

ABCAM PLC
(‘Abcam’ or ‘the Company’)

Preliminary results for the year ended 30 June 2011

Abcam plc (AIM: ABC), a global leader in the supply of protein research tools, is pleased to announce its preliminary results for the year ended 30 June 2011.

Highlights

- Revenue increased by 17.1% to £83.3m (2010: £71.1m)
- Pre-tax profits increased by 25.1% to £32.3m (2010: £25.8m) before costs of £0.2m (2010: £nil) associated with the acquisition of MitoSciences Inc
- Product range grew by 16.9% to 73,652 antibodies and related products (2010: 63,010)
- Sales of non-primary antibodies increased by over 50% and represented 8.5% of sales (2010: 6.4%)
- Completed the acquisition of MitoSciences Inc in May 2011, a leading provider of mitochondrial research tools, based in Oregon, USA
- Strong focus on the addition of product characterisation data during the year with a doubling of images added by the in-house production facility or specifically commissioned from third parties
- Net cash and short-term investments at 30 June 2011 of £55.6m (2010: £40.2m)
- Basic earnings per share (EPS) increased by 23.0% to 13.23p per share (2010: 10.76p*)
- Recommended final dividend increased by 30.0% to 3.800p per share (2010: 2.922p*), giving total increase in dividend for the year of 31.1% to 5.250p per share (2010: 4.006p*)

*As adjusted for five for one share sub-division which took place on 15 November 2010

Michael Redmond, Chairman of Abcam, said:

“Abcam has performed well in the financial year ended 30 June 2011, and we were particularly encouraged to see such strong growth in the Far East.

“For several years we have cautioned that the way in which Western governments adjust their spending patterns may affect our business. It is apparent that it is not only actual reductions that have an impact on researchers’ spending, but the threat of cuts can be sufficient to cause a reaction as well. However, revenue growth continues and profits are on track to meet consensus market expectations. “

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Notes for editors**About Abcam plc**

Abcam is a producer and distributor of high quality protein research tools. These tools enable life scientists to analyse components of living cells at the molecular level which is essential in understanding health and disease.

Headquartered in Cambridge (UK), Abcam has subsidiary offices in Cambridge, MA. (USA), Eugene, OR. (USA), Tokyo (Japan) and Hong Kong (China) allowing them to serve a global customer base of over 85 countries. Abcam employs over 325 staff across its five operating companies.

As at 30 June 2011, Abcam had an online catalogue of 73,652 products sourced from over 300 suppliers. The catalogue includes a growing range of non-primary antibody products such as secondaries, proteins, peptides, lysates, immunoassays and other kits. Products are available for life science research and distributed to academic and commercial users. A highly developed eCommerce platform, which includes regional websites for the Chinese and Japanese markets, allows customers to access up-to-date and detailed technical product data sheets at the Company's website www.abcam.com.

Abcam was admitted to AIM in November 2005 and trades under the ticker symbol ABC. The Company's vision is to be the leading provider of protein research tools globally.

Chairman's Review

Introduction

Abcam has performed well in the financial year ended 30 June 2011 against a background of uncertainty in our core market and we have continued to make significant strides in pursuit of our strategic objectives. We continue to take market share in our core primary antibody business and have further broadened our range of other reagents involved in protein research, not least through the acquisition of MitoSciences. With our extensive market presence and adaptable distribution platform we are ideally placed to build on this success.

Strategy & Outlook

A significant proportion of our customers are universities and other centres of research excellence which rely on government funding. For several years we have expressed caution that the way in which Western governments adjust their spending patterns may affect our business. It has become apparent during the year that it is not only actual reductions that have an impact on researchers' spending, but the threat of cuts can be sufficient to cause a reaction as well. As noted in our interim report, we saw this in the UK earlier in the year, and we have seen a similar effect in the US more recently as a result of the protracted discussions on addressing their economic situation.

Elsewhere areas of Europe have been impacted to a lesser degree, and we are encouraged to see that China continues to show strong growth. Performance in Japan has also remained strong, despite the disruption caused by the earthquake and subsequent tsunami. This validates our continued focus on international expansion to progressively reduce our exposure to any one region.

Decisions have been taken recently by certain governments such as in the US, to reduce their funding for research and others may follow. Whilst this will present challenges for our business there is little experience to draw on as to what its impact may be on our growth. The strength of our business model, which enables us to make rapid additions to the catalogue and deliver high quality products, has allowed us to gain market share and grow strongly even when increases in funding budgets have been modest. For example in the US the National Institutes of Health (NIH) budget increased by a compound annual average of around 2% between 2005 and 2010 (excluding the stimulus to the US economy during 2009/10 from the American Recovery and Reinvestment Act 2009 (ARRA)), during which time Abcam's sales in the US grew by a compound annual rate of almost 29%. We also have a degree of defensibility as sellers of consumables rather than large ticket items, which are more likely to be affected.

Trading in the new financial year reflects the market conditions above, however and whilst it is still early in the year, revenue growth continues and profits are on track to meet consensus market expectations.

As explained in more detail in the Chief Executive Officer's Review, the Board is implementing a strategy of extending our product offerings into fields adjacent to antibodies, under the wider umbrella of protein research. These additional areas will be accessed by OEM deals and where appropriate by acquisition, such was the case with MitoSciences, which brings both new products and a development capability. We believe that these strategies will ensure that Abcam in the long term continues to grow faster than the markets in which it operates.

Corporate Governance

Abcam values corporate governance highly and this is reflected in our governance principles, policies and practices. The Board believes that effective corporate governance will assist in the delivery of our corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long-term interests. We are committed therefore, wherever it is reasonably practicable, to ensure that the Group is managed in accordance with the principles set out in the UK Corporate Governance Code, as appropriate to the Group considering its size and stage of development.

Directors

After helping to guide Abcam through a period of rapid growth over the past five years, Tim Dye and Mark Webster have both decided to step down from the Board after next month's Annual General Meeting (AGM). Consequently the opportunity has been taken to review the balance of financial, sector specific and general business skills represented on the Board and I am very pleased to announce that Tony Martin, who has extensive life science research tools experience, will be joining as a Non-Executive Director later this month. We have also identified that the Company would benefit from the appointment of a Non-Executive Director with broad eCommerce experience and we hope to be able to announce another appointment soon.

I would like to take this opportunity to thank Tim and Mark for the tremendous contribution they have each made to Abcam's success.

Dividends

The Board announced in the Company's interim results its intention to increase the dividend distribution ratio to 40% of post-tax profit, in light of the strong cash flow and continued success of the Group. An interim dividend of 1.45p per share was paid in April 2011 and consequently the Directors are recommending a final dividend of 3.80p per share, making a total of 5.25p for the

year, an increase of 31.1% on that paid last year. Subject to shareholder approval at the AGM in October, the final dividend will be paid on 25 November 2011 to shareholders on the register on 4 November 2011.

Stakeholders

Once again I would like to extend my thanks to our staff on which Abcam's success is built, and offer a warm welcome to the Group to the employees of MitoSciences.

We would also like to thank all our other stakeholders – customers, suppliers and shareholders – whose continued support also contributes to our success.

Mike Redmond

Chairman

12 September 2011

Chief Executive Officer's Review

I am delighted to report on another successful year for Abcam. Total sales for the year were £83.3m (2010: £71.1m), including £0.2m from our new subsidiary MitoSciences Inc, which was acquired on 23 May 2011. This represents organic growth of 16.9%, or 16.8% on a constant currency basis, assuming exchange rates had been the same as those recorded throughout the prior year.

Our strategy is to deliver profitable growth by:

- introducing more high quality products to our catalogue to continue to enhance the breadth of the product range, as well as increasing our range of primary antibodies;
- continuing to increase the validation information on the products in the catalogue from as many relevant sources as possible;
- extending our geographic penetration; and
- further improving our customer service and support.

During the year we have made significant progress on these fronts. Our aim is to continue to build on our success within the primary antibody market, whilst using our established market reach and powerful distribution platform to achieve strong growth in related life science tools markets.

The drive for efficiency improvements is core to the way we operate and despite increasing the proportion of non-antibody products that we handle, we were able to take advantage of the operational gearing in the business to increase profit before tax by 25.1% to £32.3m (2010: £25.8m) before costs of £0.2m associated with the acquisition of MitoSciences. EPS increased by 23.0% to 13.23p (2010: 10.76p).

Market review

The following table outlines the revenues derived from each region in Sterling, as well as underlying currencies, giving year on year growth rates.

	Revenue in underlying currency			Revenue as reported in Sterling		
	2010/11	2009/10	% growth	2010/11	2009/10	2010/11 % of total*
The Americas	\$58.3m	\$50.2m	16.0%	£36.7m	£31.8m	44.2%
Europe (excluding UK)	€25.5m	€22.5m	13.3%	£21.8m	£19.8m	26.3%
UK	£6.3m	£5.6m	10.8%	£6.3m	£5.6m	7.5%
Japan	¥1,183m	¥983m	20.4%	£9.0m	£6.8m	10.8%
Hong Kong/China	HK\$48.1m	HK\$34.3m	40.1%	£3.9m	£2.8m	4.7%
Rest of the world	\$8.6m	\$6.8m	27.4%	£5.4m	£4.3m	6.5%
MitoSciences	\$0.3m	n/a	n/a	£0.2m	n/a	-
				£83.3m	£71.1m	100.0%

*excluding revenues from MitoSciences.

Sales in The Americas grew by 16.0% to \$58.3m (2010: \$50.2m), representing 44.2% of our total sales for the year. After an unusually strong first half of our fiscal year we have seen more cautious spending amongst academic researchers which reduced growth in the second half. A large proportion of US research funding is provided by the NIH and we believe that this caution was caused by uncertainty surrounding the outcome of central government negotiations on the setting of the NIH budget.

The relationship between US funding and its impact on Abcam's sales is complex and we have grown for many years significantly ahead of NIH's budget levels, increases in which have been modest. Furthermore, as a provider of research tool consumables, Abcam can expect to be less affected by reductions in the NIH budget than for example those companies supplying more expensive laboratory equipment.

The total budget for life science NIH research was around \$30.3bn in the calendar year 2009, \$31.2bn in 2010 and is estimated to be \$30.9bn in 2011. The outlook for NIH funding thereafter is likely to be caught up in budget reviews by the recently established Joint Select Committee on Deficit Reduction, which is charged with substantially reducing the US deficit over the next ten years.

These figures exclude the ARRA stimulus to the US economy during 2009/10, which provided around \$10.4bn to NIH funding. It

is difficult to determine whether, or to what extent, Abcam's sales increased as a consequence of ARRA, although it is possible given that grants typically run for two to three years, that some of these funds are still being spent.

As well as adding new high quality products and a proven assay development capability, the acquisition of MitoSciences will also enable us to consolidate our customer service and technical support functions on the West Coast in Eugene, Oregon. Based on our earlier success we will however retain our marketing presence in California.

Sales to Europe grew by 13.3% to €25.5m (2010: €22.5m), representing 26.3% of our total sales for the year. Our main European markets continue to be Germany and France, both of which performed satisfactorily. The rest of Europe is made up of a number of smaller markets, many of which also performed acceptably. A notable exception is Italy where a combination of new administrative requirements and disappointing local distributor performance, which has since been addressed, led to a reduction in year on year sales of 9.8%. Our focus remains on providing high levels of customer support, including in local language for the larger European countries if there is sufficient potential in the market to justify it. During the year we added customer support in Spanish.

We had a successful year in the UK where uncertainty caused by the government's spending review negatively impacted on sales in the first half of the year. Sales growth subsequently improved in the second half to give total sales for the year of £6.3m (2010: £5.6m), representing growth of 10.8%. The UK accounted for 7.5% of total Group sales.

Our business in Japan has been remarkably robust in the face of the adversities caused by the earthquake and tsunami which hit the country in March. This is due in no small part to the dedicated and steadfast way our staff performed during very difficult times. The directly affected area in the North of the country represented around 5% of our Japanese business but despite widespread disruption we were trading again with the rest of the country within a few days. During the year we also increased the coverage of our overall product range which is available in Japan and are very happy to report sales growth of 20.4% to ¥1,183m (2010: ¥983m). This represented 10.8% of our total Group sales for the year.

