

9 September 2014

For immediate release

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

Preliminary Results for the Year Ended 30 June 2014

Abcam plc (AIM: ABC), a global leader in the supply of life science research tools, is pleased to announce its preliminary results for the year ended 30 June 2014.

HIGHLIGHTS

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

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

Commenting on the preliminary results, Jonathan Milner, Abcam's Chief Executive Officer, said:

"Over the last year, Abcam has continued to deliver strong results. Investment in our organic growth strategy is beginning to come through, and we are pleased to report increased revenue, profit and dividend. The growth from our catalogue products of 10.0%, above the growth of the wider market is particularly pleasing, and demonstrates that consumers continue to recognise the quality of our products. The 2014/15 financial year has started well and we are optimistic that our continued investments in new products and capabilities, coupled with increased geographic penetration, will continue to drive sales."

POST PERIOD-END EVENTS

Abcam has separately announced today that Alan Hirzel will succeed Jonathan Milner as Chief Executive Officer. Alan takes on the role of Chief Executive having spent the last year as Chief Marketing Officer of Abcam and having served on the Board since January 2014. Jonathan Milner will continue to play an active role in the company as Deputy Chairman with responsibility for business development and will remain the company's largest shareholder.

Peter Keen, a Board member since 2005, will not be seeking re-election at the AGM, in line with corporate governance best practice for independent directors.

More information can be found at www.abcamplc.com.

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There will be a presentation for analysts at 09.30 (UK time) today at Brunswick Group, 16 Lincoln's Inn Fields, London, WC2A 3ED. A live video webcast and slide presentation of this event will be available on www.abcamplc.com. We recommend you register at 0915 (UK time).

There is also conference call dial-in +44 (0) 20 3003 2666, the password is Abcam.

Notes for editors

About Abcam

Abcam plc is a leading provider of life science research tools and services, with a wide range of products and expert technical support, enabling scientists to analyse living cells at the molecular level and improving the understanding of health and disease.

Abcam is committed to providing scientists with an extensive choice of reagents and tools, with the most comprehensive, honest and up-to-date datasheets and customer reviews, fast delivery and helpful customer service & technical support. The Company's catalogue evolves with scientific research trends and is growing each year to provide customers with products to meet their research needs. The range now includes primary and secondary antibodies, proteins, peptides, lysates, biochemicals, immunoassays and other kits. Abcam also supports its customers by hosting a range of global scientific events, forums and webinars, providing opportunities for scientists to get together and present their work.

Headquartered in Cambridge, UK, Abcam has eight global subsidiary offices enabling local services, multi-language support and sells to over 100 countries. The Company was founded in 1998, and now employs over 740 people. Abcam was admitted to AIM in 2005 (AIM: ABC).

To find out more, please visit www.abcamplc.com

CHAIRMAN'S STATEMENT

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

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

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

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

Dividends

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

Board changes

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

- Alan Hirzel has been appointed as CEO with immediate effect, having joined the Board earlier in the year;
- At the same time Jonathan Milner moves from CEO to a newly created Deputy Chairman position and will have an active role in the continued development of the company;
- Louise Patten joined the Board earlier in the year and is Chairman of the Remuneration Committee. She will assume the Senior Independent Director role following the AGM in November;
- After nine years Peter Keen will not be seeking re-election to the Board at the Annual General Meeting (AGM) in November, in line with best practice for independent non-executive directors; and
- As announced earlier in the year I, Michael Redmond, will be stepping down from the Board at the AGM and one of our non-executive directors Murray Hennessy will be taking over as Chairman of the Board.

More details on the Board changes can be found at www.abcampic.com.

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

Peter Keen joined the Board in 2005 prior to the Company's flotation on AIM, during which time he has served as Chairman of the Remuneration and Audit Committees and as the Senior Independent Director. As also announced today, in line with best practice, Peter has decided not to seek re-election at the next AGM, at which he will have

served nine years. We are most grateful for the huge contribution he has made to the operation of the Board and the development of the business during that time.

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

Corporate governance

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

The composition of the Board is kept under regular review to ensure that its members bring the appropriate skills required to improve its effectiveness and performance. I am pleased to report that the Board has functioned well in all respects during the year, providing knowledgeable and robust challenge and support to the Executive Directors. I am also confident that the changes described above will enable the Board to continue to do so as Abcam's business continues to grow.

Awards

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

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

Outlook

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

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

Mike Redmond
Chairman
8 September 2014

CHIEF EXECUTIVE OFFICER'S REVIEW

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

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

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

- grow our core reagents business faster than the market;
- establish new growth platforms;
- create a scalable organisation;
- sustain attractive economics; and
- selectively pursue partnerships and acquisitions

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

Our business model

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

Life science researchers work in different locations and on different protein targets, but they need the right products to help them achieve their goal of 'discovering the next big scientific breakthrough'. It is essential that the reagents researchers use are of the highest quality, enabling experiments that are conclusive, consistent and repeatable. Researchers need to be able to select the right product based on extensive data from product testing and validation. Recommendations from their peers also help make their choice easier. By ensuring our products meet these needs our consumers will become repeat purchasers and will recommend us to their peers.

