abcam®

Much more than antibodies

Abcam plc Annual Report and Accounts 2010

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This year we've taken our financial reporting online.

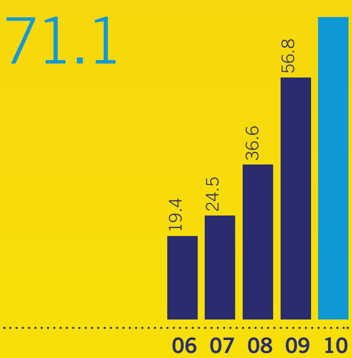
We recognise the importance of providing clear and timely information to our existing and potential shareholders and hope that this new interactive format will enable you to more easily access the information contained herein.

abcamplc.com/reports

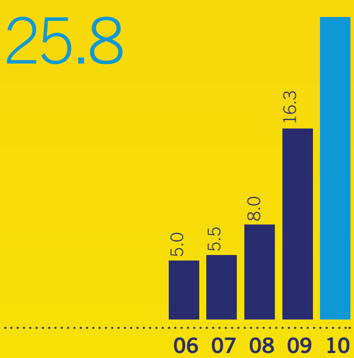
Highlights of our year

- Revenue increased by 25.2% to £71.1m (2009: £56.8m) and by 23.1% on a constant currency basis
- Pre-tax profits increased by 58.4% to £25.8m (2009: £16.3m after a non-recurring fixed asset impairment related charge of £1.1m)
- Product range grew by 20.2% to 63,010 antibodies and related products (2009: 52,400)
- New offices opened in Hong Kong and San Francisco to improve service levels in regional markets
- Record volumes of characterisation data added on the products in the catalogue during the year
- Net cash and short-term deposits at 30 June 2010 of £40.2m (2009: £25.5m)
- Earnings Per Share increased by 54.5% to 53.82p per share (2009: 34.83p)
- Recommended final dividend increased by 55.4% to 14.61p per share (2009: 9.40p), giving an increase in the total dividend per share of 65.4% to 20.03p (2009: 12.11p)

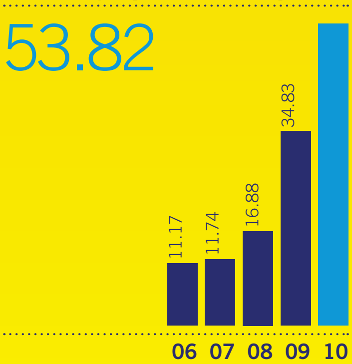
Revenue (£m)



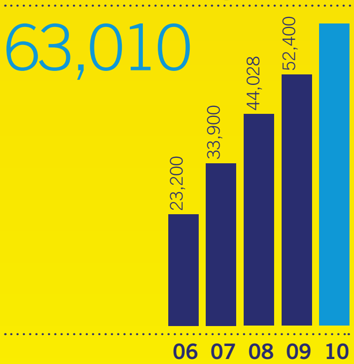
Profit before tax (£m)



Earnings per share (p)



Number of new products



See our full financial results on page 41

63,010 products
1 online catalogue

Abcam was established twelve years ago with the mission to build the largest catalogue of the best antibodies in the world.

During this time our eCommerce platform has revolutionised the buying of antibodies and we've transformed into a global business ranked number 1 for best customer experience*.

This year we distributed more than 300,000 units to over 75 countries and are a market leader in the antibodies and reagents space.

Yet Abcam has built its reputation on much more than just reliable products and an extensive online catalogue.

www.abcam.com

* Source: The Market for Antibodies: Keys to Success for Commercial Suppliers, vol.3, May 2009 (Bioinformatics).

Take a look inside to learn more

Beyond antibodies...

What we offer

100% support

Our Abpromise® is a pledge of commitment to customers. We respond to enquiries within 24 hours; our regional and virtual offices provide support in six languages and our websites host extensive technical resources for pre and post-sales support.

A vibrant culture

We are building a great company by recruiting excellent people. We have a fun but intense working environment with everyone working together to deliver great service and the best products to customers.

Turn to **page 10**

our successful regional websites **abcam.cn** and **abcam.co.jp**

more than 270 employees across 5 offices

Customer engagement

We value what customers say about our products and services and encourage feedback through surveys and focus groups. Our independent Abreviews® system allows customers to rate the performance of a product, with this information becoming part of the product's datasheet.

Turn to **page 12**

Constant innovation

Our culture is one of continuous improvement and efficiency. In addition to state of the art operational facilities, we have recently developed unique packaging, ensuring products arrive in the best possible condition.

Turn to **page 14**

Scientific expertise

With our own laboratory in Cambridge, UK, more than 100 industry-leading partners and a yearly programme of world-class conferences, Abcam is truly a company of scientists working for scientists.

13

conferences, in 10 countries, 2,000 delegates

40+

in-house PhDs

Who we support

Abcam is committed to supporting the needs of the scientific community by providing the best products available. We continue to invest in enhancing our catalogue and services.

Above Our in-house scientists work to enhance the characterisation of products, providing customers with the most up to date and extensive data available

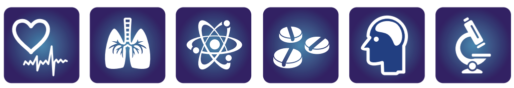
A record number of product features added.

20.2%

increase in overall number of products.

Added over 7,700 OEM antibodies and more than 2,200 antibody-related reagents.

We focus our efforts on particular areas of research and our close links with the scientific community mean we are able to source products and supplementary resources for the newest and fastest growing areas:



Cancer, Cardiovascular, Chromatin and Nuclear Signalling, Immunology, Neuroscience and Stem Cells.

Our customers and collaborators

Our business development teams work with over 100 key opinion leaders to ensure we understand what customers want and to keep in touch with research communities. We work with our collaborators to identify new products, increase the validation of existing ones and produce supporting literature as part of our focus on rigorous data gathering and presentation.

Above Neuron/glia cultures stained with mouse mono to GFAP ab (red) (ab4648)

Facilitating world leading research

We organise a range of scientific conferences globally which serve to create a platform for scientists to come together and discuss their research. In addition to providing essential networking forums for scientists, our conference programme also provides staff unique opportunities to speak with customers.

Our in-house scientists also provide customer support through online conferences and webinars

Developing the right products at the right time:

Visits to our website have increased by

29%

How we operate

Local company, global reach

The speed with which we are able to bring products to market and ship them to customers is one of our core strengths.

5
offices

more than 75
countries delivered to worldwide

more than 650,000
orders fulfilled since our foundation

"Our automated stock management system and operational efficiency allows us to offer next day delivery for in stock orders in the US, EU and Japan."

Sourcing and producing

Along with our own manufacturing facility specialising in the purification and testing of antibodies, we source products from over 300 partners. The means we are able to offer scientists the newest and best research products available globally, regardless of source, and will continue to add new high quality products to the catalogue at a similar rate as previous years.

We have invested in strengthening our relationship with key suppliers enabling us to maintain good cost control and security of supply.

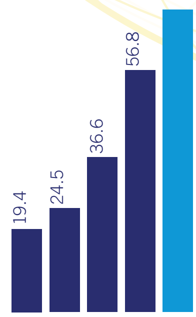
Distributing internationally

Our regional offices and network of distributors means we have global reach. Over the coming year the remit of the Hong Kong office will further develop our position in the Chinese market and expand to include support to the Asia Pacific region. The recent opening of a San Francisco office will increase customer access to support in this region and our expansion of distributors in European countries has increased penetration in key institutes.

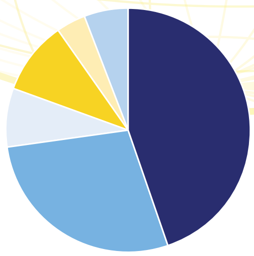
We continue to work closely with our distributors to build on initiatives to improve our links with researchers.

Sales revenue (£m)

71.1



Revenue by geography



Chairman's review

"Abcam has been resilient in the recent economic turmoil and we are fortunate in being geographically well-hedged, in a market where increasing levels of research mean that demand continues apace for high quality research tools."

Mike Redmond Chairman

We are proud to have been recognised for our achievements several times during the year:

Business of the Year at the 2009 Business Weekly East of England Awards

CEO of the Year at the Quoted Company Awards 2010

CEO of the Year at the European Mediscience Awards 2010

Company of the Year at the 2009 AIM Awards

Introduction

This is my first full year review as Chairman of Abcam and covers a period during which the global economic environment has continued to create challenges of exceptional scale and duration for many companies. It is therefore very pleasing to report another outstanding performance from Abcam.

Financial highlights

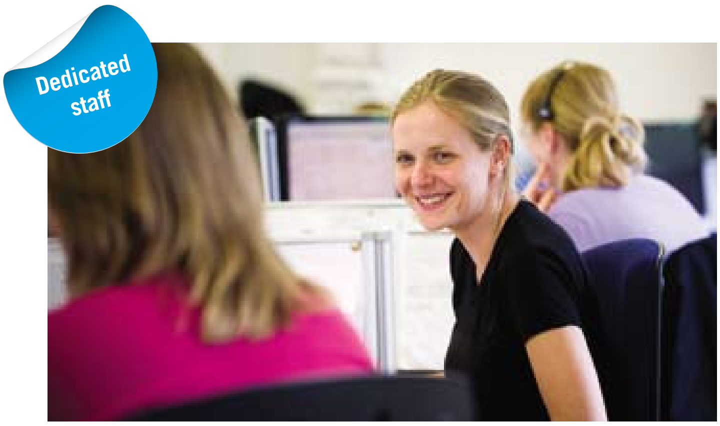
Revenue increased by 25.2% to £71.1m (2009: £56.8m). Over the period we benefited from the relative weakness of Sterling, which had a positive impact on sales, but less so than in recent years. However, underlying sales growth at constant currency rates was still very strong at 23.1% (i.e. if foreign currency exchange rates had remained unchanged from 2009) with good performances coming from each of our main geographic markets.

Operating profit increased by 61.6% to £25.6m (2009: £15.9m after a non-recurring fixed asset impairment related charge of £1.1m). This strong performance reflects some benefit from exchange rates but also good cost management in the purchasing of OEM products, greater production efficiency leading to lower costs for our own products and tight operational cost control which, as sales have increased, has enabled the benefits of the operational gearing of the business to come through. Although opportunities exist within the business for further operational gearing, these are more limited and are unlikely to be at the same scale as in the 2009/10 financial year.

Lower interest rates led to a reduction in investment income, meaning that the growth in profit before tax was 58.4% at £25.8m (2009: £16.3m after a non-recurring fixed asset impairment related charge of £1.1m). After the award of share-based incentives to employees and the issuing of new shares following the exercise of share options, the growth in Earnings Per Share (EPS) was 54.5% to 53.82p (2009: 34.83p).

To read our full financial review and view our performance against KPIs turn to **pages 16 to 19**

Cash flow in the period has been exceptionally strong with cash generated from operations of £24.9m (2009: £16.4m prior to one-off receipt of lease incentive of £1.1m). Operating cash flows before working capital movements were £28.7m (2009: £18.9m), giving a cash conversion ratio of 86.8% (2009: 87.0%). At 30 June 2010 cash and short-term deposits amounted to £40.2m (2009: £25.5m).



Above Our customer support teams work to provide the best pre and post-sales support to researchers

Our strategy

Continually adding high quality products to our catalogue and increasing validation of our existing products with a rigorous focus on data gathering and presentation.

Providing high levels of customer service and support, increasing local language support and extending phone line support opening hours.

Continually driving business improvement by optimising efficiency and scalability of internal processes.

Investing to drive long-term growth, whilst maintaining tight cost control.

Dividends

Last year the Board increased the dividend distribution ratio to 35% of post-tax profit in the light of the strong cash flow and continued success of the Group. Further progress has been made on both these fronts in the 2009/10 financial year and consequently the Directors are recommending that the distribution ratio be increased to 37.5%. An interim dividend of 5.42p per share was paid in April 2010 and the Directors are recommending a final dividend of 14.61p per share, making a total of 20.03p for the year, an increase of 65.4% on that paid last year. Subject to shareholder approval at the Annual General Meeting (AGM) in November, the final dividend will be paid on 26 November 2010 to shareholders on the register on 5 November 2010.

Proposed share sub-division

In recent years the market price of the Company's ordinary shares of one pence each has risen to a level where the Board believes that it is appropriate to propose the sub-division of each of the existing ordinary shares into five new ordinary shares of 0.2 pence each. This may improve the liquidity and marketability of the ordinary shares of the Company by reducing the market price of an ordinary share and increasing the number of shares in issue. The Board will seek approval from shareholders for the proposed sub-division at the Company's forthcoming AGM in November 2010.

People

I have been immensely impressed by the energy, knowledge and commitment of our staff, whom I would like to thank for their continued efforts on Abcam's behalf, and in particular for their contribution to such a successful year.

We also greatly value all our other stakeholders – customers, suppliers and shareholders – and appreciate their continued loyalty and support.

Outlook

Abcam has been resilient in the recent economic turmoil and we are fortunate in being geographically well-hedged, in a market where increasing levels of research mean that demand continues apace for high quality research tools. The new financial year has started well with sales in line with management's expectations. However we still remain cautious due to the pressure on governments, especially in the West, to reduce their deficits and the potential for reductions in research funding which may impact our business.

Mike Redmond
Chairman
6 September 2010

Chief Executive Officer's review

"I am delighted to report on another successful year for Abcam, with sales at £71.1m and strong growth of 25.2%."

Jonathan Milner Chief Executive Officer

I am delighted to report on another successful year for Abcam, with sales at £71.1m and strong growth of 25.2% (23.1% on a constant currency basis). We continued to attract many new customers and gain market share through a combination of continually adding high quality products to our catalogue, increasing validation of our existing products with a rigorous focus on data gathering and presentation, and providing high levels of customer service and support.

We also continue to invest to drive longer-term growth but, thanks to tight cost control and the operational gearing in the business, profit before tax increased by 58.4% to £25.8m (2009: £16.3m after a £1.1m charge associated with the restructuring at the production facility).

Market review

Sales in North America grew by 20.1% to $50.2m (£31.8m) (2009: $41.8m, £26.2m), representing 44.7% of our total sales for the year. We have continued to extend our commitment to improving service levels in the year, particularly on the West Coast where we have opened a small office in San Francisco to increase access to customer support in the region and to promote Abcam in the local market. Our programme of targeting other areas which we believe have high potential for sales growth has also contributed to this increase, which is a pleasing result in a highly competitive market.

We have improved our service offering in Europe during the year. Local language support is now available for extended periods each day to allow better access for researchers to our customer support teams and we are now able to offer same-day receipt and despatch of orders to more customers across Europe.

CORPORATE CULTURE

Emphasising knowledge, training and experience

We are building a great company by recruiting excellent people. Our Company culture is one that empowers individuals with responsibility given at an early stage. We are able to attract and retain the best calibre employees by creating a challenging yet fun environment where everyone is working together for success.

This year team leaders from across the organisation took part in a management framework programme, ensuring excellent people management throughout the business.

We have an open plan environment that encourages communication between departments. Ideas and problems are shared for the best outcome.

Above Our in-house manufacturing laboratory specialises in purification techniques; a vital step in isolating single proteins of interest

In addition, we have been successful in appointing non-exclusive distributors within certain European countries to enable us to sell to organisations not otherwise accessible to us. Sales to Europe grew by 20.5% to €22.7m (£20.0m) (2009: €18.9m, £16.3m), representing 28.2% of our total sales for the year.

We also had a successful year in the UK, which is our most highly penetrated market and where we have a market leadership position. Sales grew by 15.3% to £5.6m (2009: £4.9m), representing 7.9% of our total sales for the year. The growth rate in the second half of the financial year was slightly higher than in the first half but the funding pressures we saw in the first half are still a feature of the market.

We continued the development of relationships with our network of sub-dealers in Japan, who have handled all our sales since January 2009. Working with them enables us to get closer to our customers than was previously the case and to build on the feedback we receive to better identify and fulfil our customers' requirements. Sales in Japan grew by 39.7% to ¥983m (£6.8m) (2009: ¥704m, £4.6m), representing 9.5% of our total sales for the year.

We opened our sales and marketing office in Hong Kong in July 2009 initially to drive sales in China and Hong Kong, but with the longer-term aim of taking on the management of our distributor network in South East Asia. It has been a very busy year for the team as they have been recruiting staff, appointing distributors in China and improving our delivery capability into China through the selection of a local company to handle the importation of our products.

"The supply chain team specialises in the management of our stock pipeline. We work with a variety of departments ensuring customers get the products they want quickly. A key achievement during the final quarter of the year has been fulfilling over 78% of orders directly from stock."

Laura
Supply Chain and Customs Operations

We undertake regular staff surveys to gather feedback and ensure everyone has a voice. See what staff said about Abcam on the inside back cover.

Chief Executive Officer's review continued

Above Our open plan environment fosters cross-departmental communication, everyone working together for the best outcome

Market review continued

We expect it will take several years to develop our position in the Chinese market to its full potential but we have made good progress in the year as sales to Hong Kong and China grew by 62.2% to HK$34.3m (£2.8m) (2009: HK$21.1m, £1.7m), or 3.9% of total sales.