In Hong Kong and China we now have distributor arrangements in the key cities that are centres for life science research. Our focus now is to build on these relationships and to improve customer service. Initiatives undertaken during the year include increasing the marketing materials available in Mandarin and reorganising our logistics arrangements into China, allowing us to ship directly into Beijing and cut our delivery times to customers. We continue to expect China to be a strong growth prospect for us in the coming financial year and we have a number of options for better supporting sales in the region under consideration, including holding inventory in the region. Sales to China increased to HK\$48.1m (2010: HK\$34.3m), representing a growth rate of 40.1% and now accounting for 4.7% of Group sales.

Sales to the Rest of the World, predominantly the remainder of South East Asia, increased by 27.4% to \$8.6m (2010: \$6.8m), representing 6.5% of total sales for the year. Our local team based in Hong Kong are now managing our Asia Pacific business, which is mostly served through our distributor network. Whilst we have had some tremendous success such as in South Korea, trading in Singapore, which represents less than 1% of our total sales, has been more difficult, with little growth in the year due to government spending cuts.

All the regional sales figures above exclude sales of \$0.3m made by MitoSciences, which was acquired in May this year. We are delighted to have acquired a company with skilled personnel in assay development capability and a product pipeline to build on its existing high quality mitochondrial research tools portfolio. The integration of the business has gone well and over 200 MitoSciences products went live in the Abcam catalogue at the beginning of July. I have personally met the MitoSciences team in Oregon and was extremely impressed; again I would like to take this opportunity to welcome them to Abcam and thank them for their continuing commitment to the Abcam mission.

Catalogue growth and diversification

We have increased the number of products in the catalogue by 16.9% during the year to 73,652, of which over 57,000 are primary antibodies. Of the 10,642 new products, 7,000 are primary antibodies from our supplier base, and almost 500 were our own produced antibodies. In addition to adding over 1,500 secondary antibodies, we have continued to extend the breadth of antibody-related reagents we offer such as ELISA kits, IHC reagents and proteins, the additions of which in the period totalled almost 1,600 products.

New products added during the year contributed £2.8m to sales in total, representing 3.4% of total sales. We expect sales of these products to grow as they mature on the catalogue and as information is added to them.

eCommerce and marketing

As our main sales tool, the performance of the website is key to our success and we have continued to invest to improve its security, accessibility and functionality. During the year we completed an exercise involving the relocation of our servers to a market-leading hosting facility in order to improve website scalability and resilience, and to further reduce downtime.

We have also invested in the website specifically to promote non-primary antibody products more effectively, whilst also

launching a record number of these products. Consequently we have seen an increase in data sheet viewings for non-primary antibody products of over 60% in the year. Indeed, the transitioning from 'the largest catalogue of the best antibodies in the world' to a company with the potential to become a world leader in all protein tools is underway as can be seen in changes to the public website where the homepage has been redesigned to support more product ranges and better identify and present cross-selling opportunities.

Our conference program continues to attract the key leaders in the fields with 200 key opinion leaders presenting cutting edge discoveries to over 2,000 delegates. In total we held 18 conferences in 13 locations across all our core focus areas. Of particular note was our first cancer and metabolism conference relevant for our MitoSciences range and our epigenetics conferences which have a reputation as second to none. New for the year was the introduction of a webinar series of online technical seminars and tutorials. They complement our traditional conference program and both combined are highly effective tools in staying close to our customers to guide product development, improve our service offering and sell more products.

Our production facility

Having units in stock available for immediate shipment is a key component in our objective to improve delivery times for customers. To that end we have focussed this year on a project to increase stock levels for our own produced antibodies, with the aim of holding sufficient levels to meet at least two years' worth of sales for a targeted list covering most of our own manufactured products. This aim is to reduce the risk of not having sufficient stock on hand to fulfil orders directly and also means that we can improve production efficiencies by being able to schedule production well in advance of the stock being required. The project has gone well and is expected to be completed during the 2011/12 financial year.

Production in the year was again at record levels and improvements to our processes saw better project success rates and yields, resulting in lower unit costs. In particular we have also introduced new innovative screening technology which has been applied very successfully to the production of antibodies, particularly those which have historically been harder to make.

The facility is also heavily involved in our strategy of adding data to the catalogue from a range of sources. In the year under review the number of images added by the facility or specifically commissioned from third parties increased by over 100%, thanks to a major focus on increasing our in-house capability.

Efficiency initiatives

We continue to drive for more efficiency in the business and this year was no exception. We are investing in two new Compound machines to enable us to increase our product handling capacity, one each in the UK and the US. One of these was delivered, installed and commissioned before the year end, and the other will be brought into use early in 2011/12. Together, these machines almost double our minus 20 degree storage capacity, the temperature at which the majority of our finished goods are held.

It has taken many years of process improvement to achieve the high levels of efficiency at which we operate our primary antibody business. The introduction of more new products to the catalogue presents challenges to which we are applying many of the techniques we have developed over time, to limit any adverse impact on overall efficiency.

Strategic development

We believe that Abcam has the right strategy and positioning in the market to develop its world-leading antibody business into a broadly based global life science tools company, delivering sustainable value creation for researchers and shareholders.

Our success to date has been built on promoting feedback to identify our customers' requirements and adapting our business to fulfil these in as efficient a way as possible, whilst offering the broadest range of the highest quality products, coupled with the best customer service and support. This approach is ongoing and we continue to improve our offering, for example by extending our product performance guarantee this year from four to six months from delivery. We are proud of the fact that in feedback over 92% of our customers rate our service as good or excellent.

Our plan to build out from this position is already bearing fruit and non-primary antibody product sales grew by over 50% in the year, now representing 8.5% of total sales. These early successes in protein research products that sit alongside antibodies on the research bench are extremely encouraging and justify our faith in our expansion strategy. We are therefore excited about our prospects in building out the extended catalogue both organically through partnering and perhaps through M&A activity.

However, we should not be blind to the challenges that lie ahead. Over 80% of our sales are funded by public money, mainly through research grants, and we have seen cuts in public spending in order to reduce budget deficits, especially in the US and the UK, which will provide headwinds for Abcam in the short to medium term.

Although the world economic climate looks uncertain for the next few years, the fundamentals of the markets that Abcam serves remain the same. The inexorable rise in mankind's desire for knowledge about how cells function and how they go wrong in disease will continue to drive demand for high quality validated research tools. Abcam remains perfectly positioned to be able to meet that demand.

Abcam continues to focus on geographic expansion in markets where funding is increasing, such as China, and on selling a greater breadth of products required by our customers to carry out their protein research.

The commitment and excellence of Abcam's staff continually impresses and delights me. Again I would like to warmly thank all our staff worldwide for their commitment to Abcam's success both now and into the future.

Finally, we must never forget that our customers' continuous drive for discovery, and Abcam's enabling products, services and technologies that help facilitate that discovery, remain central to our past and future success. Our staff, together with our products, services and technologies, are central to achieving our goal of enabling our customers to discover more.

Jonathan Milner

Chief Executive Officer

12 September 2011

Financial Review

Key Performance Indicators (KPIs)

The Group's management uses KPIs to monitor the progress of the business. Important KPIs are:

	30 June 2011	30 June 2010	30 June 2009
Number of products in catalogue	73,652	63,010	52,400
Sales of non-primary antibodies as a %age of total sales	8.5%	6.4%	6.0%
Number of publications referencing Abcam products ¹	17,417	10,825	8,224
Website uptime	99.94%	99.92%	99.97%
Website response time (seconds)	1.65	1.29	1.81
Operating profit to revenue	38.1%	36.1%	27.9% ²
Number of debtor days at year end	35	33	32
Orders fulfilled directly from stock (average for year)	79.0%	76.5%	74.3%

¹ Source: Thomson ISI Web of Knowledge (<http://isiwebofknowledge.com>).

² Including £1.1m impairment of tangible assets associated with the higher volume production processes which will not be implemented.

Revenue

The Group had another good year, recording revenues of £83.3m. Before the sales contribution from MitoSciences of £0.2m (\$0.3m), this represents growth of 16.9%. Sterling was relatively stronger overall in the second half of the year against the currencies in which we sell and this cancelled out the revenue boost which was reported in the first half. Consequently sales growth was 16.8% on a constant currency basis (i.e. if exchange rates for the foreign currencies in which the Group sells had remained unchanged from 2010). The weighted average exchange rates applied to sales in the year are shown in the table below.

	Average for the year		Average for H2	
	2010/11	2009/10	2010/11	2009/10
US Dollar	1.588	1.579	1.619	1.534
Euro	1.168	1.135	1.152	1.141
Japanese Yen	131.528	145.155	131.788	141.733
Hong Kong Dollar	12.350	12.282	12.604	11.957

Gross margin

Total gross profit increased by 18.2% over the prior year. During the year we were successful in effectively managing increases in our average selling prices, whilst controlling costs from suppliers and our own production costs. Gross margins reported for the period were 67.3% (2010: 66.7%), which comprised an increase of 1.0% in underlying margin, which was partially offset by a year on year reduction of 0.4% from the impact of Product Line Acquisition (PLA) agreements. Going forward, the effect of PLA contracts is expected to be minimal.

There was a positive impact on margin resulting from the weaker rates for the US Dollar, which was the transactional currency for 50.8% of sales in the year but for 66.7% of the costs of units sold in the year but this was matched by a reduction in margin from movements in our other trading currencies, to give an overall neutral effect on margins from exchange rates over the year.

The table below shows the contribution of each currency to revenue and cost of sales in 2010/11:

	Revenue	Cost of sales
US Dollar	50.8%	66.7%
Euro	26.2%	7.9%
Japanese Yen	10.8%	2.6%
Hong Kong Dollar	4.7%	0.4%
Sterling	7.5%	22.4%
	100.0%	100.0%

Administration and management expenses

Prior to the inclusion of foreign exchange gains of £0.8m (2010: £0.4m), and costs associated with the acquisition of MitoSciences of £0.2m (2010: £nil) administration and management expenses increased by £3.2m to £21.7m (2010: £18.5m), as summarised in the following table:

£'000	2010/11	2009/10	Increase
Payroll and subcontractor costs	10,900	9,102	19.8%
Share-based payments charge	985	702	40.3%
Marketing costs	1,460	939	55.4%
Costs of acquisition which did not proceed	302	-	100.0%
Other operating costs	8,039	7,764	3.5%
Total underlying administration and management expenses	21,686	18,507	17.2%
% of sales	26.0%	26.0%	
Foreign exchange gains	(799)	(438)	82.7%
Costs of acquisition of MitoSciences	202	-	100.0%
	21,089	18,069	16.7%

The underlying costs remained unchanged since the prior year as a percentage of sales, at 26.0%. The main movements in costs arose as a result of:

- an increase of £1.8m in salaries as a result of a 20% increase in average headcount (excluding laboratory staff and staff joining the Group from MitoSciences), in particular to increase staff resources in the Company's marketing and IT functions, with an emphasis on supporting new product areas, and in customer services;
- a 40% increase (£0.3m) in the share-based payments charge as a result of the increase in headcount and the extension of the LTIP to senior managers;
- a 55% increase (£0.5m) in marketing costs, a large proportion of which related to the launching of new products; and
- a charge of £0.3m (2010: £nil) relating to external due diligence and consultancy costs associated with a potential acquisition which did not proceed during the first half of the year.

Research and development expenditure

Research and development (R&D) expenditure relates to the development of new polyclonal and monoclonal products, as well as costs incurred in searching for and developing production process improvements.

R&D expenditure decreased by 12.7% in the year, to £3.2m (2010: £3.7m). This reflects a significant exercise undertaken in the year to identify cost savings by renegotiating certain supply contracts, as well as fewer projects having been undertaken in the year. It is anticipated that R&D expenditure will remain at broadly the same level for the coming year.

Since the Company's R&D expenditure does not meet the requirements to be capitalised as an intangible asset, the costs are expensed through the income statement as incurred.

Profit

After adding back the ongoing share-based payments charge, gains on foreign currencies and the costs of the MitoSciences acquisition, operating profit expressed as a percentage of sales was 38.7% (2010: 36.6%), including a broadly neutral impact of exchange rates. This strong performance reflects continued tight management of costs including in the purchase of OEM products, further improvements in production efficiency leading to lower costs for our own products, and the benefits of economies of scale. Going forward, the introduction of new products, which are likely to have lower gross margins and be less efficient to handle, and more overseas expansion in lower margin territories such as the Far East, will limit the opportunity for further operational gearing.