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

Our beginnings

Adding products, building knowledge, sharing data

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

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

Emerging today

Innovating to meet the needs of the scientific researcher

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

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

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

Our future

Consumer insight and improved consumer loyalty

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

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

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

Marketplace and trends

The following table outlines our revenues in each geographic region, along with estimated underlying growth rates:

	Revenue 2013/14 £000	Revenue 2012/13 £000	Increase in reported revenue	Underlying growth rate
The Americas	51,268	48,711	5.3%	9.2%
EMEA	42,037	38,287	9.8%	9.2%
Japan	11,116	12,035	(7.6%)	11.5%
Asia Pacific	13,570	12,279	10.5%	14.1%
Product revenue	117,991	111,312	6.0%	10.0%
Non-product revenue¹	9,964	10,894	(8.5%)	(5.6%)
Total reported revenue	127,954	122,206	4.7%	8.6%

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

The Americas

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

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

Europe, Middle East and Africa (EMEA)

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

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

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

Japan

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

Asia Pacific

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

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

Non-product revenue

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

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

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

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

Market trends and funding environment outlook

Funding

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

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

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

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

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

Quality

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

Efficiency

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

Board Changes

As announced today Alan Hirzel has been appointed as Chief Executive Officer. I have worked closely with Alan over the last year and he has been inspirational in the evolution of our strategy. Alan brings a rich and deep background in both life sciences and management, with an impressive knowledge of our markets. He has my full confidence and I believe there is no one better to take the company forward on the next phase of our journey. I look forward to continuing to work closely with him and the strong leadership team at Abcam in my new role as Deputy Chairman, helping to seek out new technologies and opportunities which will further strengthen the company.

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

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

Summing up

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

Jonathan Milner
Chief Executive Officer
8 September 2014

STRATEGY

1. Grow our core reagent business faster than the market

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

We aim to drive this growth by:

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

Progress in the year

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

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

Focus for 2014/15

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

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

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

2. Establish new growth platforms

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

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

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

Progress in the year

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

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

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

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

Focus for 2014/15

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

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

Continue penetration into market segments where Abcam has a lower share of consumer spend.
Use our office in Shanghai to drive the growth of revenues from China.

3. Scale organisation capabilities

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

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

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

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

Progress in the year

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

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

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

Focus for 2014/15

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

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

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

Began work on relocating our manufacturing facility in Hangzhou to improve our capabilities and enable more targeted production in line with our strategy.

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

4. Sustain attractive economics

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

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

Progress in the year

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

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

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

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

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

Focus for 2014/15

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

5. Selectively pursue partnerships and acquisitions

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

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

Progress in the year

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

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

Focus for 2014/15

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

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

KEY PERFORMANCE INDICATORS

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

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

¹ All growth numbers are on a constant currency basis

RabMAb® primaries revenue growth

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

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

Non-primaries revenue growth

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

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

Net Promoter Score (NPS)

Abcam's vision is to be the brand most recommended by life science researchers. As such it is increasingly important that we focus on our consumers and listen to their feedback. At several points within the year we conduct formal consumer surveys to determine their likelihood of recommending Abcam's products and services to a colleague. The balance of detractors and promoters is then computed into an NPS using standard industry methods. As we seek to measure success against our vision our NPS will be an important metric. In 2013/14 our NPS for primary antibodies was 18% (2012/13: 19%).

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

Market position

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

- Number 1 in research primary antibodies

- Number 3 in activity assays

- Number 4 in proteins and peptides

- At least number 5 in immunoassays

- At least number 5 in research biochemicals

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

FINANCIAL REVIEW

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

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

At the same time we have been careful not to lose our focus on tight cost and cash control. As indicated at the time of our interims the Directors are recommending that the annual dividend for the current year should increase by 10.1%, which at 43.0% is above that of our recent policy of distributing 40% of adjusted post-tax profit. The Directors feel that

this dividend is justified given the profit impact of the increased investment this year in organic growth initiatives aimed at delivering future profits, as well as the underlying financial strength and the continued cash-generative nature of the business.

The table below shows revenues, costs and expenses for the year, which have been adjusted to aid comparison by separately identifying the amortisation of acquisition-related intangible assets.

Adjusted income statement

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

Revenue

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

Gross margins

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

Operating profit and expenses

Administration and management expenses

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

Change in administration and management expense

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

Research and development expenditure

Research and development (R&D) expenditure relates to the development of new products, as well as costs incurred in searching for and developing production process improvements. These costs do not meet the requirements to be capitalised as an intangible asset and are therefore expensed through the income statement as incurred.

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

Earnings and tax

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

Balance sheet and cash flow

Goodwill and other intangibles

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

The decision was taken in 2012/13, following the changes made post acquisition to how MitoSciences, Ascent Scientific and Epitomics were structured and integrated within the Group, that it was appropriate to reallocate the goodwill arising from those acquisitions to a single cash-generating unit (CGU), which would reflect the re-organised

business structure. Goodwill is not amortised under IFRS but is subject to impairment review at least on an annual basis. Consequently, during the year, the Directors performed a review which involved making various assumptions regarding the future performance of the business. After considering various scenarios that could reasonably occur, the Directors concluded that no impairment was required. For more details, please see note 12 to the financial statements.

Other intangible assets at 30 June 2014 were £30.2m compared with £33.1m at 30 June 2013. This movement primarily reflects the amortisation of the intangible assets offset by the additions to capitalised software costs from the investment in our core IT systems and the impact of exchange rates on non-sterling denominates assets, which was partly described in more detail above.

Following a review of software costs previously capitalised an impairment charge of £0.5m was taken in the year to reflect those elements which as our strategy has developed now relate to work which will no longer recover its carrying value. Other intangible assets are amortised over their estimated useful lives, and the amortisation of acquisition-related intangible assets has been added back in arriving at adjusted profit, as outlined above.

Capital expenditure

Additions of property, plant and equipment and intangible assets totalled £7.4m (2012/13: £7.3m).