Sales to the rest of the world, which is predominantly the remainder of South East Asia and is mostly served through local distributors, increased by 29.8% to $6.5m (£4.1m) (2009: $5.0m, £3.1m), representing 5.8% of total sales for the year. We continue to work closely with our distributor network and build on initiatives to improve our proximity to our researchers, which is a recurring theme throughout our business, and will be assisted by our South East Asian business now being managed locally through our Hong Kong office.

Catalogue growth

We have increased the number of products in the catalogue by 20.2% during the year to 63,010, including over 50,000 antibodies. Of the 10,610 new products, over 7,700 are antibodies from our supplier base, which continues to give us access to many top quality antibodies, and almost 700 were our own produced antibodies. We have also extended the breadth of antibody-related reagents we offer by over 2,200 products, including adding more ELISA kits, IHC reagents, proteins and other protein detection tools. The largest by number were proteins and growth in protein sales in the year was over 50% at £1.2m.

CUSTOMER ENGAGEMENT

Developing our business through communication

We value communication: with our staff, suppliers, customers and the scientific community. Ideally we like to meet face to face at tradeshows, conferences and key account activities. One way for us to gain insight into customer needs is with focus groups. In the past year we held three, meeting with scientists and discussing the challenges they face in their labs today.

We run quarterly surveys to speak with customers and monitor satisfaction with our products and services.

Our market research team is able to gather intelligence quickly by polling customers on a range of topics. We act swiftly on feedback and inform future business decisions.

“We have increased the number of products in the catalogue by 20.2% during the year to 63,010, including over 50,000 antibodies.”

New products added during the year contributed £2.7m to sales in total, representing 3.8% of total sales. As information is added to these products through external publications, customer feedback and our own characterisation, we expect sales from them to increase over time.

During the year we refined our inventory purchasing methodology with the aim of improving customer service levels by increasing the number of orders that can be fulfilled directly from stock. This has resulted in an increase in inventory on a selective basis and as a result the closing inventory level was £9.1m (2009: £6.8m).

eCommerce and marketing

The performance of the website is key to our success and during the year we have continued to invest to improve both the website functionality and accessibility. The response time for users around the world has improved by an average of 29% during the year and we have launched a Chinese version of the site to support our marketing initiatives in that region.

We pride ourselves on our ability to work closely across our business disciplines. For example, our eCommerce, IT and marketing departments work together on our ongoing programme aimed at making the marketing to our customer database more effective and more relevant. This has been very successful over the years and continues to drive record numbers of visits to our website, which saw an increase of 29% over last year.

The development and implementation of a new software module means that we can now undertake promotional activities which can be targeted at particular audiences and at particular complementary product ranges, making our marketing much more efficient and cost effective. We look forward to building on our eCommerce model, which will serve us well as we expand our range of protein detection tools.

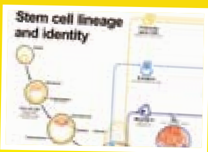
Our conference programme is a very effective marketing tool, enabling us to promote Abcam at the same time as hearing first hand from speakers and attendees about new developments at the cutting edge of research. In the 2009/10 financial year we held over a dozen events in locations across the world, and were delighted with the calibre of speakers we were able to attract. The year also saw record levels of customer satisfaction with the scientific quality of the conferences and several events were oversubscribed, demonstrating our increased success in this area.

Our production facility

We reorganised our production facility during the 2008/09 financial year, since which time great strides forward have been made in terms of production efficiency and in meeting our ongoing commitment to increase characterisation data on our products. The images provided by the production facility feed into our strategy of continually adding data to the catalogue from a range of sources, which this year included a continuation of our programme of commissioning data provision from selected third parties.

“This year we're redesigning our product datasheets. These represent the most important content on our website so we created a beta site allowing us to share and seek feedback on the new design and functionality, in advance of a mainstream launch.”

Kieran
Business Development



Our library of technical literature is very popular with customers who use them as teaching aids.

Chief Executive Officer's review continued

"The dedication, ability and sheer enthusiasm of our staff are an inspiration and it is their efforts that are behind the Company's achievements."

Our production facility continued

Production in the year was at record levels through improved management of our product pipeline and an overhaul of our processes, which also saw the introduction of a new quality control system to ensure quality is maintained as production increases.

Efficiency initiatives and people

A review of the year would not be complete without reference to our drive for efficiency improvements, which has been an integral part of our thinking since the Company was founded. During the year, we have reduced the size of our packaging and designed a smaller format of the data sheets which we use when shipping products to customers. This has increased efficiency as the new packs are easier to handle, whilst also improving our ability to maintain a temperature-controlled environment during shipping.

As part of this initiative we redesigned the holders in which we ship vials to make them smaller and lighter. The new holders are coloured, inter-connecting Abcam-branded bricks, helping to improve efficiency whilst also representing a significant marketing opportunity, and have been a great success with customers.

For more on our staff and their thoughts on working at Abcam turn to the **inside back cover**

The dedication, ability and sheer enthusiasm of our staff are an inspiration and it is their efforts that are behind the Company's achievements, so enormous thanks to them. I would also like to welcome Mike Redmond as our new Chairman, who is already making a significant contribution to the Board.

Above Our characteristic packaging is very popular with customers; reducing waste and giving storage flexibility

CONSTANT INNOVATION

Fostering a creative approach

To ensure we maintain efficiency and develop our product offering, employees are encouraged to champion their ideas. This culture of improvement and innovation ensures we have a pipeline of opportunities to assess, creating added value to customers whilst increasing profitability of the Group. If it's something we're passionate about and is beneficial to customers and the business, we'll make it happen.

Processing thousands of orders every year we spend a lot of time labelling products. With no automated solution on the market, we co-developed an automated vial labelling machine. This improved the efficiency of our operation teams four-fold and the design patent offers future licensing opportunities.

We've also integrated dry ice shipping facilities enabling us to provide customers with a more extensive range of temperature sensitive proteins.

We place considerable value on the involvement of our employees
turn to page 26 for an overview of our corporate, social and ethical policies

Strategic development

Abcam's ruthless focus on giving our customers the widest possible choice of antibody research tools for detection and study of their proteins has created a very successful business which has been able to continually and sustainably generate significant value for all its stakeholders. We have a proven and defensible business model, delivering strong underlying growth with the potential to expand by leveraging our eCommerce model, supply side strategy, strong brand and customer base.

This is an exciting and challenging time for Abcam as we look to both strengthen our market position as the leader in antibody research tools and at the same time expand our product offering into the broader area of protein detection and regulation studies. We believe that we are well placed to achieve these goals. Abcam's success to date has resulted from our single-minded focus on refining our core business model and incrementally expanding it so that it is aligned to the needs of the researcher, supporting them in the study of proteins, to unlock the secrets of cells in health and disease. This is a commitment that we at Abcam have all signed up to deliver through a combination of continuing organic growth, for example via OEM-type deals, and also looking for strategic investment opportunities.

Jonathan Milner
Chief Executive Officer
6 September 2010

Abcam is uniquely positioned

- Pressure on Governments to address deficits could reduce research funding which may impact our business.
- Resilient business model – geographically well hedged with global reach.
- Business continues to be highly cash generative with a strong balance sheet.
- Global market demand for research antibody reagents continues to increase.
- An exciting and challenging time as we look to both strengthen our leading market position and capitalise on new opportunities in protein detection and regulation studies.
- Extending into these areas through organic (OEM-type) deals as well as strategic investment possibilities.

"The BIO team works to identify exciting ideas, from new business opportunities to operational efficiencies, and turns the most valuable ideas into projects. This year one of our projects was to introduce platforms to handle new product types."

Elodie
Business Intelligence and Opportunities

Financial review

"During the year we were successful in effectively managing increases in our average selling prices, whilst controlling costs from suppliers and our own production costs. Gross margin reported for the period was 66.7%, compared with 65.8% for the previous year."

Jeff Iliffe Chief Financial Officer

Revenue

Revenue increased in the year by 25.2% to £71.1m or by 23.1% on a constant currency basis. Sterling was relatively stronger for the second half of the financial year, meaning that some of the revenue boost from comparative exchange rates recorded at the half year stage was reversed. The weighted average exchange rates applied to revenue in the year are shown in the table on the opposite page.

Gross margin

During the year we were successful in effectively managing increases in our average selling prices, whilst controlling costs from suppliers and our own production costs. Gross margin reported for the period was 66.7%, compared with 65.8% for the previous year, which comprised an increase of 1.8% in underlying margin, including 0.7% from units sold under Product Line Acquisition agreements, and a 0.9% negative impact from exchange rates.

The weakness of Sterling against each of our trading currencies contributed to an increase in Sterling-translated average unit selling prices. The negative impact on margin, however, resulted from the comparative rates for the US Dollar, which was the transactional currency for 50.9% of sales in the year but for 65.8% of the costs of units sold in the year. Since on average the US Dollar was stronger over the previous year, this had a proportionately larger impact on costs, thereby reducing gross margin.

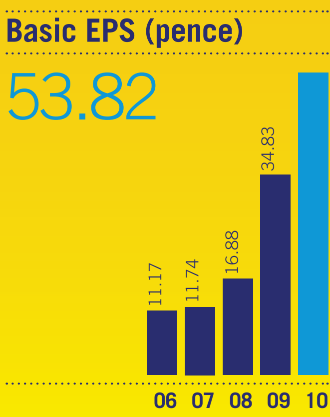
An analysis of the foreign currency components of revenue and cost of sales together with average exchange rates used for revenue in the period is given in the table opposite.

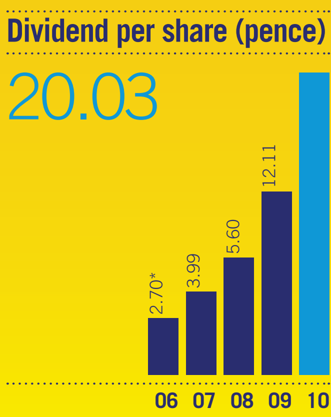
Serving global markets

China is currently our fastest growing market. We expect it will take several years to develop our position in the Chinese market but we have made good progress in the year as sales to Hong Kong and China grew by 62.2%

Our performance at a glance

Abcam's results continue to demonstrate the resilience of the specialist area of research antibodies in which we operate.





* Excluding dividends paid prior to flotation.

	Average exchange rate used for revenue		Percentage currency contribution in 2009/10	
	2009/10 £	2008/09 £	Revenue %	Cost of sales %
US Dollar	**1.579**	1.595	**50.9**	**65.8**
Euro	**1.135**	1.160	**27.8**	**8.1**
Japanese Yen	**145.155**	151.880	**9.5**	**2.6**
Hong Kong Dollar	**12.282**	n/a*	**3.9**	**—**
Sterling	**—**	—	**7.9**	**23.5**
			100.0	**100.0**

* Sales were made in Hong Kong Dollars for the first time this year.

Administration and management expenses

Administration and management expenses in 2008/09 included an impairment charge of £1.1m relating to fixed assets associated with the high-volume production processes no longer used in the business. Excluding this charge, administration and management expenses increased by £0.7m to £18.1m (2009: £17.4m).

There was tight cost control in the period and as revenue increased, the operational gearing of the business came through. The main movements in costs arose as a result of:

- a 20% increase in average headcount excluding laboratory staff, in particular to increase staff resources in the Company's eCommerce and IT functions, and customer support areas;
- an increase in profit-related pay to employees, following the substantial increase in profit during the year;
- an 88% increase in the share-based payments charge as a result of the increase in headcount and the charge for the LTIP which was extended in the current year to include more managers in the business; and
- an increase in production recoveries credited back to profit and loss following the rise in the number of polyclonal projects initiated last year after the move away from high-volume monoclonal production.

The Group management uses Key Performance Indicators (KPIs) to monitor the progress of the business. Important KPIs are:

	2010	2009	2008	Change 09/10
Number of products in catalogue	**63,010**	52,400	44,028	**20.2%**
Number of publications referencing Abcam products*	**10,825**	8,224	3,639	**31.6%**
Revenue per employee (£000)	**281**	265	220	**6.0%**
Profit before tax to revenue	**36.3%**	28.7%	21.7%	**26.5%**
Number of debtor days at year end	**33**	32	34	**3.1%**
Orders fulfilled directly from stock (average for the year)	**76.5%**	74.3%	68.5%	**3.0%**

* Source: Thomson ISI Web of Knowledge (http://isiwebofknowledge.com).

Financial review continued

"In the last quarter of the year we were able to fulfil 79.3% of orders directly from stock, compared to the average for the first nine months of 75.6%."

Administration and management expenses continued

Costs were also incurred in the previous year in addition to the £1.1m impairment loss mentioned above, which were not repeated this year:

- costs associated with the office moves to larger premises in the UK and Japan, which included a period of overlap between the leases of the old and new premises whilst the new premises were refurbished; and
- a gain arising on exchange this year of £0.4m as compared to a loss in the previous year of £0.1m.

Although opportunities exist within the business for further operational gearing these are more limited and are unlikely to be at the same scale as in the 2010 financial year.

Research and development expenditure

Research and development (R&D) expenditure relates to the research costs for new polyclonal and monoclonal products, as well as costs incurred in searching for and testing different applications in which those products can be used. R&D expenditure increased by 20.3% in the year to £3.7m (2009: £3.1m), reflecting the increased investment in these areas. It is anticipated that R&D expenditure will remain at a similar level for the coming year, incorporating additional investment which will be offset by cost savings obtained through renegotiation of certain supply contracts.

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

Profit

After adding back the ongoing share-based payments charge, operating profit expressed as a percentage of sales was 37.2% (2009: 28.8% including the impairment charge of £1.1m referred to previously).

Investment revenue fell in the year, despite strong cash generation, reflecting the much reduced returns in the market on cash deposits.

Tax

The consolidated tax charge for the year was £6.6m or 25.6% of profit before tax (2009: 24.6%), reflecting the relative fall in the R&D tax credit uplift compared to profits generated.

Inventories

The Group has strong inventory management systems which operate at the individual product level and are aimed at balancing high stock availability for customers, whilst minimising the levels of working capital tied up in inventory. During the year the decision was taken to further improve service levels by increasing the stock holding for those products deemed most likely to have insufficient stock in hand to be able to immediately fulfil customer orders. As a result, in the last quarter of the year we were able to fulfil 79.3% of orders directly from stock, compared to the average for the first nine months of 75.6%.

Above Over 78% of orders are now fulfilled directly from stock

Over time, we expect the levels of stock to increase relative to sales, since Abcam products developed in-house may involve batch sizes larger than are required for immediate sale, as more stock is built up in overseas distribution offices to enable higher levels of service in local markets, and as we increase stock levels of particular own produced products as part of the initiative mentioned above.

Debtors

The strong debtor control processes have continued to operate effectively and debtor days at the year end were 32.6 (2009: 32.0). The majority of sales continue to be on credit and we would expect to see a trend of slowly increasing debtor days over time, as the geographic spread of sales widens, in line with practice in local markets.

Creditors

Current liabilities rose from £8.6m to £10.1m. Current tax liabilities increased by £0.8m to £2.7m (2009: £1.9m), reflecting the increase in taxable profit during the year, and there was a credit balance on derivative instruments of £0.6m (2009: £nil). Trade and other payables contains deferred income of £1.3m (2009: £1.3m), including £0.8m of the cash incentive of £1.1m received on entering into a new lease for the head office during last year (2009: £1.0m), which is to be credited to profit and loss over the life of the lease. Excluding this deferred income, the remainder of trade and other payables increased by 3.0% to £5.6m (2009: £5.4m).

Cash flow

The Group's cash flow continues to be strong, with cash generated from operating activities after taxes of £19.7m (2009: £14.8m including the receipt of the £1.1m lease incentive referred to above). Consequently, after total payments of £6.0m (2009: £4.1m) relating to dividends paid, investment in property, plant and equipment and up-front payments for licence fees, and income of £0.9m (2009: £0.4m) from the exercise of share options, the Group's cash and short-term deposits increased during the year by £14.7m.

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

Earnings per share (EPS)

The number of shares issued during the year for the exercise of share options and for shares issued into the employee benefit trust was relatively small at 425,192 (2009: 458,669), meaning that as post-tax profit grew by 56.4% (2009: 108.7%) the growth in basic EPS was 54.5% (2009: 106.3%) and in diluted EPS was 53.8% (2009: 106.3%).

Currency exposure

The Group continues to generate significant amounts of US Dollars, Euros and Japanese Yen in excess of payments in these currencies, and has arrangements in place to reduce the exposure to currency fluctuations by selling forward a proportion of the surpluses generated. Details of these contracts are set out in note 24.

Jeff Iliffe
Chief Financial Officer
6 September 2010

Financial highlights

Sales up 25.2% to £71.1m (2009: £56.8m); 23.1% up on a constant currency basis.

Operating profit increased by 61.6% to £25.6m (2009: £15.9m).