Investment revenue increased in the year, reflecting the slightly higher rates available in the market and the growing cash balances.

Tax

The consolidated tax charge for the year was £8.3m, representing an effective tax rate of 25.9%. This reflects the 75% uplift in tax credits, increasing to 100% uplift from 1 April 2011, arising from the qualifying R&D undertaken in the period, as well as the reduction in the main rate of corporation tax from 28% to 26% from 1 April 2011.

The government has announced that the R&D tax credit uplift will increase from 100% to 125% and the main rate of corporation tax will decrease from 26% to 25% from 1 April 2012, which we are expecting will serve to slightly reduce our Group effective tax rate for 2011/12.

Looking further ahead, we expect to no longer meet the government's definition of a small or medium sized enterprise for tax purposes from 2012/13 onwards, and will therefore only qualify for the R&D tax credit allowance for large companies, which is currently 30%. The effect of this on our Group effective tax rate will be partially offset by the 1% reductions in the main rate of corporation tax per annum, currently planned to reach 23% with effect from 1 April 2014.

Capital expenditure

The following table summarises the additions of property, plant and equipment in the year.

£'000	2010/11			2009/10
	Abcam underlying	Acquisition of MitoSciences	Total	
Computer equipment	196	-	196	252
Laboratory equipment	554	128	682	321
Office equipment, fixtures and fittings	35	18	53	150
Hybridomas	96	-	96	35
	881	146	1,027	758

Additions of property, plant and equipment increased by 16.2% compared to the prior year, before accounting for those assets brought in as part of the MitoSciences acquisition. A new Compound machine was purchased within the year, costing £224,000, and another is planned for early 2011/12. As detailed in the Chief Executive Officer's Review, together these machines will almost double our minus 20 degree storage capacity, the temperature at which the majority of our finished goods are held.

We continue to invest in our facilities to enable the continuing growth of the Company, and therefore anticipate that our capital expenditure in 2011/12 will increase to accommodate the following planned projects:

- the purchase of an additional Compound machine as outlined above;
- the redesign of our UK laboratory facility and expansion of the MitoSciences laboratory space to adequately accommodate planned production levels and other laboratory-based testing requirements;
- the creation of a new goods-in/goods-out area in our Cambridge, MA (USA) office to enhance the capacity and efficiency of this area of operations;
- the relocation of each of our Japanese and Hong Kong offices to larger premises; and
- a continuing investment in the renewal of computer equipment.

Inventories

The level of inventories increased by 15.9% in the year, after deducting £0.2m held by MitoSciences. This is slightly below the growth in sales and reflects the strategy adopted during the year to increase the levels of own produced inventory to the equivalent of two years' sales for most lines, in order to provide better security of supply for customers and improve production efficiencies. This initiative is well under way and should be completed during the 2011/12 financial year.

Our systems enable strong inventory control, and we intentionally increased inventory in the final quarter of 2009/10 to increase the percentage of orders which we can fulfil directly from stock, which has been maintained at over 79.0% for the year (2010: 76.5%). The success of this exercise means that we are planning to extend this further in the 2011/12 financial year.

In addition to growth broadly in line with sales, inventory levels are expected to increase over time as more products manufactured by MitoSciences are launched, and once we have established a stock location in China, which is planned during the 2011/12 financial year.

Receivables

We have strong debtor control processes and exercise tight credit control. Debtor days at the year end were 35.0 (2010: 32.6). The majority of sales continue to be on credit and we would expect to see a gradual trend of increasing debtor days over time, in line with practice in local markets, as the geographic spread of sales widens.

Payables

Trade and other payables rose by 20.3% from £6.9m to £8.3m. This figure includes deferred income of £0.9m (2010: £1.3m), including £0.6m of the cash incentive of £1.1m received on entering into a new lease for the head office during 2009 (2010: £0.8m), which is to be credited to profit and loss over the life of the lease.

The main contributor to the total increase in payables over the prior year was trade payables, which increased by 38.3% to £3.5m (2010: £2.6m) due to the timing of payments to our suppliers around the year end.

Cash flow

£'000	2010/11	2009/10
Cash and short term deposits at beginning of year	40,222	25,501
Operating cash flows before movements in working capital	34,446	28,710
Working capital	(1,593)	(3,778)
Income taxes paid	(7,370)	(5,210)
Net cash inflow from operating activities	25,483	19,722
As a percentage of revenue	30.6%	27.7%
Investment income	291	176
Net capital expenditure, including intangibles	(1,155)	(815)
Net cash outflow on acquisition of MitoSciences	(2,448)	-
Dividends paid	(7,876)	(5,316)
Issue of share capital/purchase of own shares	891	949
Effect of foreign exchange rate changes	161	5
Net cash inflow	15,347	14,721
Cash and short term deposits at end of year	55,569	40,222

The Group's cash generation continues to be strong, with operating cash inflows of £25.5m, at 30.6% of Group revenue. Consequently, after a net payment of £2.4m for the acquisition of MitoSciences (after adding back the cash acquired on acquisition of £0.1m), dividends amounting to £7.9m, and other financing and investing activities, the Group's cash and short-term deposits increased during the year by £15.3m.

The short-term deposits are cash deposits held with major UK banks, which had a maturity date of over three months when the deposit was made.

EPS

Including costs of acquisition of £0.2m, diluted EPS increased by 23.5% to 12.98p (2010: 10.51p), whilst basic EPS also increased 23.0% to 13.23p (2010: 10.76p). The increase in basic and diluted EPS reflects the increase in profit, higher effective tax rate and increase in the weighted average number of shares issued during the year including 279,521 shares issued as partial consideration on the acquisition of MitoSciences.

Currency exposure

The Group continues to generate significant amounts of US Dollars, Euros and Japanese Yen in excess of payments in these currencies, and has arrangements in place to reduce the exposure to currency fluctuations by selling forward a proportion of the surpluses generated. Details of these contracts are set out in note 25.

Jeff Iliffe

Chief Financial Officer
12 September 2011

Consolidated income statement

For the year ended 30 June 2011

	Notes	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Continuing operations			
Revenue	6	83,272	71,106
Cost of sales		(27,239)	(23,689)
Gross profit		56,033	47,417
Administration and management expenses excluding share-based payments charge		(20,104)	(17,367)
Share-based payments charge	32	(985)	(702)
Total administration and management expenses		(21,089)	(18,069)
R&D expenses excluding share-based payments charge		(3,070)	(3,577)
Share-based payments charge	32	(161)	(124)
Total R&D expenses		(3,231)	(3,701)
Operating profit		31,713	25,647
Investment revenue	11	398	184
Profit before tax		32,111	25,831
Tax	13	(8,306)	(6,609)
Profit for the year attributable to shareholders	8, 29	23,805	19,222
Earnings per share from continuing operations			
Basic	15	13.23p	10.76p*
Diluted	15	12.98p	10.51p*

*In accordance with IAS 33, earnings per share for the comparative period has been adjusted retrospectively to account for the five for one share sub-division which took place on 15 November 2010.

Consolidated statement of comprehensive income

For the year ended 30 June 2011

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Profit for the year	23,805	19,222
Reserve movements on cash flow hedges	(1,263)	(677)
Exchange differences on translation of foreign operations	(17)	61
Tax relating to components of other comprehensive income	2,902	1,689
Other comprehensive income for the year	1,622	1,073
Total comprehensive income for the year	25,427	20,295

Consolidated statement of changes in equity

For the year ended 30 June 2011

	Share capital £000	Share premium £000	Own shares £000	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2010	360	12,920	(690)	247	1,806	445	1,550	36,584	53,222
Profit for the year	—	—	—	—	—	—	—	23,805	23,805
Exchange differences on translation of foreign operations	—	—	—	4	(21)	—	—	—	(17)
Movements on cash flow hedges	—	—	—	—	—	(1,263)	—	—	(1,263)
Tax relating to components of other comprehensive income	—	—	—	—	(50)	341	1,086	1,525	2,902
Total comprehensive income for the year	—	—	—	4	(71)	(922)	1,086	25,330	25,427
Issue of share capital	4	2,480	(483)	—	—	—	—	—	2,001
Own shares disposed of on release of shares	—	—	8	—	—	—	—	(8)	—
Share-based payments charge	—	—	—	—	1,146	—	—	—	1,146
Payment of dividends	—	—	—	—	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	364	15,400	(1,165)	251	2,881	(477)	2,636	54,030	73,920

	Share capital £000	Share premium £000	Own shares £000	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2009	355	11,558	(301)	197	962	933	1,368	21,396	36,468
Profit for the year	—	—	—	—	—	—	—	19,222	19,222
Exchange differences on translation of foreign operations	—	—	—	50	18	—	(18)	11	61
Movements on cash flow hedges	—	—	—	—	—	(677)	—	—	(677)
Tax relating to components of other comprehensive income	—	—	—	—	—	189	200	1,300	1,689
Total comprehensive income for the year	—	—	—	50	18	(488)	182	20,533	20,295
Issue of share capital	5	1,362	(418)	—	—	—	—	—	949
Own shares disposed of on release of shares	—	—	29	—	—	—	—	(29)	—
Share-based payments charge	—	—	—	—	826	—	—	—	826
Payment of dividends	—	—	—	—	—	—	—	(5,316)	(5,316)
Balance as at 30 June 2010	360	12,920	(690)	247	1,806	445	1,550	36,584	53,222

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 and not taken to profit and loss in accordance with IAS 12.

Consolidated balance sheet

At 30 June 2011

	Notes	30 June 2011 £000	30 June 2010 £000
Non-current assets			
Goodwill	16	2,062	—
Intangible assets	17	2,097	559
Property, plant and equipment	18	2,481	2,895
Deferred tax asset	23	3,509	1,417
Derivative financial instruments	22	21	127
		10,170	4,998
Current assets			
Inventories	20	10,695	9,073
Trade and other receivables	21	9,910	8,178
Cash and cash equivalents		31,932	17,185
Short-term deposits		23,637	23,037
Derivative financial instruments	22	183	1,040
		76,357	58,513
Total assets		86,527	63,511
Current liabilities			
Trade and other payables	24	(8,335)	(6,866)
Current tax liabilities		(2,891)	(2,698)
Derivative financial instruments	22	(799)	(559)
		(12,025)	(10,123)
Net current assets		64,332	48,390
Non-current liabilities			
Deferred tax liability	23	(430)	—
Derivative financial instruments	22	(152)	(166)
		(582)	(166)
Total liabilities		(12,607)	(10,289)
Net assets		73,920	53,222
Equity			
Share capital	26	364	360
Share premium account	27	15,400	12,920
Own shares	28	(1,165)	(690)
Translation reserve	29	251	247
Share-based payments reserve	29	2,881	1,806
Hedging reserve	29	(477)	445
Deferred tax reserve	29	2,636	1,550
Retained earnings	29	54,030	36,584
Total equity attributable to shareholders		73,920	53,222

The preliminary financial information of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 12 September 2011.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated cash flow statement

For the year ended 30 June 2011

		Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Net cash inflow from operating activities	31	25,483	19,722
Investing activities			
Investment income		291	176
Proceeds on disposal of property, plant and equipment		30	60
Purchase of property, plant and equipment		(1,038)	(809)
Purchase of intangible assets		(147)	(66)
Acquisition of subsidiary, net of cash acquired	30	(2,448)	—
Net cash used in investing activities		(3,312)	(639)
Financing activities			
Dividends paid		(7,876)	(5,316)
Proceeds on issue of shares		895	949
Purchase of own shares		(4)	—
Increase in short-term deposits		(600)	(23,037)
Net cash used in financing activities		(7,585)	(27,404)
Net increase/(decrease) in cash and cash equivalents		14,586	(8,321)
Cash and cash equivalents at beginning of year		17,185	25,501
Effect of foreign exchange rates		161	5
Cash and cash equivalents at end of year		31,932	17,185

Company balance sheet

At 30 June 2011

	Notes	30 June 2011 £000	30 June 2010 £000
Non-current assets			
Intangible assets	17	434	556
Property, plant and equipment	18	2,007	2,462
Investments	19	4,041	203
Deferred tax asset	23	2,656	986
Derivative financial instruments	22	21	127
		9,159	4,334
Current assets			
Inventories	20	10,474	9,042
Trade and other receivables	21	10,843	9,572
Cash and cash equivalents		29,942	15,219
Short-term deposits		23,637	23,037
Derivative financial instruments	22	183	1,040
		75,079	57,910
Total assets		84,238	62,244
Current liabilities			
Trade and other payables	24	(7,336)	(6,066)
Current tax liabilities		(2,876)	(2,536)
Derivative financial instruments	22	(799)	(559)
		(11,011)	(9,161)
Net current assets		64,068	48,749
Non-current liabilities			
Derivative financial instruments	22	(152)	(166)
Total liabilities		(11,163)	(9,327)
Net assets		73,075	52,917
Equity			
Share capital	26	364	360
Share premium account	27	15,400	12,920
Own shares	28	(1,165)	(690)
Share-based payments reserve	29	2,877	1,731
Hedging reserve	29	(477)	445
Deferred tax reserve	29	2,089	1,315
Retained earnings	29	53,987	36,836
Total equity attributable to shareholders		73,075	52,917

The preliminary financial information of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 12 September 2011.