This reflects continued investment in support of our organic growth strategy. The major items include:

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

Cash flow

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

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

Looking forward

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

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

Jeff Iliffe
Chief Financial Officer
8 September 2014

Consolidated income statement

For the year ended 30 June 2014

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

Consolidated statement of comprehensive income

For the year ended 30 June 2014

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

Reconciliation of adjusted financial measures

For the year ended 30 June 2014

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

Balance sheets

At 30 June 2014

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

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

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Share capital £000	Share premium account £000	Merger reserve £000	Own shares £000	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2013	399	16,395	56,513	(1,872)	2,203	5,893	(1,048)	1,252	90,542	170,277
Profit for the year	—	—	—	—	—	—	—	—	34,045	34,045
Exchange differences on translation of foreign operations	—	—	—	—	(10,921)	(195)	—	—	—	(11,116)
Movements on cash flow hedges	—	—	—	—	—	—	2,491	—	—	2,491
Tax relating to components of other comprehensive income	—	—	—	—	—	—	(550)	—	—	(550)
Total comprehensive income for the year	—	—	—	—	(10,921)	(195)	1,941	—	34,045	24,870
Issue of share capital	2	1,297	—	(484)	—	(198)	—	—	—	617
Own shares disposed of on release of shares	—	—	—	213	—	—	—	—	(213)	—
Credit to equity for share-based payments	—	—	—	—	—	941	—	(1,350)	—	(409)
Payment of dividends	—	—	—	—	—	—	—	—	(14,455)	(14,455)
Balance as at 30 June 2014	401	17,692	56,513	(2,143)	(8,718)	6,441	893	(98)	109,919	180,900

	Share capital £000	Share premium account £000	Merger reserve £000	Own shares £000	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2012	397	15,300	56,513	(1,586)	746	4,449	671	2,017	69,706	148,213
Profit for the year	—	—	—	—	—	—	—	—	32,658	32,658
Exchange differences on translation of foreign operations	—	—	—	—	1,457	53	—	—	—	1,510
Movements on cash flow hedges	—	—	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	—	—	525	—	779	1,304
Total comprehensive income for the year	—	—	—	—	1,457	53	(1,719)	—	33,437	33,228
Issue of share capital	2	1,095	—	(381)	—	—	—	—	—	716
Own shares disposed of on release of shares	—	—	—	95	—	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	—	—	1,391	—	(765)	—	626
Payment of dividends	—	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	16,395	56,513	(1,872)	2,203	5,893	(1,048)	1,252	90,542	170,277

- 1 Exchange differences on translation of overseas operations.
- 2 IFRS 2 charge for fair value of share-based options and awards.
- 3 Gains and losses recognised on cash flow hedges.
- 4 Portion of deferred tax asset arising on outstanding share options and share options exercised.

Company statement of changes in equity

For the year ended 30 June 2014

	Share capital £000	Share premium £000	Merger reserve £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2013	399	16,395	56,513	(1,872)	5,370	(1,048)	1,022	109,360	186,139
Profit for the year	—	—	—	—	—	—	—	29,300	29,300
Movements on cash flow hedges	—	—	—	—	—	2,491	—	—	2,491
Tax relating to components of other comprehensive income	—	—	—	—	—	(550)	—	—	(550)
Total comprehensive income for the year	—	—	—	—	—	1,941	—	29,300	31,241
Issue of share capital	2	1,297	—	(484)	(198)	—	—	—	617
Own shares disposed of on exercise of share options	—	—	—	213	—	—	—	(213)	—
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	—	307	—	—	—	307
Credit to equity for share-based payments	—	—	—	—	634	—	(1,143)	—	(509)
Payment of dividends	—	—	—	—	—	—	—	(14,455)	(14,455)
Balance as at 30 June 2014	401	17,692	56,513	(2,143)	6,113	893	(121)	123,992	203,340

	Share capital £000	Share premium £000	Merger reserve £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2012	397	15,300	56,513	(1,586)	4,386	671	1,787	68,727	146,195
Profit for the year ⁴	—	—	—	—	—	—	—	52,524	52,524
Movements on cash flow hedges	—	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	—	525	—	710	1,235
Total comprehensive income for the year	—	—	—	—	—	(1,719)	—	53,234	51,515
Issue of share capital	2	1,095	—	(381)	—	—	—	—	716
Own shares disposed of on exercise of share options	—	—	—	95	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	—	984	—	(765)	—	219
Payment of dividends	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	16,395	56,513	(1,872)	5,370	(1,048)	1,022	109,360	186,139

1 IFRS 2 charge for fair value of share-based options and awards.

2 Gains and losses recognised on cash flow hedges.

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

4 Profit for the prior year includes £13,973,000 of non distributable earnings relating to the gain on disposal resulting from an intra group transfer of a subsidiary undertaking (see note 15 for further details).

Cash flow statements

For the year ended 30 June 2014

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

Reconciliation to total cash and cash equivalents and term deposits

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

Notes to the financial statements

For the year ended 30 June 2014

1. General information

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

The Group is a producer and distributor of high-quality research-grade antibodies and associated protein research tools. The Group operates through its ultimate parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc, Abcam KK, Abcam (Hong Kong) Limited, Ascent Scientific Limited, Abcam Trading (Shanghai) Co. Limited, Epitomics Inc, Epitomics (Hangzhou) Biotechnology Co. Limited and MitoSciences Inc, allowing it to serve a global customer base of over 100 countries.

2. Adoption of new and revised standards

Standards affecting the financial statements

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

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

Standards not affecting the reported results nor the financial position

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

IFRS 9	<i>Financial instruments</i>
IFRS 10	<i>Consolidated financial statements</i>
IFRS 12	<i>Disclosure of interests in other entities</i>
IFRS 15	<i>Revenue from contracts with customers</i>
IAS 16 (amended)	<i>Property, plant and equipment</i>
IAS 27 (revised)	<i>Separate financial statements</i>
IAS 36 (amended)	<i>Impairment of assets</i>
IAS 38 (amended)	<i>Intangible assets</i>
Amendments to IFRS 7 and IAS 32	<i>Offsetting financial assets and financial liabilities</i>

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

3. Significant accounting policies

Basis of accounting

The annual financial statements of Abcam plc are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS and comply with Article 4 of the EU IAS Regulation.

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

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the statements for the year ended 30 June 2013 except where disclosed otherwise in this note.

