,200	0.625	3,250
Jun-07	3,240	0.625	2,025
Jun-07	4,000	0.25	1,000
	<u>158,800</u>		<u>48,250</u>

Fair value calculation:

The fair value of the options schemes has been calculated using the Trinomial model, other than those options with market based performance criteria. The inputs into the Trinomial model are as follows:

	30.6.07	30.6.06
Weighted average share price	£2.74	£1.82
Weighted average exercise price	£0.90	£0.60
Expected volatility	30%-40%	30%
Expected life	2 - 5 years	3 years
Expected dividend yield	1.10%	1.10%
Risk free rate	3.97%- 5.08%	4.31 - 4.72%

The fair value of options issued in September 2006 with market based performance criteria, are calculated using the Monte Carlo model.

The inputs into the Monte Carlo model are as follows:

	30.6.07	30.6.06
Weighted average share price	£2.80	-
Weighted average exercise price	£2.80	-
Expected volatility	12% - 30%	-
Expected life	3 years	-
Expected dividend yield	1.10%	-
Risk free rate	4.57%	-

20 STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account	Other reserves Restated*	Foreign exchange reserve	Profit and loss account Restated*
	£'000	£'000	£'000	£'000
GROUP				

As at 1 July 2006	10,573	89	(8)	4,068
Retained profit for the year	-	-	-	4,147
Dividends paid (note 8)	-	-	-	(968)
Premium on shares issued	46	-	-	-
Share based compensation charge	-	162	-	-
Currency translation difference on foreign currency net investments	-	-	(28)	-
At 30 June 2007	<u>10,619</u>	<u>251</u>	<u>(36)</u>	<u>7,247</u>

COMPANY	Share premium account £'000	Other reserves Restated* £'000	Profit and loss account Restated* £'000
As at 1 July 2006	10,573	89	3,541
Retained profit for the year	-	-	3,776
Dividends paid (note 8)	-	-	(968)
Dividend received	-	-	269
Share based compensation charge	-	162	-
Premium on shares issued	46	-	-
At 30 June 2007	<u>10,619</u>	<u>251</u>	<u>6,618</u>

21 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2007 £'000	2006 Restated* £'000
Profit for the year	4,147	3,425
Other recognised gains and losses relating to the year (net)	<u>(28)</u>	<u>(24)</u>
	4,119	3,401
Dividends paid	(968)	(1,153)
Current tax charge on share based compensation charge	-	204
Share based compensation reserve	162	89
Issue of shares net of issuing costs	<u>47</u>	<u>9,322</u>
Net addition to shareholders' funds	3,360	11,863
Opening shareholders' funds	<u>15,067</u>	<u>3,204</u>
Closing shareholders' funds	<u>18,427</u>	<u>15,067</u>

22 PRIOR YEAR ADJUSTMENT

The group adopted FRS 20 "Share based payment" for the year ended 30 June 2007. This resulted in a prior period adjustment to expense the fair value of the options granted being £162,000 for the year ended 30 June 2007 and £89,000 for the prior periods.

The effects of this change is summarised below:

**Group and
Company**

2006
£'000

Profit and loss account:

Administrative expenses as previously stated	6,106
Share based compensation charge	<u>72</u>
Administrative expenses as restated	<u>6,178</u>

Taxation as previously stated	(1,221)
Share based compensation charge	<u>(182)</u>
Taxation as restated	<u>(1,403)</u>

Balance sheet:

Provisions for liabilities and charges as previously stated	(112)
Deferred tax on share based compensation charge	<u>27</u>
Provisions for liabilities and charges as restated	<u>(85)</u>

*Restated for the effects of FRS 20 "Share based payment" as explained in note 22.