They were signed on its behalf by:

Jeff Iliffe
Director

Company cash flow statement

For the year ended 30 June 2011

		Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Net cash inflow from operating activities	Notes 31	23,493	15,892
Investing activities			
Investment income		286	172
Proceeds on disposal of property, plant and equipment		30	60
Purchases of property, plant and equipment		(922)	(722)
Purchases of intangible assets		(141)	(65)
Acquisition of subsidiary	30	(2,570)	—
Dividends received		2,132	3,196
Net cash (used in)/arising from investing activities		(1,185)	2,641
Financing activities			
Dividends paid		(7,876)	(5,316)
Proceeds on issue of shares		895	949
Purchase of own shares		(4)	—
Increase in short-term deposits		(600)	(23,037)
Net cash used in financing activities		(7,585)	(27,404)
Net increase/(decrease) in cash and cash equivalents		14,723	(8,871)
Cash and cash equivalents at beginning of year		15,219	24,090
Cash and cash equivalents at end of year		29,942	15,219

Company statement of comprehensive income

For the year ended 30 June 2011

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Profit for the year	23,929	20,626
Reserve movements on cash flow hedges	(1,263)	(677)
Share-based payments charge recognised on behalf of subsidiaries	120	98
Tax relating to components of other comprehensive income	2,221	1,346
Other comprehensive income for the year	1,078	767
Total comprehensive income for the year	25,007	21,393

Company statement of changes in equity

For the year ended 30 June 2011

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2010	360	12,920	(690)	1,731	445	1,315	36,836	52,917
Profit for the year	—	—	—	—	—	—	23,929	23,929
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	120	—	—	—	120
Movements on cash flow hedges	—	—	—	—	(1,263)	—	—	(1,263)
Tax relating to components of other comprehensive income	—	—	—	—	341	774	1,106	2,221
Total comprehensive income for the year	—	—	—	120	(922)	774	25,035	25,007
Issue of share capital	4	2,480	(483)	—	—	—	—	2,001
Own shares disposed of on exercise of share options	—	—	8	—	—	—	(8)	—
Share-based payments charge	—	—	—	1,026	—	—	—	1,026
Payment of dividends	—	—	—	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	364	15,400	(1,165)	2,877	(477)	2,089	53,987	73,075

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2009	355	11,558	(301)	908	933	1,196	20,517	35,166
Profit for the year	—	—	—	—	—	—	20,626	20,626
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	98	—	—	—	98
Movements on cash flow hedges	—	—	—	—	(677)	—	—	(677)
Tax relating to components of other comprehensive income	—	—	—	—	189	119	1,038	1,346
Total comprehensive income for the year	—	—	—	98	(488)	119	21,664	21,393
Issue of share capital	5	1,362	(418)	—	—	—	—	949
Own shares disposed of on exercise of share options	—	—	29	—	—	—	(29)	—
Share-based payments charge	—	—	—	725	—	—	—	725
Payment of dividends	—	—	—	—	—	—	(5,316)	(5,316)
Balance as at 30 June 2010	360	12,920	(690)	1,731	445	1,315	36,836	52,917

1 IFRS 2 charge for fair value of share options.

2 Gains and losses recognised on cash flow hedges.

3 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12.

Notes to the consolidated preliminary financial information

For the year ended 30 June 2011

1. General information

Abcam plc (the Company) is incorporated in the UK under the Companies Act 2006. The address of the registered office is 330 Cambridge Science Park, Milton Road, Cambridge CB4 0FL, UK.

The Group is a producer and distributor of high quality research grade antibodies and associated protein research tools. The Group operates through its parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited and MitoSciences Inc, allowing it to serve a global customer base of 88 countries.

2. Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in this preliminary financial information:

Standards affecting the preliminary financial information

IFRS 3 (2008) *Business Combinations*

IAS 27 (2008) *Consolidated and Separate Financial Statements*

These standards have introduced a number of changes in the accounting for business combinations when acquiring a subsidiary or an associate. IFRS 3 (2008) has also introduced additional disclosure requirements for acquisitions. See note 30 for more details.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in this preliminary financial information but may impact the accounting for future transactions and arrangements.

IFRIC 17 *Distributions of Non-cash Assets to Owners*

The Interpretation provides guidance on when an entity should recognise a non-cash dividend payable, how to measure the dividend payable and how to account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable when the payable is settled.

The following amendments were made as part of Improvements to IFRSs (2009).

Amendment to IFRS 2 Share-based Payment

IFRS 2 has been amended, following the issue of IFRS 3 (2008), to confirm that the contribution of a business on the formation of a joint venture and common control transactions is not within the scope of IFRS2. The Group has not entered into such transactions therefore the amendment does not impact this preliminary financial information.

Amendment to IAS 17 Leases

IAS 17 has been amended such that it may be possible to classify a lease of land as a finance lease if it meets the criteria for that classification under IAS 17. The Group continues to classify the lease of land and buildings as an operating lease and therefore this amendment does not impact this preliminary financial information.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement

IAS 39 has been amended to state that options contracts between an acquirer and a selling shareholder to buy or sell an acquiree that will result in a business combination at a future acquisition date are not excluded from the scope of the standard. The Group has not entered into any such contracts therefore this amendment does not impact this preliminary financial information.

At the date of authorisation of this preliminary financial information, the following Standards and Interpretations which have not been applied in this preliminary financial information were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 (November 2009, revised October 2010)	Financial Instruments: Classification and Measurement
IFRS 10 (May 2011)	Consolidated Financial Statements
IFRS 11 (May 2011)	Joint Arrangements
IFRS 12 (May 2011)	Disclosures of Interests in Other Entities
IFRS 13 (May 2011)	Fair Value Measurement
IAS 27 (May 2011)	Separate Financial Statements
IAS 28 (May 2011)	Investments in Associates and Joint Ventures
Amendments to IFRS 7 (October 2010)	Transfers of Financial Assets
Amendments to IAS 12 (December 2010)	Deferred Tax: Recovery of Underlying Assets
Amendments to IFRS 1 (December 2010)	Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters
Improvements to IFRSs (May 2010)	

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group.

3. Significant accounting policies

This preliminary financial information does not constitute the Group's statutory accounts for the years ended 30 June 2011 or 30 June 2010, but is derived from those accounts. Statutory accounts for 30 June 2010 have been delivered to the Registrar of Companies and those for 30 June 2011 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Basis of accounting

The preliminary financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs). The preliminary financial information has also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group preliminary financial information complies with Article 4 of the EU IAS Regulation.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the preliminary financial information.

The preliminary financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Group preliminary financial information is presented in Sterling and all values are rounded to the nearest thousand Pounds (£000) except when otherwise indicated. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated preliminary financial information incorporates the preliminary financial information of the Company and entities controlled by the Company made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values at the date of exchange of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination that meet the recognition criteria under IFRS 3 (2008) are measured at their fair values at the date of acquisition, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments relating to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured as per that Standard.

Investments in subsidiaries are accounted for at cost less impairment. Where applicable, cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is reviewed and tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed in subsequent periods. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Revenue recognition

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

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

Sales of goods that result in award credits for customers, under the Abpoints Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount

for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

Revenue derived from the Company's conferences is recognised when the conference is held; however it is not material.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual preliminary financial information of each Group company is presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated preliminary financial information, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated preliminary financial information.

In preparing the preliminary financial information of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated to the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated preliminary financial information, the results of the operations of the Company's overseas subsidiaries, Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited and MitoSciences Inc are translated at the monthly average exchange rates during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of operations are classified as equity and recognised in the Group's foreign currency translation reserve.

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Intangible assets

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

Expenditure on development activities is recognised as an asset if and only if it meets the recognition criteria set out in IAS 38 – Intangible Assets.

Payments made to acquire software, distribution rights and contract-based intangibles from third parties are capitalised at cost and amortised on a straight-line basis over their estimated minimum useful lives. The minimum useful life is determined to be three years in the case of software, the term of the deal in the case of distribution rights and the length of the contract for contract-based intangibles.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Investments

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

Inventories

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

Financial instruments

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

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

Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

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

Hedge accounting

The Group designates certain derivatives as either hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is effective in offsetting changes in fair values or cash flows of the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'administration and management expenses' line of the income statement.

Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Share-based payments

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

Incentives in the form of shares are provided to employees under share option, share purchase (SIP) and long-term incentive plans (LTIP). Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest.

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

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

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

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

The Group operates an employee benefit trust as part of its incentive plans for employees. All assets and liabilities of the trust are recorded in the balance sheet as assets and liabilities of the Company until such time as the assets are awarded to the beneficiaries. All income and expenditure of the trust is similarly brought into the results of the Company.

Own shares

Own equity instruments which are acquired are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in reserves.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the date of reporting the preliminary financial information, and the reported amounts of revenues and expenditure during the year. In preparation of the consolidated preliminary financial information, estimates and assumptions have been made by the Directors concerning the fair value of share options, the estimated useful lives of fixed assets, accruals and provisions required, the carrying value of investments, the recoverability of deferred tax assets, the carrying value of goodwill and other intangible assets and other similar evaluations. Actual amounts may differ from those estimates.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of intangibles

As part of the business combination during the year, the Group acquired a contract-based intangible asset. The Group reviews the carrying amount of all intangible assets held at each balance sheet date and no impairment was considered necessary for this asset. However, subsequent to the review in the prior year of the remaining product line acquisition deals resulting in the recognition of an impairment loss, a further loss of £38,000 has been recognised at the balance sheet date (2010: £147,000).

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis or more frequently when there are indications of possible impairment. The impairment review requires a value-in-use calculation of the cash-generating units to which the goodwill is allocated. In estimating the value-in-use, management are required to make an estimate of the expected future cash flows attributable to the cash-generating unit and to choose an appropriate discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2011 was £2,062,000 (2010: £nil). Further details are given in note 16.

Fair value of derivatives and other financial instruments

As described in note 25, the Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

The provision for slow moving or defective inventory is based on management's estimation of the commercial life and shelf life of inventory lines. In assessing this, management takes into consideration the sales history of products and the length of time that they have been available for resale.

5. Income statement for the Company

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. Abcam plc reported a profit for the year ended 30 June 2011 of £23,929,000 (2010: £20,626,000).

6. Revenue

An analysis of the Group's revenue, all of which derives from continuing operations, is as follows:

		Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Sales of goods		83,272	71,106
Investment revenue	Note 11	398	184
		83,670	71,290

7. Operating segments

Products and services from which reportable segments derive their revenues

The Directors consider that there are no identifiable business segments that are engaged in providing individual products or services or a group of related products and services that are subject to risks and returns that are different to the core business. The information reported to the Group's Chief Executive Officer, who is considered the chief operating decision maker, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8, which is 'sales of antibodies and related products'. The Group's revenue and results and assets for this one reportable segment can be determined by reference to the Group's income statement and balance sheet.

The Group has no individual product or customer which comprises more than 10% of its revenues.