Basis of consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the

accounting policies in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

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

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

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

Investments in subsidiaries are accounted for at cost less impairment. Where applicable, cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

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

Goodwill

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

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

In accordance with IAS 21 goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of that foreign operation and as such are translated at the relevant foreign exchange rate at the balance sheet date.

Revenue and income recognition

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

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

Custom service revenue is recognised proportionately when the outcome of each discrete stage of the contract can be estimated reliably and is based on the stage of completion of the contract activity per agreed milestones set out in the contract. Where the outcome cannot be estimated reliably, revenue is recognised to the extent of costs incurred where it is probable these will be recovered. In instances where it is probable that the costs will be in excess of the contract revenue, the expected loss is recognised as an expense immediately.

Licence fee income is recognised on delivery of the licensed technology where the Group's continued performance or future research and development services are not required. Payments received prior to this are recorded as deferred income.

Royalty revenue is recognised based on the contractual terms and the substance of the agreements with the counterparty.

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

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

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

Leasing

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

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

Foreign currencies

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

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

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

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

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the nature of the Group's obligations under the schemes is equivalent to those arising in a defined contribution retirement benefit scheme. The Group has no further obligations once the contributions have been paid.

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the

initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income. Residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

Payments made to acquire software, distribution rights, capitalised development work and contract based intangibles from third parties are capitalised at cost and amortised on a straight-line basis over their estimated minimum useful lives. The principal economic lives used for this purpose are as follows:

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

Expenditure on development activities including internally generated intangible assets is recognised as an asset if and only if it meets the recognition criteria set out in IAS 38 *Intangible Assets*. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

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

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

Inventories

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

Financial instruments

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

Available-for-sale financial assets

The Group has an investment in unlisted shares which is not traded in an active market but is classified as an available-for-sale financial asset and stated at cost less any provision for impairment.

Trade and other receivables

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

Cash and cash equivalents

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

Term deposits

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

Financial liabilities and equity

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

Trade payables

Trade payables are initially recognised at fair value and subsequently held at amortised cost.

Equity instruments

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

Derivative financial instruments

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

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

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

Hedge accounting

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

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

Cash flow hedges

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

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

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

Share-based payments

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

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

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

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

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

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

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

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

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

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

Own shares

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

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the date of reporting the financial statements, and the reported amounts of revenues and expenditure during the year. These estimates and judgements are continually evaluated and based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances prevailing at that time. In preparation of the consolidated financial statements, estimates and assumptions have been made by the Directors concerning the fair value of share options, the estimated useful lives of fixed assets, accruals and provisions required, the carrying value of investments, the recoverability of deferred tax assets, the carrying value of goodwill and other intangible assets and other similar evaluations. Actual amounts may differ from those estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Impairment of intangibles

As part of the business combinations the Group acquired the following intangible assets: licence fees, customer relationships, patents, trade names, technology and know how. Further to this the Group capitalises IT development costs relating to the rebuilding of the Group's IT core systems, since these costs meet the recognition criteria of IAS 38. The Group reviews the carrying amount of all intangible assets held at each balance sheet date and an impairment was considered necessary for a specific IT project not considered appropriate for use in the business. An impairment of the carrying value of £454,000 has been recognised in the year (2013: £nil).

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis or more frequently when there are indications of possible impairment. The impairment review requires a value in use calculation of the cash generating units to which the goodwill is allocated. In estimating the value in use, management is required to make an estimate of the expected future cash flows attributable to the cash generating unit and to choose an appropriate discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2014 was £73,549,000 (2013: £81,954,000). Further details are given in note 12.

Property, plant and equipment and intangible assets carrying value

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

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

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

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

Provisions for income taxes

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

5. Operating segments

Products and services from which reportable segments derive their revenues

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

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

Geographical information

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

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

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

6. Profit for the year

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

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

7. Auditor's remuneration

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

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Fees payable to the Company's auditor for the audit of the parent company and the consolidation	95	96
Total audit fees	95	96

– Audit-related assurance services*	20	20
– Audit of the Company's subsidiaries pursuant to legislation	10	4
– Taxation compliance services	—	65
– Other taxation advisory services	—	98
– Other assurance services	—	10
– Other services	13	—
Total other services fees	43	197
Total auditor's remuneration	138	293

* This relates to the interim review.

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

8. Employees and remuneration

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

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

Their aggregate remuneration comprised:

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

* £784,000 (2013: £434,000) relates to Group staff costs directly attributable to the rebuild of the IT core systems being capitalised as part of an internally generated intangible asset under IAS 38 (see note 13).

The remuneration of the Directors is set out in the Directors' Remuneration Report.

9. Net finance income

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

10. Taxation

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

UK corporation tax is calculated at 22.5% (2013: 23.75%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

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

	Year ended 30 June 2014 £000	Year ended 30 June 2014 %	Year ended 30 June 2013 £000	Year ended 30 June 2013 %
Profit before tax	43,551		42,894	
Tax at the UK corporation tax rate of 22.5% (2013: 23.75%)	9,799	22.5	10,188	23.8
Effect of different tax rates of subsidiaries operating in different jurisdictions	563	1.3	502	1.2
Tax effect of expenses that are not deductible in determining taxable profit	322	0.7	254	0.6
Additional relief in relation to overseas entities	(778)	(1.8)	(442)	(1.0)
R&D tax credit uplift	(479)	(1.1)	(369)	(0.9)
Prior year adjustments	52	0.1	93	0.2
Effect of difference between closing deferred tax rate and current tax rate	27	0.1	10	—
Tax expense and effective rate for the year	9,506	21.8	10,236	23.9

11. Earnings per share

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

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to owners of the parent	34,045	32,658
	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	198,858,251	197,743,410
Effect of dilutive potential ordinary shares:		
– Share options	1,159,930	2,176,531
Weighted average number of ordinary shares for the purposes of diluted EPS	200,018,181	199,919,941

Basic EPS is calculated by dividing the earnings attributable to the owners of the parent by the weighted average number of shares outstanding during the year. Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment for the weighted average shares in issue to reflect the effect of all dilutive potential ordinary shares. The number of dilutive potential ordinary shares is derived from the number of share-based options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year and where it is considered performance conditions will be met.