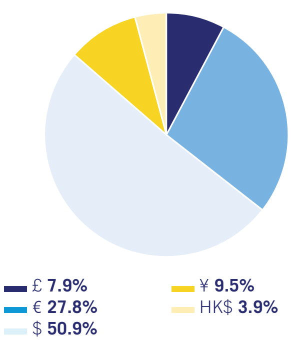
EPS increased by 54.5% to 53.82p (2009: 34.83p).

Closing cash/short-term deposits of £40.2m (2009: £25.5m).

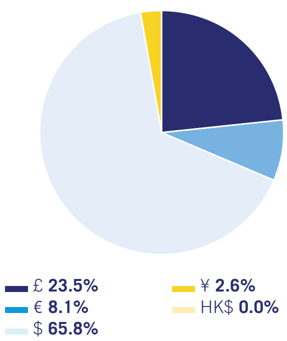
Proposed 55.4% increase in final dividend to 14.61p (2009: 9.40p) giving a 65.4% increase for the year.

Analysis of revenue, cost of sales and expenses by currency

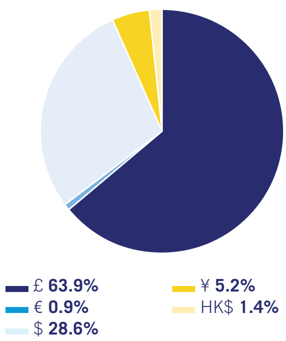
Revenue:



Cost of sales:



Expenses (excluding profit/loss on exchange):



Board of Directors


1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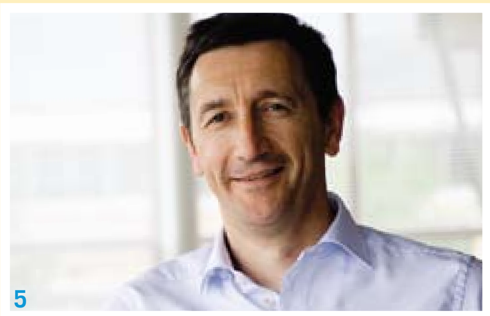
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8

Looking for advisor details?
Turn to page 22 for our full
Corporate Directory

1. Mike Redmond
Chairman

Mike Redmond, who joined Abcam in February 2009, has substantial international experience in the pharmaceutical industry gained in both executive and non-executive capacities at businesses ranging from multinational organisations to start-up companies. He is currently chairman of Dechra Pharmaceuticals plc and his recent chairmanships include Synexus Clinical Research plc, Arakis Limited and Microscience Limited. His executive career began at Glaxo Group plc in 1967 and he has held senior executive positions in marketing and management at companies including Schering Plough Corporation and Fisons plc.

2. Jonathan Milner, PhD
Chief Executive Officer

Jonathan Milner is a highly experienced entrepreneur and business leader with a background in genetic research. He gained his doctorate in Molecular Genetics at Leicester University after graduating in Applied Biology at Bath University. From 1992 to 1995 he was a research fellow for Pfizer Pharmaceuticals at Bath University, following which he was a research fellow at the University of Cambridge in the laboratory of Professor Tony Kouzarides, studying genes and proteins associated with human cancers. Whilst working in research he identified the potential market opportunity in supplying high quality antibodies to support protein interaction studies. He founded Abcam, with David Cleevely and Professor Tony Kouzarides, in February 1998 as an internet-based business to supply a rapidly growing market. He is an active member of the Cambridge, UK, business community and is chairman of Cambridge Temperature Concepts Limited, a privately held medical device company developing a reliable system for ovulation monitoring.

3. Jim Warwick, MA
Chief Operating Officer

Jim Warwick has an MA in Computer Science from the University of Cambridge. From 1986 to 2003 he worked for Analysys Limited, a Cambridge-based telecommunications consultancy, heading up its IT, software and web development initiatives. Jim joined Abcam in 2001 as Technical Director, focusing on the development of the website and the systems integral to support it, and took over operational management of the UK office as Managing Director in June 2004. In this capacity he worked on both cost-saving and efficiency improvement projects, including the bar-coding and automation of inventory handling within the Group. Jim is responsible for overseeing the operational strategy of the business and in particular ensuring the continued scalability and efficiency of the Company. In 2009, Jim took on the role of Chief Operating Officer, with operational responsibility for the Group as a whole.

4. Jeff Iliffe, ACA
Chief Financial Officer

Jeff Iliffe is a qualified accountant who was appointed as Abcam's Chief Financial Officer in November 2007, having previously worked for the Company as a financial consultant. He has extensive relevant experience of the City, industry and internet-based business. Jeff was a corporate financier in life sciences at Panmure Gordon & Co. between 1989 and 1996. He then moved into industry, holding a number of financial positions at companies including the environmental consultancy Enviros Group Limited and the biotechnology company Plethora Solutions plc. Prior to joining Abcam, he was chief financial officer at the eCommerce company St Minver Ltd.

5. Mark Webster
Non-Executive Director

Mark Webster is an experienced pharmaceutical marketeer who joined Abcam's Board as a Non-Executive Director in July 2006. He is a Chemistry graduate from Durham University who has worked at a number of international pharmaceutical companies including Abbott Laboratories Limited, Shire Pharmaceuticals Group plc, Bayer AG and ProStrakan Group plc, where as head of global marketing and North America he was responsible for setting up ProStrakan's US business. At Bayer he held the position of senior vice president global marketing and licensing/acquisitions and was also a member of Bayer Pharmaceutical's management committee. As vice president of anti-virals, US pharmaceuticals at Abbott he launched the HIV drug Kaletra, which generated more than $1bn in revenue.

6. Tony Kouzarides, PhD
Non-Executive Director

Tony Kouzarides is a co-founder of Abcam and has played a key role in expanding Abcam's antibody product range into the chromatin research area. Professor Kouzarides holds the Royal Society Napier Professorship in Cancer Biology at the University of Cambridge, UK, where he leads a laboratory that investigates the basic cellular role of chromatin-modifying enzymes and their role in human cancer. He is a co-founder of Chroma Therapeutics Limited, which identifies drugs against cancer, and is the founder and director of cancer charity Conquer Cancer, operating in Spain.

7. Peter Keen, ACA
Non-Executive and Senior Independent Director

Peter Keen joined Abcam's Board in October 2005 prior to the Company's IPO and is a chartered accountant with more than 25 years' experience in the financing and management of biotechnology companies. He is currently chairman of Exosect Limited and a non-executive director of Ark Therapeutics Group plc and of The Biotech Growth Trust plc. Peter has a notable track record in the UK biotechnology sector and until March 2010 was corporate development and finance director of the private biotechnology company Serentis Ltd. He was co-founder and finance director of Chiroscience Group plc after which he helped establish Merlin Biosciences Limited, where he was responsible for a number of investments including Ark Therapeutics Group plc, Cyclacel, ReNeuron plc and Vectura Group plc. More recently, he was chief financial officer of Arakis Limited, until its successful trade sale in 2005, and a partner with the technology venture firm DFJ Esprit LLP.

8. Tim Dye, MA
Non-Executive Director

Tim Dye has founded and led businesses in a number of different sectors. Until January 2008, he was chief executive of William Ransom & Son plc, one of the UK's longest established pharmaceutical companies, with a specialisation in natural healthcare. Prior to joining Ransom in 1999, and following an early career as a strategy consultant, he founded and ran businesses in automated meter reading, environmental management and property development. He has an MA in Economics from the University of Cambridge.

Corporate directory

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Chartered Accountants
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Registrar
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Report on affairs of the Group

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and the Independent Auditors' Report, for the year ended 30 June 2010.

Principal activities and future developments

The Group's activities consist of the development, marketing and distribution of antibodies and related products. It sells through the internet to customers in most countries of the world, operating through its parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc, Abcam KK and Abcam (Hong Kong) Limited.

Antibodies are sourced from over 250 of the world's leading primary manufacturers, academic laboratories and institutes, and the Group also produces its own antibodies in its production facility in Cambridge, UK. Abcam intends to both strengthen its market position in antibody research tools whilst at the same time expanding its product offering into the broader area of protein detection and regulation studies through a combination of continuing organic growth as well as looking for strategic investment opportunities.

Further future developments are addressed in the Chairman's Review, Chief Executive Officer's Review and Financial Review on pages 8 to 19.

Business review

The Group's management uses Key Performance Indicators (KPIs) to monitor the progress of the business. Important KPIs are:

	30 June 2010	30 June 2009	30 June 2008
Number of products in catalogue	63,010	52,400	44,028
Number of publications referencing Abcam products[1]	10,825	8,224	3,639
Revenue per employee (£000)	281	265	220
Profit before tax to revenue	36.3%	28.7%[2]	21.7%
Number of debtor days at year end	33	32	34
Orders fulfilled directly from stock (average for year)	76.5%	74.3%	68.5%

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

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

Sales increased by 25.2% in the year (23.1% on a constant exchange rate basis) as a result of continued increases in sales from the existing catalogue, as well as the launch of new products. The Group continued to generate strong margins, and pre-tax profits for the year increased to £25.8m (2009: £16.3m after the £1.1m charge associated with the impairment of fixed assets following the restructuring of the production facility).

Cash generation remained strong in the year, with the Group's closing cash and short-term deposits standing at £40.2m (2009: £25.5m).

Further analysis of the year's results, as well as the outlook for the coming year, is set out in the Chairman's Review, the Chief Executive Officer's Review and the Financial Review on pages 8 to 19.

Principal risks and uncertainties

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies are constantly reviewed, taking into account market conditions and the Group's activities. The Board receives a formal risk management update twice a year.

The Group faces the competitive and strategic risks that are inherent in a rapidly growing company. Further information on those risks and how they are managed by the Group is set out below and on the following pages.

Competitors

There are several hundred antibody suppliers around the world. These include companies ranging from dedicated antibody suppliers to large multi-national companies selling broad ranges of other products in addition to antibodies. Abcam's rapid growth may attract new competitors and/or stimulate existing competitors, some of which have greater financial, marketing and technological resources than Abcam, to invest further in their offerings to the market.

Abcam already sources products from many of the world's leading suppliers and in response to this risk, continues to build its supplier and product base, invest in the functionality of its website and its operational capability. The challenges for a competitor would include establishing a suitably large catalogue of products with proven validation in research, sold under an established and successful brand, and if they were to follow Abcam's supply model, building relationships with a broad range of high quality suppliers.

Loss of suppliers

Abcam may lose a supplier if for example that supplier's business strategy changed or it was no longer willing or able to continue to provide products.

Abcam has over 250 suppliers and has had relationships with many of them for several years, with growing levels of sales, which makes this less likely. If this were to occur Abcam often has several antibodies to the same target and whilst each is unique, in the event of a particular product no longer being available, Abcam would look to offer customers alternative products from within the catalogue. In the 2010 financial year no supplier accounted for more than 5% of revenue.

Abcam has its own production capability which could also be utilised to generate alternative products. Products from the facility currently contribute approximately 16% of total Group revenue.

Report on affairs of the Group continued

Principal risks and uncertainties continued

Intellectual property

Research antibodies are not typically protected by intellectual property rights and the market can be characterised as having relatively low barriers to entry in this regard. However, where such rights are claimed to be the subject of third party patents or other proprietary rights, Abcam may be the subject of infringement actions or proceedings.

Abcam believes that its principal protection in the market lies with its business model rather than through intellectual property rights. The breadth of highly specified products in its catalogue, its ability to add products quickly and cheaply, its extensive supplier base and its own production capability and brand, each act as significant barriers to entry for competitors.

Movement of goods

The Group's activities involve importing and exporting its products across many international borders. Any changes to the regulations covering such movements might have an effect on the Group's trading activities.

Abcam closely monitors any changes to international import and export regulations and seeks to adapt its procedures wherever possible to ensure that the movement of products is not affected, whilst maintaining compliance with such regulations.

Infrastructure

Abcam operates in a market which it has been able to exploit through the use of online and eCommerce based systems. These systems need to be robust, efficient and scalable in order for the Group to continue to manage its growth. The risks here are both from the infrastructure and organisation of the IT systems, as well as the ability of Abcam's products to be found by online users through popular internet search engines.

The Company invests extensively in its IT systems both from a scalability and security point of view, as well as from usability aspects. Abcam uses a global content delivery partner to increase both the reliability and access speed for viewing the majority of its static site content. Dynamic content is served from an external, fully supported data centre. The Company outsources regular security penetration testing on its website from a third party, and pays considerable attention internally to the search engine optimisation and usability of the website through user testing, feedback and surveys.

Staff recruitment and retention

The contribution made by Abcam's highly skilled and dedicated staff has been and will continue to be important to Abcam's future success. As the Group's profile grows it is important that it is able to continue to recruit and retain high calibre staff.

Abcam places great emphasis on open communication with employees, including quarterly Company-wide meetings, weekly office meetings and regular staff committee meetings. There are also share ownership schemes and profit share arrangements for all employees, with rewards based on seniority within the business.

Use of distributors

In certain areas of the world Abcam works through third party distributors who undertake marketing support activities, and provide local logistical support. Consequently Abcam is dependent on them fulfilling these roles in an effective and efficient manner so as to enable sales to continue to grow in these regions. The distributors act as customers and so also represent a financial risk for uncollected account balances.

Abcam has a team dedicated to maintaining close relationships with our distributors. They typically work on annual contracts and there is a detailed qualification process which they are required to go through before being appointed. Outside of Japan, where sub-dealers are used, distributor sales amounted to around 10% of total sales in the 2010 financial year and no single distributor accounted for more than 3% of total sales.

Technology

It is possible that new technologies may emerge in the future as viable alternatives to the use of antibodies in protein detection.

In order to mitigate this risk Abcam has many contacts in the industry and an internal group specifically targeted at this area. In this way, Abcam looks to stay abreast of technological developments in the field as far as is practicable, with the aim of positioning the Company to exploit the commercialisation of such technologies if they appear.

Exchange rates

The Group has an exposure to exchange rate fluctuation, in particular the strength of Sterling relative to the US Dollar, Euro and Japanese Yen. Although there are natural hedges in place due to the fact that the Group is able to utilise a proportion of its income in foreign currencies, in particular the US Dollar, to pay for outgoings in those currencies, the Group generates surpluses of each currency.

The Board's policy is to sell forward some of the expected surplus in order to reduce the short-term exposure. However, longer-term movements in the relative strength of Sterling will impact the Group's profits.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. Trade receivables consist of a large number of customers spread across diverse geographical areas. The Group does not have a significant credit risk exposure to any single counterparty. Ongoing credit evaluation is performed on the financial condition of accounts receivable and consideration is given as to whether there is any impairment in the value of any amounts owing. The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year-end debtor days are 32.6 days (2009: 32.0 days).

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

Principal risks and uncertainties continued

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 by continuously monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Group and Company hold cash deposits at call or with a maturity of up to twelve months. At 30 June 2010, the average maturity of balances was 146 days (2009: 47 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.

For further details of the Group's risk management strategy see note 24.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the reporting period and remain in force at the date of this report.

Research and development (R&D)

The Group undertakes R&D in areas related to its principal activities and this is discussed in the Financial Review on pages 16 to 19. During the year the Group spent £3.7m (2009: £3.1m) on R&D.

Dividends

As detailed in the Chairman's Review, the Directors have taken the decision to propose an increase in the total annual dividend to 20.03p (2009: 12.11p). This represents a distribution of 37.5% of profit after tax, compared with the previous policy of a 35% annual distribution.

The Directors therefore propose paying a final dividend of 14.61p (2009: 9.40p) per ordinary share, to be paid on 26 November 2010 to shareholders on the register on 5 November 2010. Together with the interim dividend of 5.42p per share paid on 1 April 2010, this makes a combined dividend for the year of 20.03p (2009: 12.11p).

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in notes 25 and 26. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association and prevailing legislation.

The Board is proposing the sub-division of each of the existing ordinary shares into five new ordinary shares of 0.2 pence each. This may improve the liquidity and marketability of the ordinary shares of the Company by reducing the market price of an ordinary share and increasing the number of shares in issue. Approval from shareholders for the proposed sub-division will be sought at the Company's forthcoming AGM in November 2010.

With regard to the appointment and replacement of Directors, the Company is governed by the Articles of Association, the Companies Act and related legislation and, although not obliged to do so as an AIM listed company, has chosen to follow the principles set out in the revised 2008 Combined Code on Corporate Governance ('the Code') wherever possible.

Directors

The interests of the Directors in the share capital of the Company at 30 June 2010, other than with respect to share-based options and awards and shares conditionally awarded through the Share Incentive Plan (which are detailed in the Directors' Remuneration Report on pages 36 and 37), were as follows:

	1p ordinary shares on 30 June 2010	1p ordinary shares on 30 June 2009
Mike Redmond	15,000	—
Jonathan Milner	5,739,031	7,085,280
Jim Warwick	580,060	853,520
Jeff Iliffe	500	320
Mark Webster	—	—
Tony Kouzarides	80,244	114,244
Peter Keen	33,825	8,982
Tim Dye	2,500	—

There have been no changes in the Directors' interests in shares of the Company between 30 June 2010 and 6 September 2010.