Geographical information

The Group's revenue from external customers and information about its non-current segment assets (excluding deferred tax and derivative financial instruments) by geographical location are detailed below:

	Revenue		Non-current assets	
	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000	As at 30 June 2011 £000	As at 30 June 2010 £000
US	34,374	29,762	2,094	370
Japan	8,998	6,771	33	52
Germany	6,474	5,664	—	—
UK	6,278	5,632	4,496	3,017
Other countries	27,148	23,277	17	15
	83,272	71,106	6,640	3,454

Revenues are attributed to countries on the basis of the customer's location. No country included within 'Other countries' contributes more than 5% of the Group's total revenue.

8. Profit for the year

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

		Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
	Notes		
Foreign exchange differences arising on financial instruments at fair value through profit or loss		(74)	545
Other net foreign exchange gains		(725)	(983)
R&D expenditure		3,231	3,701
Operating lease rentals – land and buildings	12	905	838
Depreciation of property, plant and equipment	18	1,380	1,352
Loss on disposal of property, plant and equipment		8	32
Amortisation of intangible assets included within administration and management expenses	17	210	180
Impairment loss on intangible assets included within administration and management expenses	17	38	147
Cost of inventories recognised as an expense		26,310	22,491
Write-down of inventories recognised as an expense		929	1,198
Staff costs	10	14,656	12,437
Impairment loss/(gain) recognised on trade receivables	21	42	(48)
Auditor's remuneration	9	164	143

9. Auditor's remuneration

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

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	75	69
Fees payable to the Company's auditor for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	3	3
Total audit fees	78	72
– Other services pursuant to legislation	16	15
– Tax services	17	19
– Corporate finance services	30	—
– Other services ¹	23	37
Total non-audit fees	86	71
Total auditor's remuneration	164	143

1 Other services relates to training provided by the not for profit organisation Cambridge Network Limited and its subsidiaries. This is disclosed due to the audit partner also being a director of the Cambridge Network Limited. Consistent with the not for profit status, neither the audit partner nor Deloitte receive any remuneration in relation to this arrangement.

10. Staff costs

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

	Group		Company	
	Year ended 30 June 2011 Number	Year ended 30 June 2010 Number	Year ended 30 June 2011 Number	Year ended 30 June 2010 Number
Management, administrative, marketing and distribution	245	204	156	131
Laboratory	52	49	50	49
	297	253	206	180

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Wages and salaries	11,131	9,701	7,556	6,930
Social security costs	1,247	861	717	505
Pension costs	1,132	1,049	1,012	953
Charge in respect of share options granted	1,146	826	1,027	725
	14,656	12,437	10,312	9,113

11. Investment revenue

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Interest on cash and short-term deposits	398	184

12. Operating lease arrangements

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
Land and buildings	905	838

At the balance sheet date, the Group and Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, all of which relate to land and buildings, which fall due as follows:

	Group		Company	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Within one year	1,551	1,178	765	712
In the second to fifth years inclusive	4,325	2,519	1,870	1,446
After five years	388	-	131	-
	6,264	3,697	2,766	2,158

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods. The effect on the income statement will differ to the above figures to the extent of the amortisation of a £1.1m lease incentive received on signing of a new lease in 2008/09, and also the amortisation of the rent-free period included in the same lease agreement. The expected charge in 2011/12 on these operating leases is expected to be £1.2m for the Group and £0.4m for the Company.

13. Tax

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Current tax	8,972	6,919
Deferred tax (note 23)	(666)	(310)
	8,306	6,609

Corporation tax is calculated at 27.5% (2010: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In March 2011, the UK Government announced a reduction in the standard rate of UK corporation tax to 26% effective 1 April 2011 which became substantively enacted in March 2011.

The UK Government also announced a further reduction in the standard rate of the UK corporation tax to 25% effective 1 April 2012 which was substantively enacted in July 2011, and has proposed further reductions by 1% per annum to 23% by 1 April 2014. These further tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in this preliminary financial information.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

The impact of the rate reduction which will be reflected in the next reporting period is estimated to reduce the UK deferred tax asset and liability provided at 30 June 2011 by £102,000 and £17,000 respectively.

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

	Year ended 30 June 2011 £000	Year ended 30 June 2011 %	Year ended 30 June 2010 £000	Year ended 30 June 2010 %
Profit before tax	32,111		25,831	
Tax at the UK corporation tax rate of 27.5% (2010: 28%)	8,831	27.5%	7,233	28.0%
Effect of different tax rates of subsidiaries operating in different jurisdictions	350	1.1%	253	1.0%
Tax effect of expenses that are not deductible in determining taxable profit	67	0.2%	12	0.0%
R&D tax credit uplift	(812)	(2.5)%	(918)	(3.5)%
Prior year adjustments	(142)	(0.4)%	29	0.1%
Effect of difference between closing deferred tax rate and current tax rate	12	0.0%	-	-
Tax expense and effective rate for the year	8,306	25.9%	6,609	25.6%

14. Dividends

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2010 of 2.922p* (2009: 1.880p*) per share	5,256	3,369
Interim dividend for the year ended 30 June 2011 of 1.450p (2010: 1.084p) per share	2,620	1,947
Total distributions to equity holders in the period	7,876	5,316
Proposed final dividend for the year ended 30 June 2011 of 3.800p (2010: 2.922p*) per share	6,906	5,252

*Comparatives have been rebased to reflect the five for one share sub-division which took place on 15 November 2010

The proposed final dividend is subject to approval of the shareholders at the AGM and has not been included as a liability in this preliminary financial information.

15. Earnings per share

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

	Year ended 30 June 2011 £000	Year ended 30 June 2010 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent company	23,805	19,222
Number of shares*		
Weighted average number of ordinary shares for the purposes of basic EPS	179,865,322	178,567,935
Effect of dilutive potential ordinary shares:		
– Share options	3,541,456	4,308,985
Weighted average number of ordinary shares for the purposes of diluted EPS	183,406,778	182,876,920

*Comparatives have been rebased to reflect the five for one share sub-division which took place on 15 November 2010

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

16. Goodwill

Cost	£000
At 1 July 2010	-
Recognised on acquisition of subsidiary (note 30)	2,062
At 30 June 2011	2,062
Accumulated impairment losses	
At 1 July 2010 and 30 June 2011	-
Carrying amount	
At 30 June 2010	-
At 30 June 2011	2,062

Goodwill has been allocated to one cash generating unit (CGU) being the MitoSciences business acquired on 23 May 2011 (see note 30).

The Group performs an annual test for impairment or more frequently if there are any indications that goodwill might be impaired.

The recoverable amount of the CGU is determined from value in use calculations. The key assumptions considered most sensitive for the value in use calculations are those regarding the discount rates, growth rates and anticipated movements in selling prices and direct costs during the period.

Management have projected cash flows based on financial forecasts over a period of four years. No growth rate has been used in the extrapolation of cash flows beyond the four years. A discount rate of 11% has been estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

Management have performed sensitivity analysis on the key assumptions mentioned above. The results of this analysis indicate that reasonable changes in the key assumptions would not result in the carrying amount of goodwill to exceed its recoverable amount. As such, no impairment of goodwill has been recognised at the balance sheet date.

17. Intangible assets
Group

	Upfront licence fees £000	Distribution rights £000	Software £000	Contract - based £000	Total £000
Cost					
At 1 July 2009	262	1,393	162	—	1,817
Additions	60	—	33	—	93
At 1 July 2010	322	1,393	195	—	1,910
Additions	65	—	53	—	118
Acquisition of subsidiary (note 30)	—	—	2	1,666	1,668
At 30 June 2011	387	1,393	250	1,666	3,696
Amortisation and impairment					
At 1 July 2009	180	801	43	—	1,024
Charge for the year	47	77	56	—	180
Impairment loss	—	147	—	—	147
At 1 July 2010	227	1,025	99	—	1,351
Charge for the year	66	64	69	11	210
Impairment loss	—	38	—	—	38
At 30 June 2011	293	1,127	168	11	1,599
Carrying amount					
At 30 June 2010	95	368	96	—	559
At 30 June 2011	94	266	82	1,655	2,097

Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Total £000
Cost				
At 1 July 2009	262	1,393	161	1,816
Additions	60	—	31	91
At 1 July 2010	322	1,393	192	1,907
Additions	65	—	48	113
At 30 June 2011	387	1,393	240	2,020
Amortisation and impairment				
At 1 July 2009	180	801	43	1,024
Charge for the year	47	77	56	180
Impairment loss	—	147	—	147
At 1 July 2010	227	1,025	99	1,351
Charge for the year	66	64	67	197
Impairment loss	—	38	—	38
At 30 June 2011	293	1,127	166	1,586
Carrying amount				
At 30 June 2010	95	368	93	556
At 30 June 2011	94	266	74	434

The amortisation period for the upfront licence fees and software is three years. The amortisation period for the distribution rights and contract-based intangibles is the term of the agreement. After reviewing the circumstances surrounding the remaining product line acquisition deals, it was considered that the carrying value of certain of these intangible assets was no longer supportable due to a concern over the security of supply of products subject to those agreements. An impairment loss of £38,000 (2010: £147,000) has been recognised in the year to take account of the recoverable amount of the contracts.

The contract-based intangible relates to an agreement with the University of Oregon, under which the university supplies monoclonal antibodies to MitoSciences, who has full rights and entitlement to commercially exploit these materials in exchange for an ongoing fee. The remaining amortisation period is 13 years, being the remaining term of the agreement.

**18. Property, plant and equipment
Group**

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2009	743	5,384	1,404	53	7,584
Additions	252	321	150	35	758
Exchange differences	24	33	63	—	120
Disposals	—	(140)	—	—	(140)
At 1 July 2010	1,019	5,598	1,617	88	8,322
Additions	196	554	35	96	881
Acquisition of subsidiary (note 30)	—	128	18	—	146
Exchange differences	(14)	(24)	(42)	—	(80)
Disposals	—	(49)	(28)	—	(77)
At 30 June 2011	1,201	6,207	1,600	184	9,192
Accumulated depreciation					
At 1 July 2009	527	3,088	397	31	4,043
Charge for the year	178	899	261	14	1,352
Exchange differences	19	24	37	—	80
Eliminated on disposals	—	(48)	—	—	(48)
At 1 July 2010	724	3,963	695	45	5,427
Charge for the year	178	884	278	40	1,380
Exchange differences	(10)	(19)	(28)	—	(57)
Eliminated on disposals	—	(19)	(20)	—	(39)
At 30 June 2011	892	4,809	925	85	6,711
Carrying amount					
At 30 June 2010	295	1,635	922	43	2,895
At 30 June 2011	309	1,398	675	99	2,481

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2009	542	5,056	817	53	6,468
Additions	208	297	111	35	651
Disposals	—	(140)	—	—	(140)
At 1 July 2010	750	5,213	928	88	6,979
Additions	143	501	24	96	764
Disposals	—	(49)	—	—	(49)
At 30 June 2011	893	5,665	952	184	7,694
Accumulated depreciation					
At 1 July 2009	397	2,895	91	31	3,414
Charge for the year	128	834	175	14	1,151
Eliminated on disposals	—	(48)	—	—	(48)
At 1 July 2010	525	3,681	266	45	4,517
Charge for the year	133	810	206	40	1,189
Eliminated on disposals	—	(19)	—	—	(19)
At 30 June 2011	658	4,472	472	85	5,687
Carrying amount					
At 30 June 2010	225	1,532	662	43	2,462
At 30 June 2011	235	1,193	480	99	2,007

19. Investments

The Company's subsidiaries at 30 June 2011 are:

	Country of incorporation	Proportion of shares held	Proportion of voting power held
Abcam Inc	US	100%	100%
Abcam KK	Japan	100%	100%
Abcam (Hong Kong) Limited	Hong Kong	100%	100%
Abcam Employee Share Benefit Trust Limited	UK	100%	100%
Camgene Limited (Dormant)	UK	100%	100%
MitoSciences Inc	US	100%	100%

Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited and MitoSciences Inc are involved in the sale and distribution of antibodies and related products. MitoSciences Inc also develops and manufactures related products for use in metabolism research. The Abcam Employee Share Benefit Trust Limited holds in trust the shares purchased on behalf of employees participating in the Share Incentive Plan. Camgene Limited is dormant.

Analysis of changes in investments

	£000
At 1 July 2009	105
Additions*	98
At 1 July 2010	203
Additions*	120
Addition relating to acquisition of subsidiary (note 30)	3,718
At 30 June 2011	4,041

*These additions represent share-based payment charges for share options issued by the Company to employees of the subsidiaries.