Adjusted earnings per share

The calculation of adjusted EPS excluding integration costs and amortisation of acquisition-related intangible assets is based on earnings of:

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

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

Adjusted EPS after adding back acquisition costs and amortisation of associated intangible assets:

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

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

12. Goodwill

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

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

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

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

Following the acquisitions of Mitosciences, Ascent and Epitomics there has been considerable change in the way these entities are structured and integrated within the Abcam group. These changes include redirecting sales through the Abcam platform and the centralisation of the marketing, technical and operational support. Consequently the discrete financial information which is available for an individual entity does not reflect the true substance of the performance of that entity and the value being added. This means it is not possible to accurately assess the fair value in use of the acquired entities which formerly constituted the separately identifiable CGUs to determine whether or not there is an indication of goodwill impairment.

IAS 36 requires that following a reorganisation in the business which results in a change in the composition of CGUs, goodwill should be reallocated to the units affected. Considering the changes above, in the prior year the Directors considered it appropriate to reallocate the goodwill arising from the acquisitions to a single CGU, which would reflect the reorganised business structure. This CGU is tested for impairment on a group wide basis using the future forecast cash flows arising from the Abcam business as a whole.

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

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

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

Management has performed sensitivity analysis on the key assumptions mentioned above. Based on the results of this analysis, management is satisfied that the recoverable amount of goodwill exceeds its carrying amount. As such, no impairment of goodwill has been recognised at the balance sheet date.

Due to the headroom which exists between the recoverable amount and the carrying value there is currently no reasonable possible change in any of these key assumptions which would cause the CGU's carrying amount to exceed its recoverable amount.

13. Intangible assets

Group

	Upfront licence fees £000	Distribution rights £000	Software £000	Contract based £000	Assets under construction £000	Customer relationships £000	Patents, technology and know-how £000	Trade names £000	Total £000
Cost									
At 1 July 2012	443	1,474	380	3,567	773	5,455	22,812	2,236	37,140
Fair value adjustments	—	—	—	(115)	—	(665)	8	(214)	(986)
Additions	59	258	73	—	3,248	—	—	—	3,638
Transfer to asset in use	—	—	3,803	—	(3,803)	—	—	—	—
Disposals	(5)	—	(15)	—	—	—	—	—	(20)
Exchange differences	—	—	3	—	—	—	—	—	3
At 1 July 2013	497	1,732	4,244	3,452	218	4,790	22,820	2,022	39,775
Additions	47	229	175	—	3,306	106	—	—	3,863
Transfer to asset in use	—	—	3,324	—	(3,324)	—	—	—	—
Disposals	(19)	(868)	(543)	—	—	—	—	—	(1,430)
Exchange differences	—	—	(8)	(200)	—	(262)	(1,261)	(121)	(1,852)
At 30 June 2014	525	1,093	7,192	3,252	200	4,634	21,559	1,901	40,356
Accumulated amortisation									
At 1 July 2012	357	1,274	237	266	—	134	528	47	2,843
Charge for the year	63	66	427	775	—	497	1,757	253	3,838
Disposals	—	—	(15)	—	—	—	—	—	(15)
Exchange differences	—	—	2	—	—	—	—	—	2
At 1 July 2013	420	1,340	651	1,041	—	631	2,285	300	6,668
Charge for the year	56	152	1,353	771	—	500	1,748	251	4,831
Impairment	—	—	454	—	—	—	—	—	454
Disposals	(2)	(867)	(543)	—	—	—	—	—	(1,412)
Exchange differences	—	—	(2)	(100)	—	(55)	(173)	(31)	(361)
At 30 June 2014	474	625	1,913	1,712	—	1,076	3,860	520	10,180
Carrying amount									
At 30 June 2013	77	392	3,593	2,411	218	4,159	20,535	1,722	33,107
At 30 June 2014	51	468	5,279	1,540	200	3,558	17,699	1,381	30,176

Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Assets under construction £000	Total £000
Cost					
At 1 July 2012	434	1,637	338	773	3,182
Additions	59	490	54	3,248	3,851
Transfer to asset in use	—	—	3,803	(3,803)	—
At 1 July 2013	493	2,127	4,195	218	7,033
Additions	47	229	127	3,306	3,709
Transfer to asset in use	—	—	3,324	(3,324)	—
Disposals	(15)	(868)	(543)	—	(1,426)
At 30 June 2014	525	1,488	7,103	200	9,316
Accumulated amortisation and impairment					
At 1 July 2012	356	1,314	228	—	1,898
Charge for the year	63	303	408	—	774
At 1 July 2013	419	1,617	636	—	2,672
Charge for the year	55	381	1,331	—	1,767
Impairment	—	—	454	—	454
Disposals	(2)	(868)	(543)	—	(1,413)
At 30 June 2014	472	1,130	1,878	—	3,480
Carrying amount					
At 30 June 2013	74	510	3,559	218	4,361
At 30 June 2014	53	358	5,225	200	5,836

The amortisation period for the upfront licence fees is three years and software is between one and five years. The amortisation period for the distribution rights is the term of the agreement.

Contract-based intangibles predominately relates to two agreements: an agreement with the University of Oregon, under which the university supplies monoclonal antibodies to MitoSciences, which has full rights and entitlement to commercially exploit these materials in exchange for an ongoing fee. The remaining amortisation period is 11 years, being the remaining term of the agreement; and an agreement between Epitomics and Loyola University Chicago for access to a patent. The remaining amortisation period is to February 2015, being the expiry date of the agreement.