Report on affairs of the Group continued

Directors continued

Three Directors will be retiring and offering themselves for re-election at the AGM to be held in November 2010:

- Tony Kouzarides who has been a Non-Executive Director for over nine years and retires in line with the principles set out in the Code;
- Jonathan Milner who last stood for re-election in 2007 and retires by rotation as required by the Company's Articles of Association; and
- Jeff Iliffe who is retiring under the provisions of the Company's Articles of Association regarding the minimum number of Directors required to retire each year.

Following performance evaluation, the Chairman has determined that each individual continues to demonstrate commitment to his role and to display effective performance; he is therefore recommending re-election of all Directors standing at this year's AGM.

Supplier payment policy

It is the Group's policy that payments to suppliers are made in accordance with the terms and conditions agreed with them, provided that the supplier has provided the goods or services in accordance with the agreed terms and conditions. At 30 June 2010, the Group had an average of 29 days of purchases (2009: 19 days) outstanding in trade creditors (excluding accruals and deferred income).

Charitable and political donations and community support

Abcam participates actively in the community of entrepreneurial businesses clustered around Cambridge, UK. The Company supports the Cambridge Network, the University of Cambridge and the Judge Business School both by giving talks and presentations on its business as well as hosting projects for MBA students. Abcam takes students from secondary education on work experience programmes as well as occasional international exchange students on placement.

The Group encourages employees to get involved in local charitable activities; a maximum of 0.1% of the previous year's pre-tax profit is allocated for charitable donations, which is split between the UK, US, Japanese and Hong Kong offices. These are allocated by a committee of staff volunteers working within guidelines set down by the Directors.

The Group made no political donations during the year (2009: £nil) and made charitable donations of £15,401 (2009: £4,113), principally to children's and local charities serving the communities in which the Group operates.

Substantial shareholdings

On 26 August 2010, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following voting rights as a shareholder of the Company (excluding Directors' interests which are set out on page 25):

	Number of ordinary shares held	Percentage of issued share capital
BlackRock Investment Management	2,943,430	8.19%
Baillie Gifford	2,876,720	8.00%
Standard Life Investments	2,428,304	6.75%
Aegon Asset Management	1,977,383	5.50%
Artemis Investment Management	1,642,609	4.57%
Fidelity Investments	1,501,239	4.18%
Wasatch Advisors	1,334,022	3.71%
William Blair & Company	1,152,856	3.21%
Merrill Lynch International	1,113,091	3.10%

Corporate, social and ethical policies

Abcam recognises the importance of balancing the interests of its customers, shareholders, employees, suppliers and the communities in which it operates. Management of the environmental and social issues that play a part in the business is a key factor in the Group's strategy for success and in the practice of good corporate governance.

The Group places considerable value on the involvement of its employees and has continued to keep them informed of the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Equity-based or similar incentives are currently made available to all employees of the Group.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees. The Group needs highly-qualified staff and does not see age, colour, disability, ethnic origin, gender, or political or other opinion as a barrier to employment.

The Group aspires to carry out its business to the highest of ethical standards, treating employees, suppliers and customers in a professional, courteous and honest manner. The Group has an ethical policy which is reviewed by the Board and which is applied to its products. This includes reviewing and, where appropriate, visiting our suppliers to check the standards they follow in their products and services.

Health and safety and environment

Abcam provides and maintains a safe and healthy working environment, equipment and systems for all employees together with information, training and supervision as may be needed for this purpose.

Compliance with legislation is the Group's minimum requirement; however our aim is to achieve higher standards as best practice demands. The Group is committed to an annual audit process by external safety advisors in order to understand and maximise our performance, demonstrate best practice to all stakeholders and identify areas for targeted improvements. Core skills are identified and training programmes developed to ensure these are in place.

Health and safety in the Group is ultimately the responsibility of the Chief Executive Officer. The management structure for health and safety is run by a Safety & Facilities Specialist and is supported through a Group Steering Committee whose membership includes the Chief Operating Officer, Scientific Director, Head of Corporate Services and representatives from all Abcam regional offices. The safety structure encompasses employees from all areas of the business and promotes ownership of health and safety across its wide remit.

A rigorous occupational health scheme is in place and we look to promote a positive and proactive safety culture. Our reporting system for absence promotes the best use of resources and there have being no RIDDOR reportable accidents or instances of ill health over the past year.

Abcam seeks wherever possible to minimise its impact on the environment for the benefit of its employees and the public at large. The Group is committed to complying with environmental regulations and encourages and supports its employees in achieving this.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Review, the Chief Executive Officer's Review and the Financial Review on pages 8 to 19. Notes 20, 23 and 24 include a description of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group has considerable financial resources and through a diverse customer base is subject not only to the Western economies but also Japan, China and, to a lesser extent, South America. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain global economic outlook.

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.

Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming AGM.

Directors' statement as to disclosure of information to auditors

In the case of each of the Directors of the Company at the date on which this report was approved:

- as far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

M Redmond

Mike Redmond
Chairman
6 September 2010

Corporate governance statement

Although not required to do so by the AIM listing rules, the Directors have chosen to provide selected corporate governance disclosures with this report, which they consider valuable to the reader.

The Directors believe that effective corporate governance, appropriate to the Group considering its size and stage of development, will assist in the delivery of corporate strategy, the generation of shareholder value and the safeguarding of shareholders' long-term interests. The Directors are committed therefore, wherever it is reasonably practicable, to ensure that the Group is managed in accordance with the principles set out in the Code.

Composition of the Board

The Board comprises the Chairman, three full-time Executive Directors and four Non-Executive Directors. Brief biographical details of all members of the Board are set out on page 21.

In order to assist in securing the recruitment and retention of high calibre Non-Executive Directors, prior to the flotation of the Company in 2005, the Company granted options to Non-Executive Directors to acquire shares in the Company in addition to fees. In the period since listing on AIM, no equity-based incentives have been granted to Non-Executive Directors and there are no plans for any such grants in the future. During the year, Peter Keen exercised all his remaining share options. At the end of the year, the only Non-Executive Director with a small number of unexercised share options is Tony Kouzarides. These options are not subject to any performance conditions.

The holding of share options by Non-Executive Directors could, amongst other things, be relevant in determining whether a Non-Executive Director is independent. After detailed consideration, the Board has determined that it does not believe that the exercise or holding of share options by these Non-Executive Directors impacts on their independence in character and judgement.

The Board therefore considers Mike Redmond, Tim Dye and Peter Keen to be independent within the meaning of the Code. Tony Kouzarides is also considered by the Board to be independent, notwithstanding the fact that he has served on the Board for more than nine years, since he demonstrates a continuous independence in character and judgement in all Board matters. Mark Webster is not deemed to be independent because he has been employed by the Company in an executive capacity during the last five years. Peter Keen has been identified as the Senior Independent Director.

The roles of Chairman and Chief Executive Officer are vested in separate individuals, each with clear allocation of accountability and responsibility. The Chairman has prime responsibility for running the Board and the Chief Executive Officer has executive responsibilities for the Company's strategic development, operations and results.

The structure of the Board and the integrity of each Director ensures that there is no one individual or group dominating the decision making process.

The role of the Board

The Board holds full meetings every month, with attendance required in person one month and via telephone the next month. The principal matters that it considers are as follows:

- monthly management accounts, KPIs and performance against budget;
- regular reviews of R&D, operations and product sourcing;
- regular reviews of strategic objectives and Group priorities;
- the annual Group budget and revised forecasts;
- reporting including statutory accounts, dividend policy, dividend payments and the AGM;
- performance of the Board and sub-Committees;
- reports of the Audit, Nomination and Remuneration Committees;
- an annual review of risk-management strategy and controls and a six-monthly review of the risk register;
- matters relating to the Company's obligations as an AIM listed Company;
- determination of the remuneration policy for the Directors and other Senior Executives; and
- management of funds and major capital expenditure, including proposals for mergers or acquisitions of other companies or product lines.

The Board is supplied with information in a timely manner, in a form and of a quality appropriate to enable it to discharge its duties. Directors receive appropriate induction on joining the Board and regularly update their skills and knowledge.

The Board has a policy to set out which matters are reserved for the decision of the Board, and those to which the Executive Directors need not refer for approval. This policy also identifies those matters regarding which full delegation to a Board Committee is not normally permitted because a final decision is required to be taken by the whole Board.

Matters which the Board considers are suitable for delegation to a Board Committee are contained in each Committee's terms of reference.

Summary of Board meeting attendance in 2009/10

Twelve Board meetings were held in 2009/10. Attendance was as follows:

	Meetings attended
Mike Redmond	12 (12)
Jonathan Milner	12 (12)
Jim Warwick	12 (12)
Jeff Iliffe	12 (12)
Mark Webster	12 (12)
Tony Kouzarides	10 (12)
Peter Keen	12 (12)
Tim Dye	12 (12)
David Cleevely	— (4)

Figures in brackets denote the maximum number of meetings that could have been attended.

Board Committees

The Board has established three Committees: the Audit Committee, the Nomination Committee and the Remuneration Committee.

Summary of Committee membership

	Audit Committee	Nomination Committee	Remuneration Committee
Mike Redmond	Yes[1]	Yes[1]	Yes[1]
Tim Dye	—	Chairman	Yes
Peter Keen	Chairman	Yes	Chairman
Tony Kouzarides	—[2]	Yes	—
Mark Webster	Yes[2]	—	—
David Cleevely	—[1]	—[1]	—[1]

1 David Cleevely's position as a member of each Committee was taken by Mike Redmond when he stepped down from the Board on 2 November 2009.

2 Tony Kouzarides stepped down from his position as a member of the Audit Committee, and was replaced by Mark Webster, effective 1 February 2010.

Summary of Committee meeting attendance in 2009/10

	Audit Committee	Nomination Committee	Remuneration Committee
Mike Redmond	1 (1)	1 (1)	1 (1)
Tim Dye	—	1 (1)	2 (2)
Peter Keen	2 (2)	1 (1)	2 (2)
Tony Kouzarides	1 (1)	1 (1)	—
Mark Webster	1 (1)	—	—
David Cleevely	1 (1)	—	1 (1)

Figures in brackets denote the maximum number of meetings that could have been attended.

The role of each Committee is described in more detail overleaf.

Corporate governance statement continued

The Audit Committee

The Committee has responsibility for the following matters:

- reviewing the accounts and the key judgements and policies underlying them in relation to the interim and annual financial statements before they are submitted to the Board for final approval;
- reviewing management's reports on internal controls;
- reviewing the Group's risk-management process, including the adequacy of insurance cover;
- reviewing the appointment of the external auditors together with the audit fee;
- monitoring the audit and non-audit work of the external auditors, including reviewing any management letters and the Company's response; and
- reviewing the arrangements by which staff may, in confidence, raise concerns about possible improprieties.

As part of its procedures, the Committee discusses the interim and annual financial statements with the external auditors. When appropriate, non-Committee members are invited to attend. During the period under review the Committee has met twice on a formal basis and a number of times informally. The Committee is expected to continue to meet formally twice a year.

The Nomination Committee

The Committee is responsible for the following matters:

- reviewing the size and composition of the Board;
- identifying and nominating suitable candidates to fill vacancies on the Board; and
- reviewing succession planning for both Directors and the management team.

The process adopted by the Committee to identify a candidate for a specific vacancy is, in the first instance, to determine whether any individuals known to the Board would be suitable for the role. If no candidates can be identified through this process, or if the Committee believes that the process would be improved by the involvement of other candidates, then an external search consultancy will be approached. Short-listed candidates are interviewed by all members of the Committee and other Executive and Non-Executive Directors as the Committee deems appropriate. Once a suitable candidate has been identified and references taken, the Chairman of the Committee will recommend to the Board that the Company make a formal offer of employment to the candidate.

There were no new appointments to the Board during the year.

All Directors are subject to election by shareholders at the first AGM after their appointment, and to re-election thereafter at intervals of no more than three years.

The terms of appointment of all Non-Executive Directors will be available for inspection at the forthcoming AGM in November 2010.

The Remuneration Committee

The Committee is responsible for the following matters:

- setting the basic pay of Executive Directors and the remuneration of the Chairman;
- the operation of the performance-related bonus plan for the Executive Directors;
- agreeing the allocation and term for the granting of share-based incentives to Executive Directors;
- determining the Executive Directors' pension contributions; and
- overseeing the overall annual staff pay review and the operation of the equity-based incentive schemes.

The remuneration of the Non-Executive Directors is a matter for the Chairman and the Executive Directors.

The Group has a formal and transparent procedure for developing policy on Directors' remuneration. No Director is involved in deciding his own remuneration.

The Committee aims to set levels of remuneration for Executive Directors that are sufficient to attract, retain and motivate Directors of the quality required, without paying more than necessary, and that are appropriate for the size and complexity of the Group. It aims to see that a significant proportion of each Executive Director's remuneration package is performance-related.

Internal control

The Board acknowledges its responsibility for safeguarding the shareholders' investment and the Group's assets. In applying this principle, the Board recognises that it has overall responsibility for ensuring that the Group maintains an ongoing system of internal control to provide it with reasonable assurance regarding effective and efficient operation, internal financial control and compliance with laws and regulations. This has been in place for the year under review and up to the date of approval of the Annual Report.

The Audit Committee reviews the need for an internal audit function on an annual basis and has concluded that, despite the rate of growth in recent years, the structure of the Group and the level of control exercised by the management team, an internal audit function continues to be neither necessary nor cost effective at this time. The Directors have reviewed the effectiveness of the internal controls, and taken steps to ensure that the Group has an appropriate control environment for its size and complexity. The management team will ensure that the internal control environment develops with the size of the Company, with respect to the identification, evaluation and monitoring of risk.

Arrangements are also in place for all employees to raise concerns about any fraud, misconduct or wrongdoing which are formalised into a 'whistle-blowing' policy.

Such systems, which are designed to manage, rather than eliminate the risk of failure to achieve business objectives, will provide reasonable, though not absolute, assurance against material loss or misstatement.

Board performance evaluation

The Board undertakes a regular evaluation of its own performance. This review involves detailed interviews with each Director and the Company Secretary and covers the functioning of the Board as a whole and the operation of each of the Committees. The review confirmed the high level of commitment and professionalism exercised by the Board in the strategic and commercial leadership of the Group. It also concluded that the Board and its individual members continue to perform effectively and operate within a framework of sound governance and practices which, wherever it is reasonably practicable, are consistent with the principles set out in the Code.

Following the appointment of Mike Redmond as Chairman in November 2009 the Board has undertaken an evaluation of its own performance and during the 2011 financial year it is intended that a further evaluation exercise will be undertaken.

The Company provides the Board with a regular programme of training opportunities, including training provided by external advisors, in order to ensure Directors remain appropriately informed of their roles and responsibilities. Regular updates on corporate governance are also provided to the Board by the Group's advisors.

Dialogue with shareholders

The Board believes it is important to have open communications with shareholders. To this end, the Chief Executive Officer and Chief Financial Officer, working in consultation with the Company's corporate and PR advisors, make themselves available and expect to meet with shareholders at least twice a year. It is the Company's practice to give a presentation on the Group's progress at the AGM each year.

Where appropriate the Company also consults with major shareholders on significant issues.

Directors' remuneration report

Although not required by the AIM listing rules to provide all the information detailed below, the Directors have chosen to provide Directors' remuneration disclosures in this report which they consider valuable to the reader.

Unaudited information

The Group has a Remuneration Committee (the Committee), chaired by Peter Keen, which wherever possible follows the principles of the recommendations of the Code. The Committee consists of three independent Non-Executive Directors including the Company Chairman.

Independent consultants have been retained to advise on remuneration policy and to benchmark the Executive Directors' remuneration against that of a comparator group of companies with similar characteristics to Abcam in terms of their size, nature of operations, historic growth achieved and market capitalisation.

Their recommendations on salary and bonus arrangements were implemented with effect from 1 July 2009. Awards were also made to members of the senior management, including the Executive Directors, under the Company's Long-Term Incentive Plan and other equity based incentive schemes as detailed below.

Remuneration policy

The Group's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance-related. The four main elements of the remuneration package for the Executive Directors during the year were as follows:

- basic annual salary;
- a performance-based bonus;
- equity-based incentives; and
- pension contributions.

For future years the Committee will ensure that:

- it maintains a competitive package of total compensation, commensurate with comparable packages available in similar companies; and
- the interests of the Executive Directors are closely aligned with those of the Company's shareholders through the provision of share-based incentives.

Where appropriate, independent advice will be sought to confirm these objectives are being met.

Basic salary

The Executive Directors' basic salaries are reviewed at least annually by the Committee, with any revisions normally becoming effective on 1 July each year. The independent consultants' report, which was commissioned to assist the review ahead of the 2010/11 financial year, concluded that the salaries of the Executive Directors had fallen below those of a comparator group of companies. In light of the Group's strong performance in recent years, the need to maintain competitive packages and, after consultation with the Company's major shareholders, the Committee approved salary increases to take effect from 1 July 2010 to the lower quartile level of the comparator group. Over time and when appropriate it is the Committee's intention that base salaries should reflect the median.