Investments are held at cost less provision for impairment.

20. Inventories

	Group		Company	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Raw materials	30	—	—	—
Work in progress	60	—	—	—
Finished goods	10,605	9,073	10,474	9,042
	10,695	9,073	10,474	9,042

21. Financial assets

Trade and other receivables

	Group		Company	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Amounts receivable for the sale of goods	8,267	7,074	3,430	2,873
Allowance for doubtful debts	(323)	(297)	(124)	(107)
	7,944	6,777	3,306	2,766
Amounts owed by subsidiary undertakings	—	—	6,408	5,826
Other debtors	886	665	373	391
Prepayments	1,080	736	756	589
	9,910	8,178	10,843	9,572

Trade receivables

The average credit period taken for sales is 35.0 days (2010: 32.6 days). No interest has been charged on the receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience. The Group and Company have provided fully for all receivables over 90 days past due because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

Credit limits for each customer are reviewed on a monthly basis. No customer represents more than 5% of the total balance of trade receivables.

The analysis below shows the balances included in debtors which are past due at the reporting date for which the Group or Company has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. Neither the Group nor Company holds any collateral or other credit enhancements over these balances, nor do they have a legal right of offset against any amounts owed to the counterparty.

Ageing of past due but not impaired receivables

	Group		Company	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	£000	£000	£000	£000
0 to 30 days overdue	1,302	1,366	378	589
30 to 60 days overdue	151	133	—	—
	1,453	1,499	378	589

Movement in the allowance for doubtful debts

	Group		Company	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	£000	£000	£000	£000
Balance at the beginning of the year	(297)	(305)	(107)	(115)
Impairment (losses)/gains recognised through income statement	(42)	48	(28)	14
Exchange differences on translation of foreign operations	12	(16)	—	—
Amounts written off as uncollectable	24	19	11	9
Amounts recovered during the year	(20)	(43)	—	(15)
Balance at the end of the year	(323)	(297)	(124)	(107)

In determining the recoverability of a trade receivable the Group and Company consider any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Ageing of impaired receivables

	Group		Company	
	30 June	30 June	30 June	30 June
	2011	2010	2011	2010
	£000	£000	£000	£000
0 to 30 days overdue	79	44	25	2
30 to 60 days overdue	152	163	68	71
60 to 90 days overdue	39	42	16	13
More than 90 days overdue	53	48	15	21
	323	297	124	107

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

22. Derivative financial instruments

Group and Company: 30 June 2011

	Current		Non-current		Total
	Asset	Liability	Asset	Liability	
	£000	£000	£000	£000	£000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	60	(573)	21	(152)	(644)
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	123	(226)	-	-	(103)
	183	(799)	21	(152)	(747)

Group and Company: 30 June 2010

	Current		Non-current		Total £000
	Asset £000	Liability £000	Asset £000	Liability £000	
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	859	(201)	127	(166)	619
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	181	(358)	—	—	(177)
	1,040	(559)	127	(166)	442

Further details of derivative financial instruments are provided in note 25.

23. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and Company and movements thereon during the current and prior reporting period.

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2009	(401)	(363)	979	120	335
Credit/(charge) to income	161	—	243	(94)	310
(Charge)/credit to equity	(3)	189	569	17	772
At 30 June 2010	(243)	(174)	1,791	43	1,417
Acquisition of subsidiary	(18)	—	—	(406)	(424)
Credit to income	142	—	291	233	666
Credit to equity	—	341	1,086	—	1,427
Exchange differences	2	—	(4)	(5)	(7)
At 30 June 2011	(117)	167	3,164	(135)	3,079

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	30 June 2011 £000	30 June 2010 £000	30 June 2009 £000
Deferred tax assets	3,509	1,417	335
Deferred tax liabilities	(430)	—	—
	3,079	1,417	335

The deferred tax liability of £430,000 (2010: £nil) has been recognised in relation to the acquired contract-based intangible asset as a result of the acquisition of MitoSciences Inc (note 30). Amounts released from this liability during the period were £3,000 (2010: £nil), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible asset.

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2009	(353)	(363)	885	(10)	159
Credit/(charge) to income	134	—	204	(86)	252
Credit to equity	—	189	386	—	575
At 30 June 2010	(219)	(174)	1,475	(96)	986
Credit to income	157	—	267	131	555
Credit to equity	—	341	774	—	1,115
At 30 June 2011	(62)	167	2,516	35	2,656

At the balance sheet date, there are no aggregate temporary differences associated with undistributed earnings of subsidiaries for which a deferred tax liability has not been recognised (2010: £nil). No temporary differences exist in the current or prior year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

24. Other financial liabilities

Trade and other payables

	Group		Company	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Amounts falling due within one year				
Trade payables	3,534	2,555	3,160	2,278
Amounts owed to subsidiary undertakings	—	—	431	306
Accruals and deferred income	4,515	3,870	3,479	3,192
Deferred creditor	—	48	—	48
Other taxes and social security	271	257	265	240
Other creditors	15	136	1	2
	8,335	6,866	7,336	6,066

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2011, the Group had an average of 37 days of purchases (2010: 29 days) outstanding in trade creditors (excluding accruals and deferred income). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The deferred creditor represented the earn-out payable on sales of products under a distribution agreement. This liability has now been fully satisfied.

25. Financial instruments

Capital risk management

The Group manages its capital to ensure that each entity in the Group will be able to continue as a going concern whilst maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3. Foreign exchange contracts are measured using quoted forward exchange rates and the yield curves derived from quoted interest rates matching maturities of these contracts.

Categories of financial instruments

	Group carrying value		Company carrying value	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	—	—	6,408	5,826
Trade receivables	7,944	6,777	3,306	2,766
VAT recoverable (included in other debtors)	515	534	361	387
	8,459	7,311	10,075	8,979
Cash and cash equivalents				
Cash and cash equivalents and short-term deposits	55,569	40,222	53,578	38,256
Loans and receivables (including cash and cash equivalents)	64,028	47,533	63,653	47,235
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables*	(3,820)	(2,948)	(3,426)	(2,826)
Current tax liabilities	(2,891)	(2,698)	(2,876)	(2,536)
Amortised cost	(6,711)	(5,646)	(6,302)	(5,362)

* Financial liabilities at amortised cost within trade and other payables consist of trade payables, intercompany payables, other taxes and other payables.

The Directors consider there to be no material difference between the book value and the fair value of the Group's financial assets and liabilities at the balance sheet date. This is because most of the financial assets and liabilities are short term.

Fair value measurements recognised in the statement of financial position

Financial instruments that are measured subsequent to initial recognition at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in measuring the fair value of those instruments. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable market inputs).

The Group's derivatives meet the definition of Level 2, as outlined above. There were no transfers between Level 1 and 2 during the year.

Risk in relation to the use of financial instruments

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or the Company. Trade receivables consist of a large number of customers spread across diverse geographical areas. The Group does not have a significant credit risk exposure to any single counterparty. Ongoing credit evaluation is performed on the financial condition of accounts receivable and consideration is given as to whether there is any impairment in the value of any amounts owing.

The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year-end debtor days are 35.0 days (2010: 32.6 days). All overdue debts are provided for where collectability is considered doubtful or the value of the debt is impaired. Objective evidence of impairment could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 35.0 days, as well as observable changes in international or local economic conditions.

The standard payment terms for intra-group receivables are 45 days. There is not considered to be any risk of impairment of these receivables unless the financial assets of the entity holding the corresponding liability are impaired.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Funds are split between at least two institutions.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The

Group enters into forward exchange contracts to hedge the exchange rate risk arising on the sales of goods and services denominated in US Dollars, Euros and Japanese Yen.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. The Group's policy is to maintain natural hedges where possible, by matching foreign currency revenue and expenditure. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date, not denominated in the local functional currency, are as follows:

	Liabilities		Assets	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Euros	(179)	(202)	2,493	1,944
US Dollars	(2,074)	(1,144)	6,030	5,593
Japanese Yen	(49)	(30)	1,794	1,279
Hong Kong Dollars	(4)	—	56	55
	(2,306)	(1,376)	10,373	8,871

Foreign currency sensitivity analysis

The Group's principal functional currency is Sterling. The Group is mainly exposed to US Dollars and Euros but has an increasing exposure to Japanese Yen. Since opening an office in Hong Kong, the Group is also exposed to Hong Kong Dollars. This exposure continues not to be considered material and hence is not included in the analysis below.

The following table details the Group's sensitivity to an 8% increase and decrease in the Sterling exchange rate against the relevant foreign currencies on the Group's profit before tax and equity. 8% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts in the balance sheet at the end of the relevant accounting period and adjusts their translation at the period end for an 8% change in foreign currency rates. It does not represent the overall impact on Group profitability if the exchange rate sensitivity had applied through the reporting period. A positive number indicates an increase in profit or equity.

	Yen currency impact		Euro currency impact		US Dollar currency impact	
	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	—	—	—	—	—	237
Other equity	407	385	1,305	1,051	785	594
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	—	—	—	(1)	—	(279)
Other equity	(478)	(453)	(1,532)	(1,234)	(922)	(697)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since it is limited to the year-end exposure and does not reflect the exposure during the year.

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to manage the risk associated with anticipated sales transactions out to 15 months within 30% to 80% of the exposure generated. Upon maturity of a forward exchange contract, the Group may enter into a new contract designated as a separate hedging relationship.

Foreign currency forward contracts are valued using quoted forward exchange rates and the yield curves derived from quoted interest rates matching maturities of the contracts.

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

	Average rate 30 June 2011	Foreign currency 30 June 2011 000	Contract value 30 June 2011 £000	Fair value 30 June 2011 £000
Outstanding contracts				
Sell US Dollars				
Less than 3 months	1.55	\$5,400	3,482	115
3 to 6 months	1.59	\$4,385	2,759	23
7 to 12 months	1.59	\$9,173	5,778	43
13 to 15 months	1.58	\$4,352	2,747	21
	1.58	\$23,310	14,766	202
Sell Euros				
Less than 3 months	1.17	€4,618	3,934	(235)
3 to 6 months	1.15	€4,297	3,726	(147)
7 to 12 months	1.16	€9,028	7,808	(309)
13 to 15 months	1.16	€4,208	3,634	(140)
	1.16	€22,151	19,102	(831)
Sell Yen				
Less than 3 months	137.24	¥244,476	1,781	(108)
3 to 6 months	128.48	¥170,555	1,328	7
7 to 12 months	128.91	¥356,772	2,768	(5)
13 to 15 months	129.29	¥161,536	1,249	(12)
	130.98	¥933,339	7,126	(118)
Total of outstanding forward contracts			40,994	(747)

	Average rate 30 June 2010	Foreign currency 30 June 2010	Contract value 30 June 2010	Fair value 30 June 2010
Outstanding contracts			£000	£000
Sell US Dollars				
Less than 3 months	1.51	\$4,650	3,079	(28)
3 to 6 months	1.52	\$4,935	3,250	(48)
7 to 12 months	1.52	\$10,125	6,665	(101)
13 to 15 months	1.53	\$3,740	2,444	(56)
	1.52	\$23,450	15,438	(233)
Sell Euros				
Less than 3 months	1.14	\$4,200	3,692	247
3 to 6 months	1.14	\$3,475	3,046	194
7 to 12 months	1.14	\$7,900	6,954	462
13 to 15 months	1.18	\$3,825	3,242	96
	1.15	\$19,400	16,934	999
Sell Yen				
Less than 3 months	156.30	¥75,000	480	(86)
3 to 6 months	137.52	¥170,376	1,239	(50)
7 to 12 months	137.19	¥360,652	2,629	(108)
13 to 15 months	137.24	¥244,476	1,781	(80)
	138.77	¥850,504	6,129	(324)
Total of outstanding forward contracts			38,501	442

At 30 June 2011, the fair value of contracts held as cash flow hedges is a liability of £644,000 (2010: asset of £619,000). The remaining contracts are not held as cash flow hedges.

Liquidity risk management

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

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Group and Company hold cash deposits at call or with a maturity of up to twelve months. At 30 June 2011, the average maturity of balances was 83 days (2010: 146 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

Trade payables are normally payable within 30 days of invoice and the standard payment terms for intra-group receivables are 45 days.