Assets under construction relate to the development of the core IT systems architecture. These are not amortised until being available for use in the business.

Customer relationships relates to access to new customers as part of the Epitomics acquisition, namely in the reagents and services business. The remaining amortisation period is eight years in line with the history of the business.

Patents, technology and know-how relates to the acquired RabMAb[®] technology as part of the Epitomics business. The remaining amortisation period is 13 years, being the remaining term of the primary patent.

Trade names relate to RabMAb[®] and Epitomics. The remaining amortisation period is six years.

14. Property, plant and equipment Group

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2012	1,559	7,914	2,237	1,404	735	96	13,945
Additions	329	1,274	238	1,343	437	52	3,673
Disposals	(122)	(36)	(7)	—	(35)	—	(200)
Exchange differences	—	113	28	40	25	8	214
At 1 July 2013	1,766	9,265	2,496	2,787	1,162	156	17,632
Additions	332	710	768	1,468	257	6	3,541
Transfer to asset in use	—	—	—	342	(342)	—	—
Disposals	(176)	(301)	(63)	—	—	(5)	(545)
Exchange differences	(57)	(307)	(197)	(284)	(133)	(19)	(997)
At 30 June 2014	1,865	9,367	3,004	4,313	944	138	19,631
Accumulated depreciation							
At 1 July 2012	1,125	5,619	1,268	168	—	2	8,182
Charge for the year	277	933	456	305	—	19	1,990
Disposals	(119)	(36)	(6)	—	—	—	(161)
Exchange differences	1	71	35	10	—	3	120
At 1 July 2013	1,284	6,587	1,753	483	—	24	10,131
Charge for the year	312	762	476	312	—	20	1,882
Disposals	(175)	(284)	(60)	—	—	(5)	(524)
Exchange differences	(40)	(143)	(120)	(52)	—	(5)	(360)
At 30 June 2014	1,381	6,922	2,049	743	—	34	11,129
Carrying amount							
At 30 June 2013	482	2,678	743	2,304	1,162	132	7,501
At 30 June 2014	484	2,445	955	3,570	944	104	8,502

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2012	1,104	5,990	993	223	—	—	8,310
Additions	234	491	81	61	—	—	867
Disposals	(47)	(1)	—	—	—	—	(48)
At 1 July 2013	1,291	6,480	1,074	284	—	—	9,129
Additions	198	456	289	1,242	945	6	3,136
Disposals	(161)	(250)	(25)	—	—	—	(436)
At 30 June 2014	1,328	6,686	1,338	1,526	945	6	11,829
Accumulated depreciation							
At 1 July 2012	824	5,102	674	139	—	—	6,739
Charge for the year	189	400	216	66	—	—	871
Disposals	(45)	(1)	—	—	—	—	(46)
At 1 July 2013	968	5,501	890	205	—	—	7,564
Charge for the year	210	379	149	113	—	1	852
Disposals	(161)	(236)	(25)	—	—	—	(422)
At 30 June 2014	1,017	5,644	1,014	318	—	1	7,994
Carrying amount							
At 30 June 2013	323	979	184	79	—	—	1,565
At 30 June 2014	311	1,042	324	1,208	945	5	3,835

15. Investments in subsidiaries

The Company's subsidiaries at 30 June 2014 are:

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

Analysis of changes in investments

	£000
At 1 July 2012	123,112
Transfer of shares in subsidiary undertakings	(113,102)
Purchase of shares in subsidiary undertaking	85,872
Fair value adjustment to acquired subsidiary	(42)
At 30 June 2013	95,840
Capital contribution*	307
At 30 June 2014	96,147

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

Following the acquisition of Epitomics Inc in April 2012, the Group undertook a restructuring to consolidate the ownership of its US subsidiaries. On 20 December 2012, Abcam plc transferred its shareholding in Epitomics Inc, MitoSciences Inc and Abcam Inc to Abcam (US) Limited, an indirect subsidiary of the Company.

In consideration for the shares of US subsidiaries, Abcam plc received total consideration of £127.1m made up of shares in Group companies of £85.9m and intra-group receivables of \$67m (see note 19).

16. Deferred tax assets and liabilities

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

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Acquired intangible assets £000	Other temporary differences £000	Total £000
At 30 June 2012	(858)	(213)	2,776	(12,937)	2,696	(8,536)
(Charge)/credit to income	(520)	—	227	1,259	(1,118)	(152)
Fair value adjustments	26	—	—	394	2,230	2,650
Credit/(charge) to equity	—	525	(841)	—	—	(316)
Exchange differences	(44)	—	—	—	125	81
At 30 June 2013	(1,396)	312	2,162	(11,284)	3,933	(6,273)
Credit/(charge) to income	658	—	85	1,191	(1,456)	478
Charge to equity	—	(550)	(1,350)	—	—	(1,900)

Exchange differences	125	—	—	1,252	(265)	1,112
At 30 June 2014	(613)	(238)	897	(8,841)	2,212	(6,583)

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

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

The deferred tax liability of £8,841,000 (2013: £11,284,000) has been recognised in relation to the acquired intangible assets as a result of the acquisitions. Amounts released from this liability during the period were £1,191,000 (2013: £1,259,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets.