The recent review resulted in the following amendments to basic salary, effective from 1 July:

	2010/11 £000	2009/10 £000
Jonathan Milner	310*	235*
Jim Warwick	232	190
Jeff Iliffe	220	180

* Jonathan Milner waived a £25,000 increase in salary which would have taken effect on 1 July 2009 and he has waived a further increase of £75,000 effective 1 July 2010. His base salary will therefore remain at £210,000 but with effect from 1 July 2010, his bonus arrangements and other benefits will be based on the £310,000 figure.

Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the forthcoming AGM in November 2010.

Unaudited information continued

Performance-related payments

The bonus payable to Executive Directors is based on the financial performance of the Group and the achievement of individual performance targets related to the strategic objectives for each individual.

In the year under review the total 'on target' bonus for Executive Directors was set at 37.5% of basic salary. 80% of the on target bonus was based on the achievement of a target profit figure and 20% on achievement of individual strategic objectives. No payment was due under the profit-based bonus if profit was less than 90% of target and the maximum payment was due at 105% of target. Ordinarily the bonus was capped at 75% of basic salary; however if the maximum part of the target profit element of the performance bonus was earned, then to reward exceptional performance, the Committee could at its discretion award bonuses of up to an additional 25% of salary, i.e. the maximum bonus that could be payable was capped at 100% of salary. The criteria for the payment of such a bonus include additional revenue growth targets and the successful launch of suitable initiatives to sustain the longer-term growth strategy of the business.

As stated in the Chairman's Review, the year has been one of outstanding performance and excellent progress; all financial and personal performance targets were materially exceeded and the bonus for 2009/10 became payable in full, at 100% of basic salary.

For 2010/11 the Remuneration Committee has altered the bonus arrangements and 85% of the bonus is based on the achievement of a target profit figure and 15% on the achievement of individual strategic objectives. The total 'on target' bonus will be increased to 52.5% of basic salary but on a more demanding ratchet in that no payment will be made unless 95% (2009/10: 90%) of target profit has been met and the maximum payment is due at 115% (2009/10: 105%) of target. The maximum bonus will be capped at 100% of salary.

Under the Abcam Profit Share Scheme (PSS) an amount was allocated to all employees of the Group (excluding Executive Directors) during the year on a points-based system, with the payment being dependent on the level of pre-tax profit achieved, the amount allocated varying depending on the level of profitability. The PSS payment was not capped, and payments on account from the PSS were made each quarter, although at no stage did they exceed 85% of the amount due until the audited financial statements were approved. Amounts paid under the scheme are not pensionable.

The PSS scheme remains in place for the 2010/11 financial year with revised pre-tax profit targets and payment levels.

Equity-based incentives

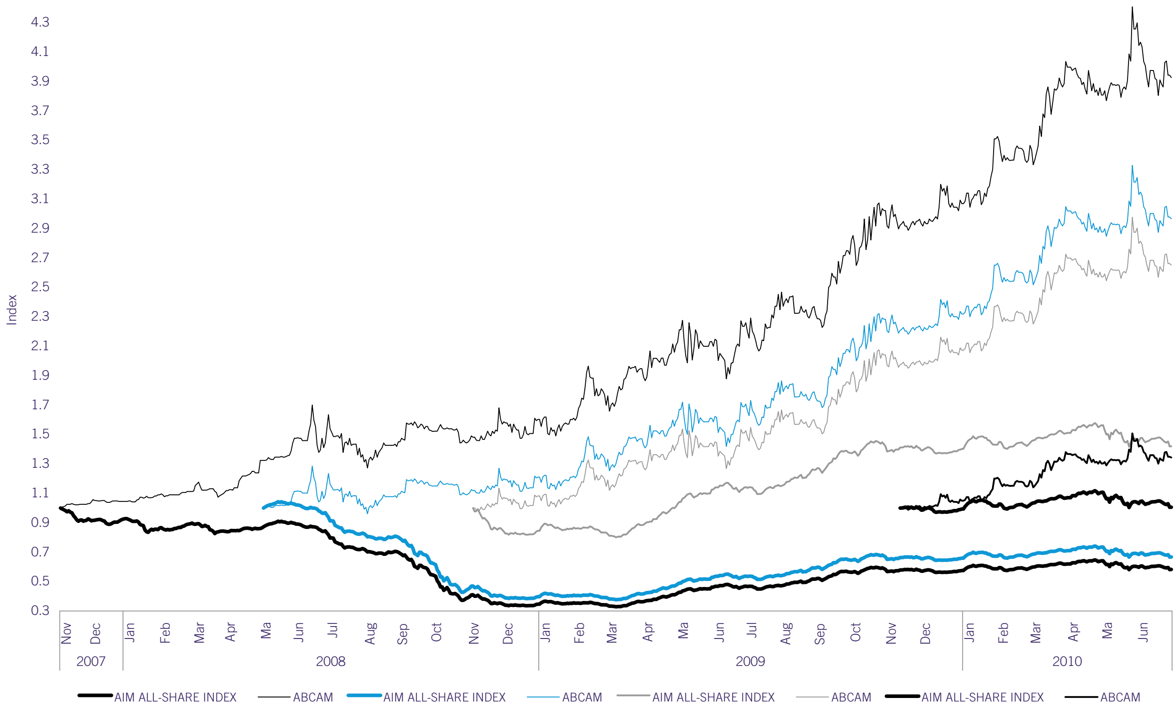
Equity-based incentives are issued to the Executive Directors on a regular basis. In the period since listing on AIM, no equity-based incentives have been granted to Non-Executive Directors and there are no plans for any such grants in the future.

The Abcam plc 2005 Plan

The Abcam plc 2005 Plan (the Plan) was adopted prior to flotation in 2005 and amended in 2008 to make it more tax efficient for US-based employees. All options granted under the Plan since flotation have been based on out-performance of the FTSE AIM All-share index measured on the third anniversary of the date of grant. If the target is achieved, then options will be exercisable during the next seven years, subject to the rules of the scheme. If the target is not met at the third anniversary, then it will be monitored on certain dates over the next twelve months. If the target is met on any of those dates, then the options become exercisable. If the target is not met on any of those dates, the options will lapse on the fourth anniversary.

In the year under review no options were granted under the Plan to the Executive Directors.

The following graph shows the performance against the FTSE AIM All-share index for the options issued since flotation which have yet to vest and which have not been forfeited subsequently. If all the options had crystallised at 26 August 2010 then all performance conditions in relation to the options would have been met. Details of these options are set out in note 30 to the financial statements.



Directors' remuneration report continued

Unaudited information continued

Equity-based incentives continued

SAYE scheme

The Company has also established a non-discretionary HMRC-approved SAYE scheme in which all UK employees, including the Executive Directors, can participate. Under this scheme, employees contract to save any amount, up to a maximum of £250 per month, of their post-tax earnings for a period of either three or five years. At the time of entering the contract the Company offers the employee the option to acquire shares, using the money that has been saved over the life of the contract. The price at which the shares could be purchased is the market value of the shares on the date immediately preceding the offer, at a discount of 20%. The take-up under the scheme was relatively low when the most recent offer was made in 2008, since many employees were already at the allowable investment limits. No options were granted under the SAYE scheme in the year under review.

Long-Term Incentive Plan (LTIP)

The LTIP includes performance conditions which comply with guidelines and best practice governing the grant of share-based incentives in a listed company, to the extent to which the Committee considers such practice to be appropriate to the Group. The maximum level of award (being the aggregate market value of shares subject to the award at the date of grant) that can be granted to an eligible employee under the LTIP in any financial year is limited to 150% of that employee's salary.

Under the LTIP, performance share awards made to the Executive Directors in 2009/10 took the form of nil cost options and are subject to achievement over three years of two separate conditions, the first condition applying to 50% of the shares subject to each award and the second condition applying to the remaining 50%.

The Total Shareholder Return (TSR) condition

In respect of the first 50% of each award (the TSR Awards), the number of shares that will vest will depend on the Company's TSR performance as compared to a comparator group of companies (the Comparator Group):

- where the Company's TSR is below the 50th percentile, none of the TSR Awards will vest;
- where the Company's TSR is at or above the 70th percentile of the Comparator Group, all of the TSR Awards will vest; and
- where the Company's TSR is between the 50th and the 70th percentile, the proportion of the TSR Awards that will vest will be calculated on a straight-line basis from 30% at the 50th percentile and rising to 100% at the 70th percentile.

The Earnings Per Share (EPS) condition

In respect of the second 50% of each award (the EPS Awards), the number of shares that vest will depend on the EPS growth of the Company over the vesting period:

- at an average of less than 15% growth per annum, equating to 52.1% growth over the period, none of the EPS Awards will vest;
- at average growth per annum of 20%, equating to total growth of 72.8%, the EPS Awards will vest in full; and
- at growth rates between these two figures, the EPS Awards will vest proportionately.

For a number of senior employees, excluding the Executive Directors, awards were made during 2009/10 with the same performance condition as those under the Plan, i.e. out-performance of the FTSE AIM All-share index.

The Company regularly monitors its performance against these conditions. If the awards had crystallised as at 30 June 2010, all performance conditions relating to awards in 2008/09 and 2009/10 would have been met, and therefore all TSR and EPS Awards would have vested in full.

For the LTIPs to be granted in 2010/11 a revised Comparator Group will be prepared and it is proposed that the TSR and EPS conditions will remain unchanged. 2009/10 has been a very successful year for the Group and in order to maintain appropriate incentive to the Executive Directors to continue performance at the highest level, it is proposed that the level of award for the Executive Directors in the coming year be between 100% and 120% of basic salary.

For the 2010/11 financial year it is intended that all awards under the LTIP will have the same TSR and EPS conditions.

Share Incentive Plan (SIP)

Abcam operates an HMRC-approved SIP for all UK employees. Under the SIP, awards are made as follows:

Share awards

Annual awards are made to UK-based staff, with a market value of up to £3,000 each. Awards take the form of a conditional entitlement to shares and will vest after three years' continuous employment with the Company.

Partnership and matching shares

All UK-based employees are given the opportunity to invest up to £1,500 per annum to acquire new shares in the Company at market value. If these shares are held for three years and the employee remains employed by the Company during that time then they will also receive an additional share for each share acquired.

The Abcam 2009 Company Share Option Plan (CSOP)

The Group operates an HMRC-approved CSOP for UK-based employees of the Company, with a maximum of £30,000 of market value options granted per employee. In 2009/10 options granted under the CSOP vest on the same basis and with the same performance conditions as those granted under the LTIP and it is intended that this will also be the case in 2010/11.

Unaudited information continued

Pension arrangements

In the UK, all employees, including Executive Directors, are invited to participate in the Group personal pension plan, which is a money purchase plan. The pensionable element of remuneration in the year under review was basic salary. During the year, the Group contributed 12% of basic salary, excluding the individual performance bonus, to a Group personal pension plan in the name of each Executive Director.

The Company operates a flexible benefits scheme for all UK-based employees, including Executive Directors, under which the option to sacrifice an element of basic pay and purchase additional pension contributions or other benefits is available. As a result of the salary sacrificed and used to purchase additional pension contributions, the Company's National Insurance liability is reduced. The benefit of this reduction is added as an additional contribution to each employee's pension fund, and for Directors this amount is included within the employer's pension contribution figures disclosed in the table of remuneration details below.

Terms of appointment

The details of Directors' contracts are summarised below:

	Date of contract	Notice period (months)
Executive		
Jonathan Milner	10 June 2000	6
Jeff Iliffe	6 November 2007	6
Jim Warwick	1 September 2001	6
Non-Executive		
Peter Keen	27 October 2005	1
Tony Kouzarides	24 July 2007	1
Tim Dye	26 May 2006	1
Mark Webster	10 July 2007	1
Mike Redmond	1 March 2009	1

Audited information

Remuneration details

	Basic salary[1] £000	Benefits in kind £000	Performance payments £000	Employer's pension contributions[1] £000	Total 2010 £000	Total 2009 £000
Executive						
Jonathan Milner	38	1	210	219	468	417
Jim Warwick	80	2	190	145	417	343
Jeff Iliffe	82	1	180	131	394	318
Non-Executive						
Mike Redmond[2]	63	—	—	—	63	16
David Cleevely[3]	24	—	—	—	24	67
Peter Keen	44	—	—	—	44	40
Tony Kouzarides	34	—	—	—	34	32
Tim Dye	38	—	—	—	38	33
Mark Webster	31	—	—	—	31	27
	434	4	580	495	1,513	1,293

1 The Directors are remunerated through the Company's flexible benefits scheme under which they can elect to switch basic salary into pension contributions and other benefits. The basic salary entitlement of each Executive Director during the year was: Jonathan Milner £210,000, Jim Warwick £190,000 and Jeff Iliffe £180,000. Jonathan Milner waived a £25,000 increase in salary which would have taken effect on 1 July 2009. He has also waived a further increase of £75,000 which would have been effective from 1 July 2010 and taken his salary up to £310,000. For the 2010/11 financial year his bonus and benefits will be based on the £310,000 figure.

2 From date of appointment to the Board, 1 March 2009.

3 Until date of resignation from the Board, 2 November 2009.

Directors' remuneration report continued

Audited information continued

Remuneration details continued

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of options exercised during the year are as follows:

Name of Director	Number of options	Exercise price p	Market price at exercise date p	Gain on exercise 2010 £	Gain on exercise 2009 £
Jim Warwick	22,142	280.0	1205.0	204,814	
	20,000	280.0	870.0	111,419*	
	4,218	224.0	930.0	29,779	
	46,360			346,012	138,240
Jonathan Milner	53,571	280.0	870.0	302,583*	165,000
Peter Keen	60,000	150.0	800.0	340,080*	—
David Cleevely	—	—	—	—	140,000
	159,931			988,675	443,240

* A number of the share options exercised were unapproved options. Under the terms of the scheme rules, the employee is liable for payment of the associated employer's National Insurance (NI) charge. These gains are therefore shown net of any employer's NI and represent the taxable gains.

Share options

Details of options and awards over 1p ordinary shares in the Company for Directors who served during the year are as follows:

Name of Director	Number of options/ awards at 30 June 2009	Granted	Exercised	Number of options/ awards at 30 June 2010	Exercise price p	Date from which exercisable	Expiry date
Peter Keen	60,000	—	(60,000)	—	150.0	31 Jan 06	26 Oct 15
Tony Kouzarides	40,000	—	—	40,000	125.0	31 Jan 06	29 Sep 15
Jeff Iliffe	89,743[1]	—	—	89,743	312.0	8 Nov 10	7 Nov 17
Jonathan Milner	53,571[1]	—	(53,571)	—	280.0	8 Sep 09	6 Sep 16
	46,004[1]	—	—	46,004	413.0	8 May 11	7 May 18
	99,575	—	(53,571)	46,004			
Jim Warwick	42,142[1]	—	(42,142)	—	280.0	8 Sep 09	6 Sep 16
	4,218[2]	—	(4,218)	—	224.0	1 Nov 09	1 May 10
	41,602[1]	—	—	41,602	312.0	8 Nov 10	7 Nov 17
	87,962	—	(46,360)	41,602			
	377,280	—	(159,931)	217,349			

1 These options were granted under the Abcam plc 2005 Plan and are subject to the performance condition that the share price outperforms the FTSE AIM All-share index at the third anniversary of grant. If this is not the case, performance will be tested on certain dates over the following twelve months and if the target is not met on any of those dates, the options will lapse on the fourth anniversary.

2 These options were granted under the SAYE scheme. Options under this scheme are not subject to performance conditions.

Audited information continued

LTIP awards

The following table sets out the grants made under the LTIP. Full details of the operation of the LTIP, including performance conditions are set out on page 34, in the unaudited information contained within the Directors' Remuneration Report.

Executive Director	Date of award	Date of release	Share price at date of grant p	Value of conditional award £000	Percentage of salary at date of award	Number as at 30 June 2009	Number awarded during the period	Number as at 30 June 2010
Jonathan Milner	6 Nov 08	5 Nov 11	462.0	210	100%	45,454	—	45,454
	9 Nov 09	9 Nov 12	904.0	248	118%	—	27,399*	27,399
						45,454	27,399	72,853
Jim Warwick	6 Nov 08	5 Nov 11	462.0	175	100%	37,878	—	37,878
	9 Nov 09	9 Nov 12	904.0	224	118%	—	24,744*	24,744
						37,878	24,744	62,622
Jeff Iliffe	6 Nov 08	5 Nov 11	462.0	154	100%	33,333	—	33,333
	9 Nov 09	9 Nov 12	904.0	212	118%	—	23,416*	23,416
						33,333	23,416	56,749
Total						116,665	75,559	192,224

* Part of the value of the LTIP awarded was made through the CSOP but without affecting either the total cost to the Company or the overall number of shares granted.

There have been no variations to the terms and conditions or performance criteria for the LTIP schemes during the financial year.

Directors' remuneration report continued

Audited information continued

SIP

The following table sets out the shares purchased and awarded under the SIP in respect of the Executive Directors. Full details of the operation of the SIP is set out on page 34, in the unaudited information contained within the Directors' Remuneration Report.