Liquidity and interest risk tables – financial liabilities

All balances are capital and do not include accrued interest.

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2011					
Trade payables	—	(3,296)	(237)	(1)	(3,534)
Accruals and deferred income	—	(2,764)	(163)	(1,588)	(4,515)
		(6,060)	(400)	(1,589)	(8,049)

Company					
2011					
Trade payables	—	(2,981)	(177)	(2)	(3,160)
Accruals and deferred income	—	(2,377)	(108)	(994)	(3,479)
		(5,358)	(285)	(996)	(6,639)

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2010					
Trade payables	—	(2,535)	(14)	(6)	(2,555)
Accruals and deferred income	—	(2,982)	(266)	(622)	(3,870)
		(5,517)	(280)	(628)	(6,425)
Company					
2010					
Trade payables	—	(2,264)	(10)	(4)	(2,278)
Accruals and deferred income	—	(2,680)	(179)	(333)	(3,192)
		(4,944)	(189)	(337)	(5,470)

Interest rate risk sensitivity analysis

An increase of 0.25% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £120,000 (2010: £82,000) and by the Company of £115,000 (2010: £78,000). A decrease of 0.25% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £120,000 (2010: £82,000) and by the Company of £115,000 (2010: £78,000). There would have been no effect on equity reserves.

The average cash and short-term deposits balance throughout the year has been used as the basis for the calculations. A 0.25% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

26. Share capital
Group and Company

	30 June	30 June	
	2011	2010	
	£000	£000	
Authorised:			
500,000,000 ordinary shares of 0.2 pence each*	1,000	1,000	
Issued and fully paid:			
181,724,652 (2010:179,753,210*) ordinary shares of 0.2 pence each	364	360	
The movement during the year on the Company's issued and fully paid shares was as follows:			
	2011	2011	2010
	Number*	£000	£000
Balance at beginning of year	179,753,210	360	355
Issue of share capital	1,971,442	4	5
Balance at end of year	181,724,652	364	360

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

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

The five for one sub-division of Abcam's ordinary shares of 1 pence each, approved by shareholders at the AGM on 1 November 2010, became effective on 15 November 2010. The sub-division has reduced the market price and increased the number of shares in issue. Immediately following the sub-division the Company had a total of 180,394,820 ordinary shares of 0.2 pence each in issue, compared to a total of 36,078,964 ordinary shares of 1 pence each prior to the sub-division.

During the year the Company issued 0.2 pence ordinary shares as follows:

Date issued	Number of shares	Exercise price £	Total paid £
September 2010	32,400	0.125	4,050
September 2010	32,400	0.050	1,620
September 2010	33,240	0.681	22,636
September 2010	9,205	0.676	6,224
October 2010	2,780	0.560	1,557
November 2010	519,375	0.624	324,090
November 2010	1,640	0.560	918
November 2010	10,000	0.050	500
November 2010	570	0.650	370
December 2010	113,598*	3.450	391,913
December 2010	22,323*	3.900	87,060
December 2010	83,046	0.624	51,821
March 2011	197,045	0.624	122,956
March 2011	42,330	0.560	23,705
March 2011	60,510	0.498	30,134
March 2011	51,800	0.125	6,475
March 2011	22,500	0.647	14,560
April 2011	101,304	0.624	63,214
April 2011	4,855	0.560	2,719
April 2011	2,500	0.050	125
May 2011	37,705	0.630	23,754
May 2011	306,940	0.624	191,531
May 2011	279,521**	3.971	1,109,978
June 2011	3,855	0.498	1,920
	1,971,442		2,483,830

*New shares issued and held by the employee benefit trust to satisfy the Company's obligations under the Free Shares and Matching Shares elements of the SIP.

** Shares issued as part consideration for the acquisition of MitoSciences Inc. For further details refer to note 30.

All shares issued prior to 15 November 2010 have been rebased to reflect the five for one share sub-division.

Further details of the Company's share option schemes are provided in note 32.

27. Share premium Group and Company

	£000
Balance at 1 July 2009	11,558
Premium arising on issue of equity shares	1,362
Balance at 1 July 2010	12,920
Premium arising on issue of equity shares	2,480
Balance at 30 June 2011	15,400

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

28. Own shares
Group and Company

	£000
Balance at 1 July 2010	(690)
Acquired in the period	(483)
Disposed of on exercise of options	8
Balance at 30 June 2011	(1,165)

This balance represents the cost of 670,472 shares with a nominal value of £1,341 in Abcam plc (2010: 537,290) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP. See note 32 for further details of this scheme.

29. Retained earnings and other reserves
Group

	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total £000
Balance as at 1 July 2009	197	962	933	1,368	21,396	24,856
Exchange differences on translation of foreign operations	50	18	—	(18)	11	61
Share-based payments charge	—	826	—	—	—	826
Deferred tax asset recognised	—	—	189	583	—	772
Current tax deduction for exercise of share options	—	—	—	(383)	1,300	917
Profit for the year	—	—	—	—	19,222	19,222
Own shares disposed of on exercise of options	—	—	—	—	(29)	(29)
Increase in fair value of hedging derivatives	—	—	(677)	—	—	(677)
Payment of dividends (note 14)	—	—	—	—	(5,316)	(5,316)
Balance as at 1 July 2010	247	1,806	445	1,550	36,584	40,632
Exchange differences on translation of foreign operations	4	(21)	—	—	—	(17)
Share-based payments charge	—	1,146	—	—	—	1,146
Deferred tax asset recognised	—	—	341	1,086	—	1,427
Current tax deduction for exercise of share options	—	(50)	—	—	1,525	1,475
Profit for the year	—	—	—	—	23,805	23,805
Own shares disposed of on exercise of options	—	—	—	—	(8)	(8)
Decrease in fair value of hedging derivatives	—	—	(1,263)	—	—	(1,263)
Payment of dividends (note 14)	—	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	251	2,881	(477)	2,636	54,030	59,321

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 and associated deferred tax assets and liabilities created.

4 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12.

Company

	Share-based payments reserve ¹	Hedging reserve ²	Deferred tax reserve ³	Retained earnings	Total
	£000	£000	£000	£000	£000
Balance as at 1 July 2009	908	933	1,196	20,517	23,554
Share-based payments charge	725	—	—	—	725
Share-based payments charge recognised on behalf of subsidiaries	98	—	—	—	98
Deferred tax asset recognised	—	189	386	—	575
Current tax deduction for exercise of share options	—	—	(267)	1,038	771
Profit for the year	—	—	—	20,626	20,626
Own shares disposed of on exercise of options	—	—	—	(29)	(29)
Increase in fair value of hedging derivatives	—	(677)	—	—	(677)
Payment of dividends (note 14)	—	—	—	(5,316)	(5,316)
Balance as at 1 July 2010	1,731	445	1,315	36,836	40,327
Share-based payments charge	1,026	—	—	—	1,026
Share-based payments charge recognised on behalf of subsidiaries	120	—	—	—	120
Deferred tax asset recognised	—	341	774	—	1,115
Current tax deduction for exercise of share options	—	—	—	1,106	1,106
Profit for the year	—	—	—	23,929	23,929
Own shares disposed of on exercise of options	—	—	—	(8)	(8)
Decrease in fair value of hedging derivatives	—	(1,263)	—	—	(1,263)
Payment of dividends (note 14)	—	—	—	(7,876)	(7,876)
Balance as at 30 June 2011	2,877	(477)	2,089	53,987	58,476

1 IFRS 2 charge for fair value of share options.

2 Gains and losses recognised on cash flow hedges and associated deferred tax assets and liabilities created.

3 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12.

30. Acquisition of subsidiary

On 23 May 2011, the Company acquired 100% of the issued share capital of MitoSciences Inc for total consideration of US\$6.0m (£3.7m). Total consideration comprised of US\$4.2m (£2.6m) cash and 279,521 Abcam plc ordinary shares of 0.2 pence with a fair value of US\$1.8m (£1.1m) based on the rolling five day average price of 397.1p per share terminating three days prior to completion. At the balance sheet date a further \$0.06m (£0.04m) cash consideration has been recognised as a result of adjustments made following the post-acquisition completion review.

MitoSciences Inc, based in the USA, is recognised as one of the leading providers of mitochondrial research tools focusing on areas of metabolism and apoptosis. The acquisition supports the Group's strategy of becoming the global leader in protein research tools and will serve to enhance the exceptional range of such products available to new and existing customers. The combined entity will be a market leader in mitochondrial research and will extend the Group's manufacturing and product development capability, particularly in the exciting area of assay development.

The table below summarises the consideration paid for MitoSciences Inc as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed.

	£000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Non-current assets	
Intangible assets	1,668
Property, plant and equipment	146
Current assets	
Inventories	235
Trade and other receivables	194
Cash and cash equivalents	122
Deferred tax asset	9
Current liabilities	
Trade and other payables	(211)
Current tax liabilities	(74)
Non-current liabilities	
Deferred tax liability	(433)
Total identifiable net assets	1,656
Goodwill	2,062
Total consideration	3,718
Settled by:	
Cash	2,570
Deferred cash consideration	38
Equity instruments (279,521 ordinary shares of Abcam plc)	1,110
Total consideration transferred	3,718
Net cash outflow arising on acquisition	
Cash consideration	2,570
Less: cash and cash equivalent balances acquired	(122)
	2,448

The goodwill of £2,062,000 arising from the acquisition represents the acquired product pipeline opportunities, expanded customer base and a highly knowledgeable workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totalling £202,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2011. Further acquisition-related costs of £49,000 have been incurred since the balance sheet date.

The fair value of trade and other receivables is £194,000 which includes trade receivables with a fair value of £190,000 and a gross contractual value of £203,000 of which £13,000 is expected to be uncollectible.

During the period from the date of acquisition to the balance sheet date, MitoSciences Inc contributed £162,000 to the Group's revenue from sales to third parties and £31,000 to the Group's profit before tax.

If MitoSciences Inc had been consolidated from 1 July 2010, Group revenues for the year would have been £84,758,000 and Group profit before tax £32,048,000, after amortisation of intangibles.

31. Note to the cash flow statement

	Group		Company	
	30 June 2011 £000	30 June 2010 £000	30 June 2011 £000	30 June 2010 £000
Operating profit for the year	31,713	25,647	28,355	22,805
Adjustments for:				
Depreciation of property, plant and equipment	1,380	1,352	1,189	1,152
Loss on disposal of property, plant and equipment	8	32	—	32
Amortisation of intangible assets	210	180	197	180
Impairment losses on intangible assets	38	147	38	147
Increase/(decrease) in provisions	25	(19)	25	(19)
Change in fair value of derivatives outstanding at year end	(74)	545	(74)	545
Share-based payments charge	1,146	826	1,026	725
Operating cash flows before movements in working capital	34,446	28,710	30,756	25,567
Increase in inventories	(1,388)	(2,277)	(1,432)	(2,259)
Increase in receivables	(1,628)	(1,692)	(1,181)	(2,987)
Increase/(decrease) in payables	1,423	191	1,394	(146)
Cash generated by operations	32,853	24,932	29,537	20,175
Income taxes paid	(7,370)	(5,210)	(6,044)	(4,283)
Net cash inflow from operating activities	25,483	19,722	23,493	15,892

32. Share-based payments

Equity-settled share option scheme

The Company operates a number of share option schemes for certain employees of the Group. The share-based payments charge relates to option awards from the EMI plan, Unapproved Share Option Plan, the US Employees Share Option Plan, the Abcam 2005 share option scheme, the SAYE scheme, the Abcam Company Share Option Plan (CSOP), the Long-Term Incentive Plan (LTIP) and the Share Incentive Plan (SIP). Option grants under each scheme have been aggregated.

The vesting period for grants under the SAYE scheme is either three years or five years, as selected by the employee at the date of grant. Those options with performance criteria vest when the criteria are met. The vesting period for all other options is from one to three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The volatility of the options is based on the long-term average volatility in the share price of five quoted companies that are considered to have a reasonable comparability with Abcam plc. The dividend yield is based on Abcam's actual dividend yield in the past.

The risk free rate is the yield on UK Government Gilts at each date of grant. The employee exercise multiple is based on published statistics for a portfolio of companies. The employee exit rate is based on management's expectations and, in accordance with IFRS 2, is applied after vesting.