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other temporary differences £000	Total £000
At 30 June 2012	51	(213)	2,545	30	2,413
(Charge)/credit to income	(9)	—	226	5	222
Credit/(charge) to equity	—	525	(765)	—	(240)
At 30 June 2013	42	312	2,006	35	2,395
(Charge)/credit to income	(70)	—	—	(147)	(217)
Charge to equity	—	(550)	(1,143)	—	(1,693)
At 30 June 2014	(28)	(238)	863	(112)	485

At the balance sheet date, there are no aggregate temporary differences associated with undistributed earnings of subsidiaries for which a deferred tax liability has not been recognised (2013: £nil). No temporary differences exist in the current year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

17. Inventories

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

18. Financial assets

Trade and other receivables

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

Trade receivables

The average credit period taken for sales is 35.3 days (2013: 34.5 days). No interest has been charged on the receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience. The Group and Company have provided fully for all receivables over 90 days past due because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

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

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

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
0 to 30 days overdue	2,281	2,532	632	877
30 to 60 days overdue	332	277	12	31
	2,613	2,809	644	908

Movement in the allowance for doubtful debts

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

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

Ageing of impaired receivables

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

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

19. Loan receivable

	Group		Company	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Amount owed by subsidiary undertaking	—	—	39,133	44,175

The amount owed to the Company represents two interest-bearing loans due from Abcam US Group Holdings Inc of \$33m and \$34m, interest being incurred at rates of 7.34% and 8.69% respectively. The loans are repayable on 20 December 2017 and 2019 respectively and are unsecured. The movement in the year is due to foreign exchange. See note 15 for further details.

20. Available-for-sale financial asset

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

As part of the Epitomics acquisition the Group acquired a 13% interest in Plexbio Co., Limited (Plexbio), a privately owned biotechnology company headquartered in Taiwan. Plexbio was established to research, develop and manufacture in vitro diagnostic (IVD) kits. The movement in the year is due to foreign exchange. See note 26 for further details.

21. Derivative financial instruments

Group and Company: 30 June 2014

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

Group and Company: 30 June 2013

	Current		Non-current		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	145	(1,160)	29	(375)	(1,361)
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	386	(179)	—	—	207
	531	(1,339)	29	(375)	(1,154)

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

22. Trade and other payables

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

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2014, the Group had an average of 32.8 days of purchases (2013: 32.1 days) outstanding in trade payables (excluding accruals and deferred income). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Commitments

	Year ended 30 June 2014 £000	Year ended 30 June 2013 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– Land and buildings	2,600	2,180

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

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

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods. The charge in 2014/15 on these operating leases is expected to be £2.4m for the Group and £1.0m for the Company. There are no commitments relating to the acquisition of property, plant and equipment and intangible assets (2013: £nil).

24. Capital and reserves

Share capital

Group and Company

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

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

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

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

Share premium

Group and Company

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

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

Own shares

Group and Company

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

This balance represents the cost of 981,901 shares with a nominal value of £1,964 in Abcam plc (2013: 786,145 with a nominal value of £1,572) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the free shares and matching shares elements of the SIP. See note 27 for further details of this scheme.

Reserves

Translation reserve

The translation reserve comprises foreign currency differences from the translation of the financial statements of foreign operations.

Share-based payment reserve

The share-based payment reserve comprises the IFRS 2 charge for the fair value of share-based options and awards.

Hedging reserve

The hedging reserve comprises gains and losses recognised on cash flow hedges and the associated deferred tax assets and liabilities created.

Deferred tax reserve

The deferred tax reserve comprises the portion of the deferred tax arising on outstanding share options exercised and not taken to the income statement in accordance with IAS 12.

Merger reserve

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

25. Dividends

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

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

26. Financial instruments

Capital risk management

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

Significant accounting policies

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

Categories of financial instruments

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

Trade and other payables*	(12,502)	(13,078)	(16,095)	(13,019)
Total financial liabilities	(12,502)	(13,078)	(16,095)	(13,019)

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

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

Fair value measurements recognised in the balance sheet

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

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

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

30 June 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Derivative financial instruments	—	2,028	—	2,028
Available-for-sale asset	—	—	623	623
Total assets	—	2,028	623	2,651

Liabilities				
Derivative financial instruments	—	(35)	—	(35)
Total liabilities	—	(35)	—	(35)

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

Liabilities				
Derivative financial instruments	—	(1,714)	—	(1,714)
Total liabilities	—	(1,714)	—	(1,714)

There were no transfers between levels during the year.

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

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

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. It reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes

and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

Risk in relation to the use of financial instruments

Credit risk

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

The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year-end debtor days are 35.3 days (2013: 34.5 days). All overdue debts are provided for where collectability is considered doubtful or the value of the debt is impaired. Objective evidence of impairment could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 35.3 days, as well as observable changes in international or local economic conditions.

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

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are major financial institutions. Funds are split between at least two institutions. The carrying amount best represents the maximum exposure to credit risk.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward exchange contracts to hedge the exchange rate risk arising on the sales of goods and services denominated in US dollars, euros and Japanese yen.

Foreign currency risk management

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

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

	Liabilities		Assets	
	30 June 2014 £000	30 June 2013 £000	30 June 2014 £000	30 June 2013 £000
Euros	(96)	(247)	4,893	7,020
US dollars	(8,824)	(5,758)	10,942	11,813
Japanese yen	(10)	(33)	2,924	3,146
Hong Kong dollars	—	—	82	84
	(8,930)	(6,038)	18,841	22,063

Foreign currency sensitivity analysis

The Group's principal functional currency is sterling. The Group is mainly exposed to fluctuations in US dollars, euros and Japanese yen exchange rates.

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

US dollar currency impact		Euro currency impact		Yen currency impact	
2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000

Effect of an 8% strengthening in relevant exchange rate on:

Profit or loss	311	448	356	501	216	231
Other equity	1,996	2,182	2,211	1,840	618	631

Effect of an 8% weakening in relevant exchange rate on:

Profit or loss	(366)	(685)	(417)	(589)	(254)	(271)
Other equity	(2,343)	(2,402)	(2,593)	(2,160)	(726)	(741)

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

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to manage the risk associated with anticipated sales transactions out to 18 months within 30% to 95% of the exposure generated. Upon maturity of a forward exchange contract, the Group may enter into a new contract designated as a separate hedging relationship.