Executive Director	Date of award	Date of release	Share price at date of purchase of Partnership Shares and award of Matching Shares £	Number as at 30 June 2009	Free shares conditionally awarded during the period	Partnership Shares purchased during the period	Matching Shares conditionally awarded during the period	Dividend shares acquired during the period	Number as at 30 June 2010
Jonathan Milner	7 Nov 08	8 Nov 11	462.0	649	—	—	—	—	649
	27 Nov 08	28 Nov 11	485.0	618	—	—	—	—	618
	8 Dec 08	9 Dec 11	475.0	6	—	—	—	—	6
	29 Apr 09	30 Apr 12	660.0	5	—	—	—	—	5
	5 Nov 09	6 Nov 12	935.0	—	—	160	160	—	320
	9 Nov 09	9 Nov 09	904.0	—	331	—	—	—	331
	15 Dec 09	15 Dec 12	999.0	—	—	—	—	12	12
	26 Apr 10	26 Apr 13	1216.0	—	—	—	—	8	8
Total				1,278	331	160	160	20	1,949
Jim Warwick	7 Nov 08	8 Nov 11	462.0	649	—	—	—	—	649
	27 Nov 08	28 Nov 11	485.0	618	—	—	—	—	618
	8 Dec 08	9 Dec 11	475.0	6	—	—	—	—	6
	29 Apr 09	30 Apr 12	660.0	5	—	—	—	—	5
	5 Nov 09	6 Nov 12	935.0	—	—	160	160	—	320
	9 Nov 09	9 Nov 09	904.0	—	331	—	—	—	331
	15 Dec 09	15 Dec 12	999.0	—	—	—	—	12	12
	26 Apr 10	26 Apr 13	1216.0	—	—	—	—	8	8
Total				1,278	331	160	160	20	1,949
Jeff Iliffe	7 Nov 08	8 Nov 11	462.0	649	—	—	—	—	649
	27 Nov 08	28 Nov 11	485.0	618	—	—	—	—	618
	8 Dec 08	9 Dec 11	475.0	6	—	—	—	—	6
	29 Apr 09	30 Apr 12	660.0	5	—	—	—	—	5
	5 Nov 09	6 Nov 12	935.0	—	—	160	160	—	320
	9 Nov 09	9 Nov 09	904.0	—	331	—	—	—	331
	15 Dec 09	15 Dec 12	999.0	—	—	—	—	12	12
	26 Apr 10	26 Apr 13	1216.0	—	—	—	—	8	8
Total				1,278	331	160	160	20	1,949

The market values of all equity-based incentives awarded to Executive Directors under the LTIP, CSOP and SIP in 2009/10 were equivalent to 120% of basic salary.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. The Directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have also chosen to prepare financial statements for the parent company in accordance with IFRSs. Company law requires the Directors to prepare such financial information in accordance with IFRSs, the Companies Act 2006 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements which comply with the requirements of the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Responsibility statement

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Report on Affairs of the Group includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mike Redmond
Chairman
6 September 2010

Jeff Iliffe
Chief Financial Officer
6 September 2010

Independent auditors' report
to the Members of Abcam plc

We have audited the financial statements of Abcam plc for the year ended 30 June 2010 which comprise the Consolidated Income Statement, the Consolidated and parent company Statements of Comprehensive Income, the Consolidated and parent company Statements of Changes in Equity, the Consolidated and parent company Balance Sheets, the Consolidated and parent company Cash Flow Statements, and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors
As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2010 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 3 to the financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied if the Company were listed on a regulated market.

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the June 2008 Combined Code. We reviewed:

- the Directors' Statement contained within the Report on Affairs of the Group in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

David Halstead

David Halstead (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, UK
6 September 2010

Consolidated income statement
For the year ended 30 June 2010

	Notes	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Continuing operations			
Revenue	6	71,106	56,801
Cost of sales		(23,689)	(19,420)
Gross profit		47,417	37,381
Administration and management expenses excluding share-based compensation charge and impairment of property, plant and equipment		(17,367)	(16,985)
Share-based compensation charge	30	(702)	(374)
Impairment of property, plant and equipment	17	—	(1,074)
Total administration and management expenses		(18,069)	(18,433)
R&D expenses excluding share-based compensation charge		(3,577)	(2,986)
Share-based compensation charge	30	(124)	(90)
Total R&D expenses		(3,701)	(3,076)
Operating profit		25,647	15,872
Investment revenue	11	184	431
Profit before tax		25,831	16,303
Tax	13	(6,609)	(4,012)
Profit for the year attributable to shareholders	8, 28	19,222	12,291
Earnings per share from continuing operations			
Basic	15	53.82p	34.83p
Diluted	15	52.55p	34.17p

Consolidated statement of comprehensive income
For the year ended 30 June 2010

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Profit for the year	19,222	12,291
Reserve movements on cash flow hedges	(677)	1,296
Exchange differences on translation of foreign operations	61	245
Tax relating to components of other comprehensive income	1,689	247
Other comprehensive income for the year	1,073	1,788
Total comprehensive income for the year	20,295	14,079

Consolidated statement of changes in equity

For the year ended 30 June 2010

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

	Share capital £000	Share premium £000	Own shares £000	Translation reserve[1] £000	Share-based compensation reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2008	351	10,871	—	(33)	483	—	758	11,692	24,122
Profit for the year	—	—	—	—	—	—	—	12,291	12,291
Exchange differences on translation of foreign operations	—	—	—	230	15	—	—	—	245
Movements on cash flow hedges	—	—	—	—	—	1,296	—	—	1,296
Tax relating to components of other comprehensive income	—	—	—	—	—	(363)	610	—	247
Total comprehensive income for the year	—	—	—	230	15	933	610	12,291	14,079
Issue of share capital	4	687	(316)	—	—	—	—	—	375
Own shares disposed of on release of shares	—	—	15	—	—	—	—	(15)	—
Share-based compensation charge	—	—	—	—	464	—	—	—	464
Payment of dividends	—	—	—	—	—	—	—	(2,572)	(2,572)
Balance as at 30 June 2009	355	11,558	(301)	197	962	933	1,368	21,396	36,468

1 Exchange differences on translation of overseas operations.

2 IFRS 2 charge for fair value of share options.

3 Gains and losses recognised on cash flow hedges.

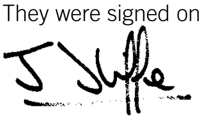
4 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12. In addition, the current tax deduction arising on exercise of share options in respect of 2008/09 of £383,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the financial statements.

Consolidated balance sheet
At 30 June 2010

	Notes	30 June 2010 £000	30 June 2009 £000
Non-current assets			
Intangible assets	16	559	793
Property, plant and equipment	17	2,895	3,541
Deferred tax asset	22	1,417	335
Derivative financial instruments	21	127	326
		4,998	4,995
Current assets			
Inventories	19	9,073	6,796
Trade and other receivables	20	8,178	6,486
Cash and cash equivalents		17,185	25,501
Short-term deposits		23,037	—
Derivative financial instruments	21	1,040	1,338
		58,513	40,121
Total assets		63,511	45,116
Current liabilities			
Trade and other payables	23	(6,866)	(6,694)
Current tax liabilities		(2,698)	(1,871)
Derivative financial instruments	21	(559)	—
		(10,123)	(8,565)
Net current assets		48,390	31,556
Non-current liabilities			
Deferred creditor	23	—	(83)
Derivative financial instruments	21	(166)	—
		(166)	(83)
Total liabilities		(10,289)	(8,648)
Net assets		53,222	36,468
Equity			
Share capital	25	360	355
Share premium account	26	12,920	11,558
Own shares	27	(690)	(301)
Translation reserve	28	247	197
Share-based compensation reserve	28	1,806	962
Hedging reserve	28	445	933
Deferred tax reserve	28	1,550	1,368
Retained earnings	28	36,584	21,396
Total equity attributable to shareholders		53,222	36,468

The financial statements of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 6 September 2010.

They were signed on its behalf by:



Jeff Iliffe
Director

Consolidated cash flow statement

For the year ended 30 June 2010

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Net cash inflow from operating activities	29	19,722	14,812
Investing activities			
Investment income		176	513
Proceeds on disposal of property, plant and equipment		60	—
Purchase of property, plant and equipment		(809)	(1,756)
Purchase of intangible assets		(66)	(259)
Net cash used in investing activities		(639)	(1,502)
Financing activities			
Dividends paid		(5,316)	(2,572)
Proceeds on issue of shares		949	375
(Increase)/decrease in short-term deposits		(23,037)	1,020
Net cash used in financing activities		(27,404)	(1,177)
Net (decrease)/increase in cash and cash equivalents		(8,321)	12,133
Cash and cash equivalents at beginning of year		25,501	13,473
Effect of foreign exchange rates		5	(105)
Cash and cash equivalents at end of year		17,185	25,501

Company balance sheet
At 30 June 2010

	Notes	30 June 2010 £000	30 June 2009 £000
Non-current assets			
Intangible assets	16	556	792
Property, plant and equipment	17	2,462	3,054
Investments	18	203	105
Deferred tax asset	22	986	159
Derivative financial instruments	21	127	326
		4,334	4,436
Current assets			
Inventories	19	9,042	6,783
Trade and other receivables	20	9,572	6,579
Cash and cash equivalents		15,219	24,090
Short-term deposits		23,037	—
Derivative financial instruments	21	1,040	1,338
		57,910	38,790
Total assets		62,244	43,226
Current liabilities			
Trade and other payables	23	(6,066)	(6,193)
Current tax liabilities		(2,536)	(1,784)
Derivative financial instruments	21	(559)	—
		(9,161)	(7,977)
Net current assets		48,749	30,813
Non-current liabilities			
Deferred creditor	23	—	(83)
Derivative financial instruments	21	(166)	—
		(166)	(83)
Total liabilities		(9,327)	(8,060)
Net assets		52,917	35,166
Equity			
Share capital	25	360	355
Share premium account	26	12,920	11,558
Own shares	27	(690)	(301)
Share-based compensation reserve	28	1,731	908
Hedging reserve	28	445	933
Deferred tax reserve	28	1,315	1,196
Retained earnings	28	36,836	20,517
Total equity attributable to shareholders		52,917	35,166

The financial statements of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 6 September 2010.

They were signed on its behalf by:

Jeff Iliffe
Director

Company cash flow statement
For the year ended 30 June 2010

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Net cash inflow from operating activities	29	15,892	13,535
Investing activities			
Investment income		172	503
Proceeds on disposal of property, plant and equipment		60	—
Purchases of property, plant and equipment		(722)	(1,349)
Purchases of intangible assets		(65)	(258)
Dividends received		3,196	918
Net cash arising from/(used in) investing activities		2,641	(186)
Financing activities			
Dividends paid		(5,316)	(2,572)
Proceeds on issue of shares		949	375
(Increase)/decrease in short-term deposits		(23,037)	1,020
Net cash used in financing activities		(27,404)	(1,177)
Net (decrease)/increase in cash and cash equivalents		(8,871)	12,172
Cash and cash equivalents at beginning of year		24,090	11,918
Cash and cash equivalents at end of year		15,219	24,090

Company statement of comprehensive income
For the year ended 30 June 2010

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Profit for the year	20,626	12,402
Reserve movements on cash flow hedges	(677)	1,296
Share-based compensation charge recognised on behalf of subsidiaries	98	60
Tax relating to components of other comprehensive income	1,346	75
Other comprehensive income for the year	767	1,431
Total comprehensive income for the year	21,393	13,833

Company statement of changes in equity

For the year ended 30 June 2010

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

	Share capital £000	Share premium £000	Own shares £000	Share-based compensation reserve[1] £000	Hedging reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2008	351	10,871	—	444	—	758	10,702	23,126
Profit for the year	—	—	—	—	—	—	12,402	12,402
Share-based compensation charge recognised on behalf of subsidiaries	—	—	—	60	—	—	—	60
Movements on cash flow hedges	—	—	—	—	1,296	—	—	1,296
Tax relating to components of other comprehensive income	—	—	—	—	(363)	438	—	75
Total comprehensive income for the year	—	—	—	60	933	438	12,402	13,833
Issue of share capital	4	687	(316)	—	—	—	—	375
Own shares disposed of on exercise of share options	—	—	15	—	—	—	(15)	—
Share-based compensation charge	—	—	—	404	—	—	—	404
Payment of dividends	—	—	—	—	—	—	(2,572)	(2,572)
Balance as at 30 June 2009	355	11,558	(301)	908	933	1,196	20,517	35,166

1 IFRS 2 charge for fair value of share options.

2 Gains and losses recognised on cash flow hedges.

3 Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS 12. In addition, the current tax deduction arising on exercise of share options in respect of 2008/09 of £267,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2010

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's activities consist of the development, marketing and selling of antibodies and related products. The Group sells through the internet to customers in most countries of the world. The Group operates through its parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc, Abcam KK and Abcam (Hong Kong) Limited.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. Adoption of new and revised standards

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

Standards affecting presentation and disclosure

IAS 1 (revised 2007) *Presentation of Financial Statements*

IAS 1 (2007) has introduced a number of changes in the format and content of the financial statements. This standard requires the presentation of a third balance sheet where changes in accounting policies retrospectively cause a change to the presentation to the primary statements. Abcam has not presented a third balance sheet since there are no material changes to the primary statements as a result of the adoption of the new standards listed.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 *Financial Instruments: Disclosures*)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards affecting the reported results and financial position

The standards were updated as part of Improvements to IFRSs (2008).

Amendment to IAS 38 *Intangible Assets*

IAS 38 has been amended to state that an entity is permitted to recognise a prepayment asset for advertising or promotional expenditure only up to the point at which the entity has the right to access the goods purchased or up to the point of receipt of services. Mail order catalogues have been specifically identified as a form of advertising and promotional activities. The Group has always accounted for its promotion expenditure through the income statement as incurred, and there have been no changes made to the accounting policies as a result of this new requirement.

Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*

The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations. The amendment has been applied retrospectively in accordance with the relevant transitional provisions, but has had no impact on the financial statements.

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

IAS 23 (revised 2007) *Borrowing Costs*

The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*

The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met. This has had no impact in the current or prior financial year.

Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

IFRS 3 (revised 2008) *Business Combinations*

The revision introduces several changes which have a significant impact on the accounting for business combinations and the costs associated with them.

Amendments to IFRIC 9 and IAS 39 *Embedded Derivatives*

The amendments serve to clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

2. Adoption of new and revised standards continued

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 been adopted by the EU):

FRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 9	Financial Instruments
IAS 24 (revised November 2009)	Related Party Disclosures
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 28 (revised 2008)	Investments in Associates
IFRIC 17	Distributions of Non-cash Assets to Owners
Improvements to IFRSs (April 2009)	

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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements 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 principal accounting policies adopted are set out below.

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.

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

Revenue recognition

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

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

Sales of goods that result in award credits for customers, under the Abpoints Scheme, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

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

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

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

Leasing

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

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

Foreign currencies

The individual 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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

3. Significant accounting policies continued

Foreign currencies continued

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

Retirement benefit costs

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

Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the 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 and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Property, plant and equipment

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

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

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

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

3. Significant accounting policies continued

Intangible assets

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

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

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

Impairment of tangible and intangible assets

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

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

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

Investments

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

Inventories

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

Financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

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

Derivative financial instruments

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

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

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

Notes to the consolidated financial statements continued
For the year ended 30 June 2010

3. Significant accounting policies continued

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities as at the date of reporting the financial statements, and the reported amounts of revenues and expenditure during the year. 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 intangible assets and other similar evaluations. Actual amounts may differ from those estimates.

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

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

Impairment of intangibles
After reviewing the circumstances surrounding its remaining product line acquisition deals during the year, it was considered that the carrying value of certain of these intangible assets was no longer supportable due to a concern over the security of supply of products subject to those agreements. An impairment loss of £147,000 (2009: £201,000) has been recognised to take account of the recoverable amount of the contracts.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Fair value of derivatives and other financial instruments

As described in note 24, the Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

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

5. Income statement for the Company

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. Abcam plc reported a profit for the year ended 30 June 2010 of £20,626,000 (2009: £12,402,000).

6. Revenue

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

	Note	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Sales of goods		71,106	56,801
Investment revenue	11	184	431
		71,290	57,232

7. Operating segments

Products and services from which reportable segments derive their revenues

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

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

Geographical information

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

	Revenue		Non-current assets	
	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000	As at 30 June 2010 £000	As at 30 June 2009 £000
US	29,762	24,535	370	435
Japan	6,771	4,634	52	52
Germany	5,664	4,719	—	—
UK (country of domicile)	5,632	4,883	3,144	4,173
Other countries	23,277	18,030	15	—
	71,106	56,801	3,581	4,660

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.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

8. Profit for the year

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

	Notes	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss		545	(565)
Other net foreign exchange (gains)/losses		(983)	646
R&D expenditure		3,701	3,076
Operating lease rentals – land and buildings	12	838	822
Depreciation of property, plant and equipment	17	1,352	1,417
Impairment loss on property, plant and equipment	17	—	1,074
Loss on disposal of property, plant and equipment		32	160
Amortisation of intangible assets included within administration and management expenses	16	180	261
Impairment loss on intangible assets included within administration and management expenses	16	147	201
Cost of inventories recognised as an expense		22,491	18,870
Write-down of inventories recognised as an expense		1,198	550
Staff costs	10	12,437	10,148
Impairment gain recognised on trade receivables	20	(48)	(84)
Auditors' remuneration	9	143	153

9. Auditors' remuneration

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

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	50	47
Fees payable to the Company's auditors for other services to the Group		
– The audit of the Company's subsidiaries pursuant to legislation	22	13
Total audit fees	72	60
– Other services pursuant to legislation	15	15
– Tax services	19	24
– Other services relating to treasury advice	—	3
– Other services[1]	37	51
Total non-audit fees	71	93
Total auditors' remuneration	143	153

1 Other services relates to training provided by the Cambridge Network Ltd and its subsidiaries, disclosed due to the audit partner also being a director of the Cambridge Network Ltd.