The Group recorded a total share-based payments expense of £1,146,000 in the year (2010: £826,000), of which £985,000 (2010: £702,000) was included within administration and management expenses and £161,000 (2010: £124,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2011 had an exercise price of between 5p* and 345p (2010: 5p* and 180.8p*). The weighted average remaining contractual life is 7.08 years (2010: 7.35 years). The weighted average fair value of the options outstanding at the end of the year was 41.28p (2010: 24.12p*). The Group recorded a total share-based payments expense of £252,000 (2010: £279,000) relating to all schemes excluding the SIP and LTIP.

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	4,319,510*	83.11*	5,691,010	59.77
Granted during year	386,849	345.00	708,875	180.80
Forfeited during year	(130,605)	164.35	(177,980)	86.41
Exercised during year	(1,556,000)	57.51	(1,902,395)	50.25
Outstanding at the end of year	3,019,754	126.16	4,319,510	83.11
Exercisable at end of year	1,274,530	57.46	665,470	36.50

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

Enterprise Management Incentive (EMI) scheme

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	1,420,840*	55.30*	2,577,740	54.56
Forfeited during year	—	—	(60,250)	62.40
Exercised during year	(931,415)	54.77	(1,096,650)	53.15
Outstanding at the end of year	489,425	56.33	1,420,840	55.30
Exercisable at end of year	489,425	56.33	362,250	33.22

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

The growth in the net assets of the Group means that the Group has exceeded the limits set by HMRC for new option grants under the EMI scheme under which no further grants can subsequently be made.

Unapproved Share Option Plan

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	909,705*	53.25*	1,342,560	52.05
Exercised during year	(151,000)	62.40	(432,855)	37.98
Outstanding at the end of year	758,705	58.02	909,705	53.25
Exercisable at end of year	758,705	58.02	200,000	25.00

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

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

Abcam Inc share scheme

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	435,620*	64.28*	588,955	63.03
Forfeited during year	—	—	(9,945)	65.78
Exercised during year	(409,220)	63.17	(143,390)	70.32
Outstanding at the end of year	26,400	62.40	435,620	64.28
Exercisable at end of year	26,400	62.40	103,220	70.32

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

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

SAYE scheme

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	123,005*	48.40*	361,530	46.31
Forfeited during year	—	—	(19,275)	49.80
Exercised during year	(64,365)	49.80	(219,250)	44.83
Outstanding at the end of year	58,640	46.87	123,005	48.40
Exercisable at end of year	—	—	—	—

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

The Abcam 2005 Share Option scheme

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	1,049,615*	118.30*	820,225	92.40
Granted during year	202,823	345.00	317,375	180.80
Forfeited during year	(102,190)	148.46	(77,735)	103.65
Exercised during year	—	—	(10,250)	92.40
Outstanding at the end of year	1,150,248	155.59	1,049,615	118.30
Exercisable at end of year	—	—	—	—

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

The Abcam CSOP

	2011		2010	
	Number of share options	Weighted average exercise price p	Number of share options*	Weighted average exercise price p*
Outstanding at beginning of year	380,725*	180.80*	—	—
Granted during year	184,026	345.00	391,500	180.80
Forfeited during year	(28,415)	221.48	(10,775)	180.80
Outstanding at the end of year	536,336	234.98	380,725	180.80
Exercisable at end of year	—	—	—	—

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

Fair value calculation

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

EMI scheme

Grant date	16 June 2003	16 June 2003	5 July 2004	17 December 2004	27 May 2005	5 September 2005
Share price at grant (pence)*	2	2	5	6	12.5	12.5
Fair value at valuation date (pence)*	0.52	0.52	1.70	2.46	3.84	3.82
Exercise price (pence)*	5	7.5	5	5	12.5	12.5
Expected volatility	40%	40%	35%	35%	30%	30%
Expected life (years)	3	3.08	2	2.88	2	2
Expected dividend yield	1.1	1.1	1.1	1.1	1.1	1.1
Risk free rate	3.97%	3.97%	5.08%	4.49%	4.31%	4.15%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

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

Unapproved Share Option Plan

Grant date	20 December 2004	20 December 2004	30 September 2005	30 September 2005	27 October 2005
Share price at grant (pence)*	6	6	12.5	12.5	33.4
Fair value at valuation date (pence)*	2.24	2.32	3.78	2.04	11.15
Exercise price (pence)*	5	5	12.5	25	30
Expected volatility	35%	35%	30%	30%	30%
Expected life (years)	1.54	2	1.82	1.82	1.635
Expected dividend yield	1.1	1.1	1.1	1.1	1.1
Risk free rate	4.46%	4.46%	4.29%	4.29%	4.40%
Employee exercise multiple	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%

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

SAYE scheme

Grant date	2 October 2006	2 October 2006	8 November 2007	8 November 2007
Share price at grant (pence)*	56	56	62.4	62.4
Fair value at valuation date (pence) *	20.8	22.6	21.2	24.4
Exercise price (pence)*	44.8	44.8	49.8	49.8
Expected volatility	30%	30%	30%	30%
Expected life (years)	3	5	3	5
Expected dividend yield	1.1%	1.1%	1.5%	1.5%
Risk free rate	4.54%	4.54%	4.80%	4.80%
Employee exercise multiple	2	2	2	2
Employee exit rate	10.00%	10.00%	12.00%	12.00%

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

The fair value of options issued after September 2006 with market-based performance criteria, are calculated using the Monte Carlo model. The inputs into the Monte Carlo model are as follows:

Grant date	7 September 2006	8 November 2007	7 May 2008	6 November 2008	9 November 2009	2 December 2010
Share price at grant (pence)*	56	62.4	82.6	92.5	180.8	373
Fair value at valuation date (pence)*	16.8	17.8	24.6	23	57.6	138
Exercise price (pence)*	56	62.4	82.6	92.4	180.8	345
Expected volatility	30%	30%	30%	24%	34%	37%
Expected life (years)	3	3.01	3	3	6	6
Expected dividend yield	1.1%	1.5%	1.5%	0.87%	1.24%	0.62%
Risk free rate	4.57%	4.80%	4.79%	3.90%	3.21%	2.56%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%	0.00%	0.00%

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

Share Incentive Plan

All UK-based employees are eligible to participate in the SIP whereby employees buy shares in the Company. These shares are called Partnership Shares and are held in trust on behalf of the employee. For every Partnership Share bought by the employee the Company will give the employee one share free of charge (Matching Shares), provided the employee remains employed by the Company for a period of at least three years. The employees must take their shares out of the Plan on leaving the Company and will not be entitled to the Matching Shares if they leave within three years of buying the Partnership Shares. In addition, the Company can also award employees up to a maximum of £3,000 of shares (Free Shares). There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

	Number of Free Shares		Number of Matching Shares	
	2011	2010*	2011	2010*
Outstanding at beginning of year	418,015	270,920	86,910	49,365
Granted during year	113,598	186,335	29,494	44,645
Forfeited during year	(40,717)	(29,570)	(13,595)	(5,025)
Released during year	(3,973)	(9,670)	(113)	(2,075)
Outstanding at the end of year	486,923	418,015	102,696	86,910
Exercisable at end of year	—	—	—	—

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

For the purposes of IFRS 2 the fair value of these Matching Shares and Free Shares is determined as the market value of the shares at the date of grant. No valuation model is required to calculate the fair value of awards under the SIP. The fair value of an equity-based payment under the SIP is the face value of the award on the date of grant because the participants are entitled to receive the full value of the shares and there are no market-based performance conditions attached to the awards.

The Group recognised a total expense of £264,000 (2010: £195,000) related to Matching and Free Share awards in the year.

Long-Term Incentive Plan

The Company approved a new LTIP in 2008. Vesting of performance share awards made under this scheme to the executive management team is conditional upon achievement of two separate performance conditions. Full details of these performance conditions are shown in the Directors' Remuneration Report. In 2010, LTIP awards were also made to members of senior management, in addition to the executive management team. Vesting of awards made in 2010 to senior management were conditional on market-based performance criteria and calculated using the Monte Carlo model. Vesting criteria for awards made in 2011 to senior management were aligned with those awarded to the executive management team. Awards made in 2008 were nil cost options which vest, subject to achievement of the relevant performance conditions, after three years and can be exercised over the following seven years. All other awards made are conditional share awards with a fixed term of three years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

Details of performance share awards outstanding during the year are as follows:

	LTIP awards 2011	LTIP awards 2010*
Outstanding at beginning of year	1,285,095	772,725
Granted during year	327,642	521,260
Forfeited during year	—	(8,890)
Outstanding at the end of the year	1,612,737	1,285,095
Exercisable at end of year	—	—

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

These performance share awards were made on 2 December 2010 (2010: 9 November 2009). The aggregate of the fair values of the awards made on that date is £1,009,000 (2010: £756,000).

The estimated fair values of the awards are calculated using the Monte Carlo model, with the Black Scholes model used to calculate those with a performance condition based on EPS. The inputs into the models for awards granted are as follows:

Grant date	6 and 17 November 2008	9 November 2009	9 November 2009*	2 December 2010
Weighted average exercise price (pence)	-	-	-	-
Expected volatility	24%	34%	34%	37%
Expected life	3 years	3 years	4 years	3 years
Expected dividend yield	0.87%	1.24%	1.24%	0.62%
Risk free rate	3.41%	2.03%	2.52%	1.36%

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

The Group recognised a total expense of £630,000 (2010: £352,000) related to performance share awards under the LTIP in the year.

33. Retirement benefit schemes

Defined contribution schemes

The UK-based employees of the Company have the option to be members of a defined contribution pension scheme managed by a third party pension provider. For each employee who is a member of the scheme the Company will contribute a fixed percentage of each employee's salary to the scheme. The only obligation of the Group with respect to this scheme is to make the specified contributions.

The employees of the Group's subsidiaries in the US (with the exception of MitoSciences Inc, whose retirement benefit scheme will be introduced in the next financial year), Japan and Hong Kong are members of state-managed retirement benefit schemes operated by the governments of the US, Japan and Hong Kong respectively. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2011 was £1,132,000 (2010: £1,049,000). As at 30 June 2011 contributions of £76,000 (2010: £80,000) due in respect of the current reporting period had not been paid over to the schemes.

34. Event after the balance sheet date

Business combination

On 12 September 2011, the Group completed the acquisition of the entire share capital of Ascent Scientific Ltd, a specialist provider of biochemical tools based in the UK. Total consideration of £10m comprised of £6m cash and £4m of Abcam plc ordinary shares of 0.2 pence.

Due to the proximity of the acquisition date and the date this preliminary financial information was authorised for issue, the fair values of the identifiable assets acquired and liabilities assumed are yet to be finalised.

Founded in 2005, Ascent Scientific Ltd has focused on building a range of high quality biochemicals for use by scientific researchers. Their range of over 400 products includes receptor ligands, ion channel modulators, enzyme inhibitors and apoptosis and cell cycle tools. Products are produced both in-house and through outsourced manufacturing. Currently headquartered in Bristol, UK, the company employs 23 staff globally. In the year ended 31 July 2011 the company had product revenues of £1.4m.

The acquisition further extends the Group's product portfolio and is in line with the strategy of becoming the world's leading supplier of protein research tools.

35. Related party transactions

Remuneration of key personnel

The remuneration of the EMT, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report.

Group and Company

	30 June 2011 £000	30 June 2010 £000
Short-term employee benefits and fees	1,844	1,853
Share-based payments charge	614	384
	2,458	2,237

Directors' transactions

Under a new product development agreement with a laboratory associated with Tony Kouzarides (a Non-Executive Director of the Company), Abcam provided products from its catalogue free of charge, with a resale value of £20,394 (2010: £23,732) and paid £63,101 in royalties (2010: £44,762). £12,648 relating to these royalties was outstanding at the year end (2010: £7,780).

Dividends totalling £1,407,489 were paid in the year in respect of ordinary shares held by the Company's Executive and Non-Executive Directors.

Company transactions with its subsidiaries

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

	30 June 2011 £000	30 June 2010 £000
Sales of goods	38,880	32,526
Dividends received	2,132	3,196
Management fees charged	(1,008)	(782)
	40,004	34,940

Subsequent to the acquisition of MitoSciences Inc in the year, MitoSciences provided goods to the Company with a total value of £101,000, all of which remain unsold at the year end.

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