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

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

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

	Average rate 30 June 2013	Foreign currency 30 June 2013	Contract value 30 June 2013	Fair Value gain/(loss) 30 June 2013
Outstanding contracts				
Sell US dollars				
Less than 3 months	1.57	\$7,590	4,846	(151)
3 to 6 months	1.55	\$10,290	6,620	(159)
7 to 12 months	1.55	\$21,050	13,546	(331)
13 to 18 months	1.55	\$10,800	6,951	(173)
	1.56	\$49,730	31,963	(814)
Sell euros				

Less than 3 months	1.20	€5,725	4,786	(118)
3 to 6 months	1.19	€6,750	5,668	(121)
7 to 12 months	1.19	€13,500	11,328	(267)
13 to 18 months	1.19	€6,750	5,653	(154)
	1.19	€32,725	27,435	(660)
Sell yen				
Less than 3 months	126.21	¥298,645	2,366	384
3 to 6 months	151.32	¥306,890	2,028	(11)
7 to 12 months	151.29	¥639,420	4,226	(34)
13 to 18 months	150.92	¥333,000	2,207	(19)
	145.74	¥1,577,955	10,827	320
Total of outstanding forward contracts			70,225	(1,154)

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

Liquidity risk management

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

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

The Group and Company hold cash deposits at call or with a maturity of up to five years. At 30 June 2014, the average maturity of balances was 805 days (2013: 693 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

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

Liquidity risk tables – financial liabilities

All trade and other payable balances are capital and do not include accrued interest.

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

	Less than six months £000	Between six months and one year £000	Total £000
Group			
2013			
Trade and other payables	(13,078)	—	(13,078)
	(13,078)	—	(13,078)
Company			
2013			
Trade and other payables	(8,440)	—	(8,440)

Trade payables owed to subsidiary undertakings	(4,579)	—	(4,579)
	(13,019)	—	(13,019)

Interest rate risk sensitivity analysis

An increase of 0.25% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £119,000 (2013: £70,000) and by the Company of £95,000 (2013: £44,000). A decrease of 0.25% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £119,000 (2013: £70,000) and by the Company of £95,000 (2013: £44,000). There would have been no effect on equity reserves.

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

27. Share-based payments

Equity-settled share option scheme

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

The vesting period ranges from one to four years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

The volatility of the options is based on the average of standard deviations of daily continuous returns on Abcam plc shares. The dividend yield is based on Abcam's actual dividend yield in the past.

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

The Group recorded a total share-based payments expense of £941,000 in the year (2013: £1,391,000), of which £678,000 (2013: £1,211,000) was included within administration and management expenses and £263,000 (2013: £180,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

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

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

Enterprise Management Incentive (EMI) scheme

	2014			2013		
	Number of share	Weighted average	Weighted average	Number of share	Weighted average	Weighted average

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

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

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

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

Unapproved Share Option Plan

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

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

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

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

The Abcam 2005 Share Option scheme

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

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

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

The Abcam CSOP

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

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

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

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 model are as follows:

The Abcam 2005 Share Option Scheme

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

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

The Abcam CSOP

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

SIP

All UK based employees are eligible to participate in the SIP whereby employees buy shares in the Company. These shares are called partnership shares and are held in trust on behalf of the employee. For every partnership share bought by the employee up to a limit of £1,500 per tax year the Company will give the employee one share free of charge (matching shares), provided the employee remains employed by the Company for a period of at least three years. The employees must take their shares out of the plan on leaving the Company and will not be entitled to the matching shares if they leave within three years of buying the partnership shares. In addition, the Company can also award employees up to a maximum of the HMRC approval limit which during the year was £3,000 of shares (free shares) per tax year. There are no vesting conditions attached to the free shares, other than being continuously employed by the Company for three years from the date of grant.

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

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

The Group recognised a total expense of £475,000 (2013: £561,000) in the year relating to matching and free share awards.

LTIP

The Company approved a new LTIP in 2008. Full details of the performance conditions are outlined in the Directors' Remuneration Report. All awards are nil cost options which vest, subject to achievement of the relevant performance conditions, after three years, and can be exercised over the following seven years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

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

	LTIP awards 2014	LTIP awards 2013
Outstanding at beginning of year	1,771,767	1,887,156
Granted during year	190,224	161,044
Forfeited during year	(338,510)	(58,700)
Exercised during year*	(454,609)	(217,733)
Outstanding at end of year	1,168,872	1,771,767
Exercisable at end of year	522,307	966,929

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

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

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

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

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

28. Retirement benefit schemes

Defined contribution schemes

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

Employees of the Group's subsidiaries in the US, Japan, China and Hong Kong are members of state-managed retirement benefit schemes operated by the governments of the US, Japan, China and Hong Kong respectively. Depending on location, the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions as required by law.

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2014 was £1,207,000 (2013: £977,000). As at 30 June 2014 contributions of £83,000 (2013: £84,000) due in respect of the current reporting period had not been paid over to the schemes.

29. Related party transactions

Remuneration of key management personnel

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

	30 June 2014	30 June 2013
Group and Company	£000	£000

Short-term employee benefits and fees	3,155	2,290
Post-employment benefits	107	88
Share-based payments charge	190	866
	3,452	3,244

Directors' transactions

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

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

Company transactions with its subsidiaries

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

	30 June 2014 £000	30 June 2013 £000
Sales of goods	62,812	55,539
Purchase of goods	(7,495)	(8,549)
Dividends received	—	6,557
Management fees charged	(1,209)	(1,705)
	54,108	51,842

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

30. Income statement for the Company

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. Abcam plc reported a profit for the year ended 30 June 2014 of £29,300,000 (2013: £52,524,000). Profit for the prior year included £13,973,000 of non-distributable earnings relating to the gain on disposal resulting from an intra-group transfer of a subsidiary undertaking (see note 15 for further details).