10. Staff costs

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

	Group		Company	
	Year ended 30 June 2010 Number	Year ended 30 June 2009 Number	Year ended 30 June 2010 Number	Year ended 30 June 2009 Number
Management, administrative, marketing and distribution	204	170	131	111
Laboratory	49	44	49	44
	253	214	180	155

10. Staff costs continued

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Wages and salaries	9,701	8,054	6,930	5,722
Social security costs	861	683	505	418
Pension costs	1,049	947	953	867
Charge in respect of share options granted	826	464	725	404
	12,437	10,148	9,113	7,411

11. Investment revenue

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Interest revenue on cash and short-term deposits	184	431

12. Operating lease arrangements

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
Land and buildings	838	822

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 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Within one year	1,178	834	712	438
In the second to fifth years inclusive	2,519	2,552	1,446	2,158
	3,697	3,386	2,158	2,596

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods. The effect on the income statement will differ to the above figures to the extent of the amortisation of a £1.1m lease incentive received on signing of a new lease in 2008/09, and also the amortisation of the rent-free period included in the same lease agreement. The expected charge in 2010/11 on these operating leases is expected to be £859,000 for the Group and £350,000 for the Company.

13. Tax

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Current tax	6,919	4,539
Deferred tax (note 22)	(310)	(527)
	6,609	4,012

Corporation tax is calculated at 28% (2009: 28%) 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 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with IAS 10, as it is a non-adjusting event occurring after the reporting period.

The impact of the rate reduction, which will be reflected in the next reporting period, is estimated to reduce the UK deferred tax asset provided at 30 June 2010 by £35,000.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

13. Tax continued

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014.

The future 1% main tax rate reductions are expected to have a similar impact on the financial statements as outlined above, however the actual impact will be dependent on our deferred tax position at that time.

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

	Year ended 30 June 2010 £000	Year ended 30 June 2010 %	Year ended 30 June 2009 £000	Year ended 30 June 2009 %
Profit before tax	25,831		16,303	
Tax at the UK corporation tax rate of 28% (2009: 28%)	7,233	28.0%	4,565	28.0%
Effect of different tax rates of subsidiaries operating in different jurisdictions	253	1.0%	175	1.0%
Tax effect of expenses that are not deductible in determining taxable profit	12	0.0%	48	0.3%
R&D tax credit uplift	(918)	(3.5)%	(771)	(4.7)%
Prior year adjustments	29	0.1%	(5)	(0.0)%
Tax expense and effective rate for the year	6,609	25.6%	4,012	24.6%

14. Dividends

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2009 of 9.40p (2008: 4.56p) per share	3,369	1,612
Interim dividend for the year ended 30 June 2010 of 5.42p (2009: 2.71p) per share	1,947	960
Total distributions to equity holders in the period	5,316	2,572
Proposed final dividend for the year ended 30 June 2010 of 14.61p (2009: 9.40p) per share	5,252	3,339

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.

15. Earnings per share

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

	Year ended 30 June 2010 £000	Year ended 30 June 2009 £000
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent company	19,222	12,291
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	35,713,587	35,287,943
Effect of dilutive potential ordinary shares: – Share options	861,797	679,385
Weighted average number of ordinary shares for the purposes of diluted earnings per share	36,575,384	35,967,328

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

16. Intangible assets

Group

	Upfront licence fees £000	Distribution rights £000	Software £000	Total £000
Cost				
At 1 July 2008	164	1,393	—	1,557
Additions	99	—	162	261
Disposals	(1)	—	—	(1)
At 1 July 2009	262	1,393	162	1,817
Additions	60	—	33	93
At 30 June 2010	322	1,393	195	1,910
Amortisation and impairment				
At 1 July 2008	120	443	—	563
Charge for the year	61	157	43	261
Impairment loss	—	201	—	201
Disposals	(1)	—	—	(1)
At 1 July 2009	180	801	43	1,024
Charge for the year	47	77	56	180
Impairment loss	—	147	—	147
At 30 June 2010	227	1,025	99	1,351
Carrying amount				
At 30 June 2009	82	592	119	793
At 30 June 2010	95	368	96	559

Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Total £000
Cost				
At 1 July 2008	164	1,393	—	1,557
Additions	99	—	161	260
Disposals	(1)	—	—	(1)
At 1 July 2009	262	1,393	161	1,816
Additions	60	—	31	91
At 30 June 2010	322	1,393	192	1,907
Amortisation and impairment				
At 1 July 2008	120	443	—	563
Charge for the year	61	157	43	261
Impairment loss	—	201	—	201
Disposals	(1)	—	—	(1)
At 1 July 2009	180	801	43	1,024
Charge for the year	47	77	56	180
Impairment loss	—	147	—	147
At 30 June 2010	227	1,025	99	1,351
Carrying amount				
At 30 June 2009	82	592	118	792
At 30 June 2010	95	368	93	556

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

16. Intangible assets continued

The amortisation period for the upfront licence fees and software is three years. The amortisation period for the distribution rights is the term of the agreement. After reviewing the circumstances surrounding the remaining product line acquisition deals, it was considered that the carrying value of certain of these intangible assets was no longer supportable due to a concern over the security of supply of products subject to those agreements. An impairment loss of £147,000 (2009: £201,000) has been recognised in the year to take account of the recoverable amount of the contracts.

17. Property, plant and equipment

Group

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2008	588	4,679	1,111	22	6,400
Additions	193	653	1,025	66	1,937
Exchange differences	30	53	48	—	131
Disposals	(68)	(1)	(780)	(35)	(884)
At 1 July 2009	743	5,384	1,404	53	7,584
Additions	252	321	150	35	758
Exchange differences	24	33	63	—	120
Disposals	—	(140)	—	—	(140)
At 30 June 2010	1,019	5,598	1,617	88	8,322
Accumulated depreciation and impairment					
At 1 July 2008	345	1,046	802	3	2,196
Charge for the year	165	1,032	200	20	1,417
Impairment loss	63	988	9	14	1,074
Exchange differences	17	23	40	—	80
Eliminated on disposals	(63)	(1)	(654)	(6)	(724)
At 1 July 2009	527	3,088	397	31	4,043
Charge for the year	178	899	261	14	1,352
Exchange differences	19	24	37	—	80
Eliminated on disposals	—	(48)	—	—	(48)
At 30 June 2010	724	3,963	695	45	5,427
Carrying amount					
At 30 June 2009	216	2,296	1,007	22	3,541
At 30 June 2010	295	1,635	922	43	2,895

17. Property, plant and equipment continued

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2008	461	4,427	904	22	5,814
Additions	138	630	693	66	1,527
Disposals	(57)	(1)	(780)	(35)	(873)
At 1 July 2009	542	5,056	817	53	6,468
Additions	208	297	111	35	651
Disposals	—	(140)	—	—	(140)
At 30 June 2010	750	5,213	928	88	6,979
Accumulated depreciation and impairment					
At 1 July 2008	272	943	620	3	1,838
Charge for the year	119	967	118	20	1,224
Impairment loss	62	986	7	14	1,069
Eliminated on disposals	(56)	(1)	(654)	(6)	(717)
At 1 July 2009	397	2,895	91	31	3,414
Charge for the year	128	834	175	14	1,151
Eliminated on disposals	—	(48)	—	—	(48)
At 30 June 2010	525	3,681	266	45	4,517
Carrying amount					
At 30 June 2009	145	2,161	726	22	3,054
At 30 June 2010	225	1,532	662	43	2,462

As a result of the decision in the prior year to refocus the monoclonal manufacturing resource towards more targeted, lower level production, an impairment loss of £1.1m was recognised in that year relating to tangible assets associated with the higher volume production processes which will not now be implemented. No further impairments of property, plant and equipment were necessary during the current year.

18. Investments

The Company's subsidiaries at 30 June 2010 and 2009 are:

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

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

Analysis of changes in investments

	£000
At 1 July 2008	45
Additions	60
At 1 July 2009	105
Additions	98
At 30 June 2010	203

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

18. Investments continued

Investments are held at cost less provision for impairment. All additions represent share-based payment charges for share options issued by the Company to employees of the subsidiaries.

19. Inventories

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Goods for resale	9,073	6,796	9,042	6,783

20. Financial assets

Trade and other receivables

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Amounts receivable for the sale of goods	7,074	5,685	2,873	2,614
Allowance for doubtful debts	(297)	(305)	(107)	(115)
	6,777	5,380	2,766	2,499
Amounts owed by subsidiary undertakings	—	—	5,826	3,332
Other debtors	665	516	391	277
Prepayments	736	590	589	471
	8,178	6,486	9,572	6,579

Trade receivables

The average credit period taken for sales is 32.6 days (2009: 32.0 days). No interest has been charged on the receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience. The Group and Company have provided fully for all receivables over 90 days past due because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

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

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

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
0 to 30 days overdue	1,366	938	589	434
30 to 60 days overdue	133	90	—	—
	1,499	1,028	589	434

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Balance at the beginning of the year	(305)	(591)	(115)	(413)
Impairment gains recognised through income statement	48	84	14	17
Exchange differences on translation of foreign operations	(16)	(39)	—	—
Amounts written off as uncollectable	19	241	9	281
Amounts recovered during the year	(43)	—	(15)	—
Balance at the end of the year	(297)	(305)	(107)	(115)

20. Financial assets continued

Trade receivables continued

Movement in the allowance for doubtful debts continued

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.

An impairment loss was recognised in the year ended 30 June 2008 relating to certain customers in financial difficulties. The difference between the carrying amount of these trade receivables and the present value of the expected litigation proceeds was written off as uncollectable within the year ended 30 June 2009. No such individually impaired trade receivables relating to customers in financial difficulties have been identified in the current year.

Ageing of impaired receivables

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
0 to 30 days overdue	44	99	2	16
30 to 60 days overdue	163	155	71	81
60 to 90 days overdue	42	35	13	18
More than 90 days overdue	48	16	21	—
	297	305	107	115

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

21. Derivative financial instruments

Group and Company: 30 June 2010

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

Group and Company: 30 June 2009

	Current		Non-current		
	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	970	—	326	—	1,296
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	368	—	—	—	368
	1,338	—	326	—	1,664

Further details of derivative financial instruments are provided in note 24.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

22. Deferred tax

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

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2008	(881)	—	622	181	(78)
Credit/(charge) to income	481	—	135	(89)	527
(Charge)/credit to equity	(1)	(363)	222	28	(114)
At 30 June 2009	(401)	(363)	979	120	335
Credit/(charge) to income	161	—	243	(94)	310
(Charge)/credit to equity	(3)	189	569	17	772
At 30 June 2010	(243)	(174)	1,791	43	1,417

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2008	(887)	—	600	109	(178)
Credit/(charge) to income	534	—	113	(119)	528
(Charge)/credit to equity	—	(363)	172	—	(191)
At 30 June 2009	(353)	(363)	885	(10)	159
Credit/(charge) to income	134	—	204	(86)	252
Credit to equity	—	189	386	—	575
At 30 June 2010	(219)	(174)	1,475	(96)	986

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 (2009: £1,210,000). No liability was recognised in the prior year in respect of these differences because the Group was in a position to control the timing of the reversal of temporary differences and it was probable that such differences would not reverse in the foreseeable future. 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.

23. Other financial liabilities

Trade and other payables

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Amounts falling due within one year				
Trade payables	2,555	1,703	2,278	1,502
Amounts owed to subsidiary undertakings	—	—	306	218
Accruals and deferred income	3,870	4,603	3,192	4,128
Deferred creditor	48	57	48	57
Other taxes and social security	257	241	240	226
Other creditors	136	90	2	62
	6,866	6,694	6,066	6,193
Amounts falling due after more than one year				
Deferred creditor	—	83	—	83
	6,866	6,777	6,066	6,276

23. Other financial liabilities continued

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2010, the Group had an average of 29 days of purchases (2009: 19 days) outstanding in trade creditors (excluding accruals and deferred income). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

The deferred creditor represents the earn-out payable on sales of products under a distribution agreement.

24. Financial instruments

Capital risk management

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

Significant accounting policies

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

Categories of financial instruments

	Group carrying value		Company carrying value	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	—	—	5,826	3,332
Trade receivables	6,777	5,380	2,766	2,499
VAT recoverable (included in other debtors)	534	290	387	224
	7,311	5,670	8,979	6,055
Cash and cash equivalents				
Cash and cash equivalents and short-term deposits	40,222	25,501	38,256	24,090
Loans and receivables (including cash and cash equivalents)	47,533	31,171	47,235	30,145
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables*	(2,948)	(2,034)	(2,826)	(2,008)
Current tax liabilities	(2,698)	(1,871)	(2,536)	(1,784)
Amortised cost	(5,646)	(3,905)	(5,362)	(3,792)

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

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

Fair value measurements recognised in the statement of financial position

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

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

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

Risk in relation to the use of financial instruments

Credit risk

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

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

24. Financial instruments continued

Risk in relation to the use of financial instruments continued

Credit risk continued

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 32.6 days (2009: 32.0 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 32.6 days, as well as observable changes in international or local economic conditions.

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

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

Market risk

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Euros	(202)	(211)	1,944	1,882
US Dollars	(1,144)	(1,459)	5,593	3,447
Japanese Yen	(30)	(39)	1,279	490
Hong Kong Dollars	—	—	55	—
	(1,376)	(1,709)	8,871	5,819

Foreign currency sensitivity analysis

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

The following table details the Group's sensitivity to an 8% increase and decrease in the Sterling exchange rate against the relevant foreign currencies on the Group's profit before tax and equity. 8% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts and adjusts their translation at the period end for an 8% change in foreign currency rates. A positive number indicates an increase in profit or equity.

	Yen currency impact		Euro currency impact		US Dollar currency impact	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	—	—	—	94	237	68
Other equity	385	176	1,051	1,163	594	907
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	—	—	(1)	(111)	(279)	(80)
Other equity	(453)	(167)	(1,234)	(1,365)	(697)	(1,064)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not necessarily reflect the exposure during the year.

Forward exchange contracts

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

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

24. Financial instruments continued

Forward exchange contracts continued

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

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

Outstanding contracts	Average rate 30 June 2009	Foreign currency 30 June 2009 000	Contract value 30 June 2009 £000	Fair value 30 June 2009 £000
Sell US Dollars				
Less than 3 months	1.49	$2,600	1,749	168
3 to 6 months	1.49	$5,300	3,558	333
7 to 12 months	1.50	$8,000	5,324	451
13 to 15 months	1.51	$4,200	2,781	220
	1.50	$20,100	13,412	1,172
Sell Euros				
Less than 3 months	1.14	€2,200	1,932	58
3 to 6 months	1.14	€4,200	3,687	107
7 to 12 months	1.14	€7,800	6,862	209
13 to 15 months	1.14	€4,200	3,692	104
	1.14	€18,400	16,173	478
Sell Yen				
Less than 3 months	157.47	¥50,000	318	2
3 to 6 months	157.28	¥100,000	636	4
7 to 12 months	156.84	¥150,000	956	6
13 to 15 months	156.30	¥75,000	480	2
	156.93	¥375,000	2,390	14
Total of outstanding forward contracts			31,975	1,664

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

24. Financial instruments continued

Forward exchange contracts continued

At 30 June 2010, the fair value of contracts held as cash flow hedges is £619,000 (2009: £1,296,000). The remaining contracts are not held as cash flow hedges.

Liquidity risk management

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

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

The Group and Company hold cash deposits at call or with a maturity of up to twelve months. At 30 June 2010, the average maturity of balances was 146 days (2009: 47 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

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

Liquidity and interest risk tables – financial liabilities

All balances are capital and do not include accrued interest.

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

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2009					
Trade payables	—	(1,604)	(82)	(17)	(1,703)
Accruals and deferred income	—	(3,725)	(196)	(682)	(4,603)
		(5,329)	(278)	(699)	(6,306)
Company					
2009					
Trade payables	—	(1,403)	(82)	(17)	(1,502)
Accruals and deferred income	—	(3,367)	(133)	(628)	(4,128)
		(4,770)	(215)	(645)	(5,630)

Interest rate risk sensitivity analysis

An increase of 1% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £443,000 (2009: £376,000) and by the Company of £423,000 (2009: £369,000). A decrease of 1% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £184,000 (2009: £136,000) and by the Company of £179,000 (2009: £113,000). There would have been no effect on equity reserves.

The closing cash and short-term deposits balance at the year end has been used as the basis for the calculations. A 1% increase or decrease in interest rates represents management's assessment of the reasonably possible change in interest rates.

25. Share capital

Group and Company

	30 June 2010 £000	30 June 2009 £000
Authorised:		
100,000,000 ordinary shares of 1p each	1,000	1,000
Issued and fully paid:		
35,950,642 (2009: 35,525,450) ordinary shares of 1p each	360	355

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

	2010 Number	2010 £000	2009 £000
Balance at beginning of year	35,525,450	355	351
Issue of share capital	425,192	5	4
Balance at end of year	35,950,642	360	355

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

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

Date issued	Number of shares	Exercise price £	Total paid £
July 2009	1,400	4.62	6,468
July 2009	5,210	3.12	16,255
August 2009	320	2.80	896
August 2009	270	3.12	842
September 2009	6,320	0.125	790
September 2009	920	0.25	230
September 2009	4,200	0.625	2,625
September 2009	60,000	1.50	90,000
September 2009	4,016	2.24	8,996
September 2009	145,416	2.80	407,165
September 2009	18,689	3.202	59,846
October 2009	19,867	2.80	55,628
October 2009	1,914	3.225	6,172
November 2009	39,562	2.24	88,619
November 2009	272	2.49	677
November 2009	3,329	2.80	9,321
November 2009	2,830	3.12	8,830
November 2009	650	4.62	3,003
November 2009	3,304	3.204	10,585
December 2009	44,526*	9.35	416,318
December 2009	187*	9.195	1,719
March 2010	1,560	0.625	975
March 2010	43,172	2.80	120,882
March 2010	4,000	3.474	13,895
April 2010	820	0.25	205
April 2010	11,667	2.80	32,668
May 2010	771	3.464	2,671
	425,192		1,366,281

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

Further details of the Company's share option schemes are provided in note 30.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

26. Share premium

Group and Company

	£000
Balance at 1 July 2008	10,871
Premium arising on issue of equity shares	687
Balance at 1 July 2009	11,558
Premium arising on issue of equity shares	1,362
Balance at 30 June 2010	12,920

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

27. Own shares

Group and Company

	£000
Balance at 1 July 2009	(301)
Acquired in the period	(418)
Disposed of on exercise of options	29
Balance at 30 June 2010	(690)

This balance represents the cost of 107,458 shares in Abcam plc (2009: 65,094) 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 various share-based compensation plans. See note 30 for further details of these schemes.

28. Retained earnings and other reserves

Group

	Translation reserve[1] £000	Share-based compensation reserve[2] £000	Hedging reserve[3] £000	Deferred tax reserve[4] £000	Retained earnings £000	Total £000
Balance as at 1 July 2008	(33)	483	—	758	11,692	12,900
Exchange differences on translation of foreign operations	230	15	—	—	—	245
Share-based compensation charge	—	464	—	—	—	464
Deferred tax (liability)/asset recognised	—	—	(363)	610	—	247
Profit for the year	—	—	—	—	12,291	12,291
Own shares disposed of on exercise of options	—	—	—	—	(15)	(15)
Increase in fair value of hedging derivatives	—	—	1,296	—	—	1,296
Payment of dividends (note 14)	—	—	—	—	(2,572)	(2,572)
Balance as at 1 July 2009	197	962	933	1,368	21,396	24,856
Exchange differences on translation of foreign operations	50	18	—	(18)	11	61
Share-based compensation charge	—	826	—	—	—	826
Deferred tax asset recognised	—	—	189	583	—	772
Current tax deduction for exercise of share options[5]	—	—	—	(383)	1,300	917
Profit for the year	—	—	—	—	19,222	19,222
Own shares disposed of on exercise of options	—	—	—	—	(29)	(29)
Decrease in fair value of hedging derivatives	—	—	(677)	—	—	(677)
Payment of dividends (note 14)	—	—	—	—	(5,316)	(5,316)
Balance as at 30 June 2010	247	1,806	445	1,550	36,584	40,632

1 Exchange differences on translation of overseas operations.

2 IFRS 2 charge for fair value of share options.

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

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

5 The current tax deduction arising on exercise of share options in respect of 2008/09 of £383,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the financial statements.

28. Retained earnings and other reserves continued

Company

	Share-based compensation reserve[1] £000	Hedging reserve[2] £000	Deferred tax reserve[3] £000	Retained earnings £000	Total £000
Balance as at 1 July 2008	444	—	758	10,702	11,904
Share-based compensation charge	404	—	—	—	404
Share-based compensation charge recognised on behalf of subsidiaries	60	—	—	—	60
Deferred tax (liability)/asset recognised	—	(363)	438	—	75
Profit for the year	—	—	—	12,402	12,402
Own shares disposed of on exercise of options	—	—	—	(15)	(15)
Increase in fair value of hedging derivatives	—	1,296	—	—	1,296
Payment of dividends (note 14)	—	—	—	(2,572)	(2,572)
Balance as at 1 July 2009	908	933	1,196	20,517	23,554
Share-based compensation charge	725	—	—	—	725
Share-based compensation charge recognised on behalf of subsidiaries	98	—	—	—	98
Deferred tax asset recognised	—	189	386	—	575
Current tax deduction for exercise of share options[4]	—	—	(267)	1,038	771
Profit for the year	—	—	—	20,626	20,626
Own shares disposed of on exercise of options	—	—	—	(29)	(29)
Decrease in fair value of hedging derivatives	—	(677)	—	—	(677)
Payment of dividends (note 14)	—	—	—	(5,316)	(5,316)
Balance as at 30 June 2010	1,731	445	1,315	36,836	40,327

1 IFRS 2 charge for fair value of share options.

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

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

4 The current tax deduction arising on exercise of share options in respect of 2008/09 of £267,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the financial statements.

29. Note to the cash flow statement

	Group		Company	
	30 June 2010 £000	30 June 2009 £000	30 June 2010 £000	30 June 2009 £000
Operating profit for the year	25,647	15,872	22,805	14,514
Adjustments for:				
Depreciation of property, plant and equipment	1,352	1,417	1,152	1,224
Impairment losses on property, plant and equipment	—	1,074	—	1,069
Loss on disposal of property, plant and equipment	32	160	32	156
Amortisation of intangible assets	180	261	180	261
Impairment losses on intangible assets	147	201	147	201
Decrease in provisions	(19)	(16)	(19)	(16)
Change in fair value of derivatives outstanding at year end	545	(565)	545	(565)
Share-based compensation charge	826	464	725	404
Operating cash flows before movements in working capital	28,710	18,868	25,567	17,248
Increase in inventories	(2,277)	(2,289)	(2,259)	(2,282)
Increase in receivables	(1,692)	(1,263)	(2,987)	(1,393)
Increase/(decrease) in payables	191	2,198*	(146)	2,160*
Cash generated by operations	24,932	17,514	20,175	15,733
Income taxes paid	(5,210)	(2,702)	(4,283)	(2,198)
Net cash inflow from operating activities	19,722	14,812	15,892	13,535

* This increase in payables includes £1.0m of the total balance of £1.1m received as an incentive from the landlord of premises leased by Abcam plc with effect from December 2008.

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

30. 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 compensation charge relates to option awards from the EMI plan, Unapproved Share Option Plan, the US Employees Share Option Plan, the Abcam 2005 share option scheme, the SAYE scheme, the Abcam Company Share Option Plan (CSOP), the Long-Term Incentive Plan (LTIP) and the Share Incentive Plan (SIP). Option grants under each scheme have been aggregated.

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

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

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

The Group recorded a total share-based expense of £826,000 in the year (2009: £464,000), of which £702,000 (2009: £374,000) was included within administration and management expenses and £124,000 (2009: £90,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2010 had an exercise price of between 25p and 904p (2009: 12.5p and 462p). The weighted average remaining contractual life is 7.35 years (2009: 7.46 years). The weighted average fair value of the options outstanding at the end of the year was 120.59p (2009: 65.56p). The Group recorded total share-based expenses of £279,000 (2009: £272,000) relating to all schemes excluding the SIP and LTIP.

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options as restated*	Weighted average exercise price as restated* p
Outstanding at beginning of year	1,138,202	298.86	1,389,012	219.99
Granted during year	141,775	904.00	181,021	462.00
Forfeited during year	(35,596)	432.04	(41,636)	355.39
Exercised during year	(380,479)	251.24	(390,195)	97.65
Outstanding at the end of year	863,902	415.53	1,138,202	298.86
Exercisable at end of year	133,094	182.52	150,080	109.16

* The 2009 comparatives have been restated to correct the treatment of 5,300 SAYE share options which were erroneously disclosed as forfeited during the year.

Enterprise Management Incentive (EMI) scheme

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
Outstanding at beginning of year	515,548	272.78	833,528	206.94
Forfeited during year	(12,050)	312.00	(27,274)	298.69
Exercised during year	(219,330)	265.77	(290,706)	81.20
Outstanding at the end of year	284,168	276.52	515,548	272.78
Exercisable at end of year	72,450	166.10	50,080	47.59

The growth in the net assets of the Group means that the Group has exceeded the limits set by HMRC for the tax incentives available under the EMI scheme so no further grants can be made under this scheme.

30. Share-based payments continued

Unapproved Share Option Plan

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
Outstanding at beginning of year	268,512	260.26	354,909	223.66
Exercised during year	(86,571)	189.90	(86,397)	109.91
Outstanding at the end of year	181,941	266.26	268,512	260.26
Exercisable at end of year	40,000	125.00	100,000	140.00

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

Abcam Inc share scheme

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
Outstanding at beginning of year	117,791	315.15	121,712	291.47
Forfeited during year	(1,989)	328.89	(3,921)	593.65
Exercised during year	(28,678)	351.58	—	—
Outstanding at the end of year	87,124	321.38	117,791	315.15
Exercisable at end of year	20,644	351.58	—	—

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

SAYE scheme

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options as restated*	Weighted average exercise price as restated* p
Outstanding at beginning of year	72,306	231.56	78,863	231.11
Forfeited during year	(3,855)	249.00	(2,165)	230.64
Exercised during year	(43,850)	224.16	(4,392)	224.00
Outstanding at the end of year	24,601	242.02	72,306	231.56
Exercisable at end of year	—	—	—	—

* The 2009 comparatives have been restated to correct the treatment of 5,300 share options which were erroneously disclosed as forfeited during the year.

The Abcam 2005 Share Option scheme

	2010		2009	
	Number of share options	Weighted average exercise price p	Number of share options	Weighted average exercise price p
Outstanding at beginning of year	164,045	462.00	—	—
Granted during year	63,475	904.00	181,021	462.00
Forfeited during year	(15,547)	518.25	(8,276)	462.00
Exercised during year	(2,050)	462.00	(8,700)	462.00
Outstanding at the end of year	209,923	591.49	164,045	462.00
Exercisable at end of year	—	—	—	—

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

30. Share-based payments continued

The Abcam CSOP

	2010 Number of share options	2010 Weighted average exercise price p
Outstanding at beginning of year	—	—
Granted during year	78,300	904.00
Forfeited during year	(2,155)	904.00
Outstanding at the end of year	76,145	904.00
Exercisable at end of year	—	—

Fair value calculation

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

EMI scheme

Grant date	16 June 2003	16 June 2003	5 July 2004	17 December 2004	27 May 2005	5 September 2005
Share price at grant (pence)	10	10	25	30	62.5	62.5
Fair value at valuation date (pence)	2.6	2.6	8.5	12.3	19.2	19.1
Exercise price (pence)	25	37.5	25	25	62.5	62.5
Expected volatility	40%	40%	35%	35%	30%	30%
Expected life (years)	3	3.08	2	2.88	2	2
Expected dividend yield	1.1	1.1	1.1	1.1	1.1	1.1
Risk free rate	3.97%	3.97%	5.08%	4.49%	4.31%	4.15%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%

Unapproved scheme

Grant date	20 December 2004	20 December 2004	30 September 2005	30 September 2005	27 October 2005
Share price at grant (pence)	30	30	62.5	62.5	167
Fair value at valuation date (pence)	11.2	11.6	18.9	10.2	55.77
Exercise price (pence)	25	25	62.5	125	150
Expected volatility	35%	35%	30%	30%	30%
Expected life (years)	1.54	2	1.82	1.82	1.635
Expected dividend yield	1.1	1.1	1.1	1.1	1.1
Risk free rate	4.46%	4.46%	4.29%	4.29%	4.40%
Employee exercise multiple	2	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	10.00%	10.00%

SAYE scheme

Grant date	2 October 2006	2 October 2006	8 November 2007	8 November 2007
Share price at grant (pence)	280	280	312	312
Fair value at valuation date (pence)	104	113	106	122
Exercise price (pence)	224	224	249	249
Expected volatility	30%	30%	30%	30%
Expected life (years)	3	5	3	5
Expected dividend yield	1.1%	1.1%	1.5%	1.5%
Risk free rate	4.54%	4.54%	4.80%	4.80%
Employee exercise multiple	2	2	2	2
Employee exit rate	10.00%	10.00%	12.00%	12.00%

30. Share-based payments continued

SAYE scheme continued

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

Grant date	7 September 2006	8 November 2007	7 May 2008	6 November 2008	9 November 2009
Share price at grant (pence)	280	312	413	462.5	904
Fair value at valuation date (pence)	84	89	123	115	288
Exercise price (pence)	280	312	413	462	904
Expected volatility	30%	30%	30%	24%	34%
Expected life (years)	3	3.01	3	3	6
Expected dividend yield	1.1%	1.5%	1.5%	0.87%	1.24%
Risk free rate	4.57%	4.80%	4.79%	3.90%	3.21%
Employee exercise multiple	2	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%	0.00%

Share Incentive Plan (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 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 the right to acquire up to a maximum of £3,000 of shares (Free Shares). There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

	Number of free shares		Number of matching shares	
	2010	2009	2010	2009
Outstanding at beginning of year	54,184	—	9,873	—
Granted during year	37,267	59,410	8,929	10,271
Forfeited during year	(5,914)	(2,244)	(1,005)	—
Released during year	(1,934)	(2,982)	(415)	(398)
Outstanding at the end of year	83,603	54,184	17,382	9,873
Exercisable at end of year	—	—	—	—

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 £195,000 (2009: £68,000) related to Matching and Free Share awards in the year.

Long-Term Incentive Plan (LTIP)

The Company approved a new LTIP in 2008. Vesting of performance share awards made under this scheme to the executive management team is conditional upon achievement of two separate performance conditions. Full details of these performance conditions are shown in the Directors' Remuneration Report. In 2010, LTIP awards were made to members of senior management, in addition to the executive management team. Vesting of awards made to senior management are based on market-based performance criteria only, and are calculated using the Monte Carlo model.

All awards made under this scheme have a fixed term of three years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

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

	LTIP awards 2010	LTIP awards 2009
Outstanding at beginning of year	154,545	—
Granted during year	104,252	154,545
Forfeited during year	(1,778)	—
Outstanding at the end of the year	257,019	154,545
Exercisable at end of year	—	—

These performance share awards were made on 9 November 2009 (2009: 6 November and 17 November 2008). The aggregate of the fair values of the awards made on that date is £756,000 (2009: £573,000).

Notes to the consolidated financial statements continued

For the year ended 30 June 2010

30. Share-based payments continued

Long-Term Incentive Plan (LTIP) continued

The estimated fair values of the awards made to the executive management team were calculated using the Monte Carlo model. The inputs to the model for awards granted in the year were as follows:

Grant date	9 November 2009	6 and 17 November 2008
Weighted average exercise price (pence)	—	—
Expected volatility	34%	24%
Expected life	3 years	3 years
Expected dividend yield	1.24%	0.87%
Risk free rate	2.03%	3.41%

The estimated fair values of awards made to senior management were calculated using the Monte Carlo model. The inputs to the model for awards granted in the year were as follows:

Grant date	9 November 2009
Weighted average exercise price (pence)	—
Expected volatility	34%
Expected life	4 years
Expected dividend yield	1.24%
Risk free rate	2.52%

The Group recognised a total expense of £352,000 (2009: £124,000) related to performance share awards under the LTIP in the year.

31. Retirement benefit schemes

Defined contribution schemes

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

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

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2010 was £1,049,000 (2009: £947,000). As at 30 June 2010 contributions of £80,000 (2009: £75,000) due in respect of the current reporting period had not been paid over to the schemes.

32. Related party transactions

Remuneration of key personnel

The remuneration of the 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.

Group and Company

	30 June 2010 £000	30 June 2009 £000
Short-term employee benefits and fees	1,279	1,078
Share-based compensation charge	276	153
	1,555	1,231

Directors' transactions

Under a new product development agreement with a laboratory associated with Tony Kouzarides (a Non-Executive Director of the Company), Abcam provided products from its catalogue free of charge, with a resale value of £23,732 (2009: £24,018) and paid £44,762 in royalties (2009: £41,166). £7,780 relating to these royalties was outstanding at the year end (2009: £5,889).

Dividends totalling £1,024,657 were paid in the year in respect of ordinary shares held by the Company's Executive and Non-Executive Directors.

Company transactions with its subsidiaries

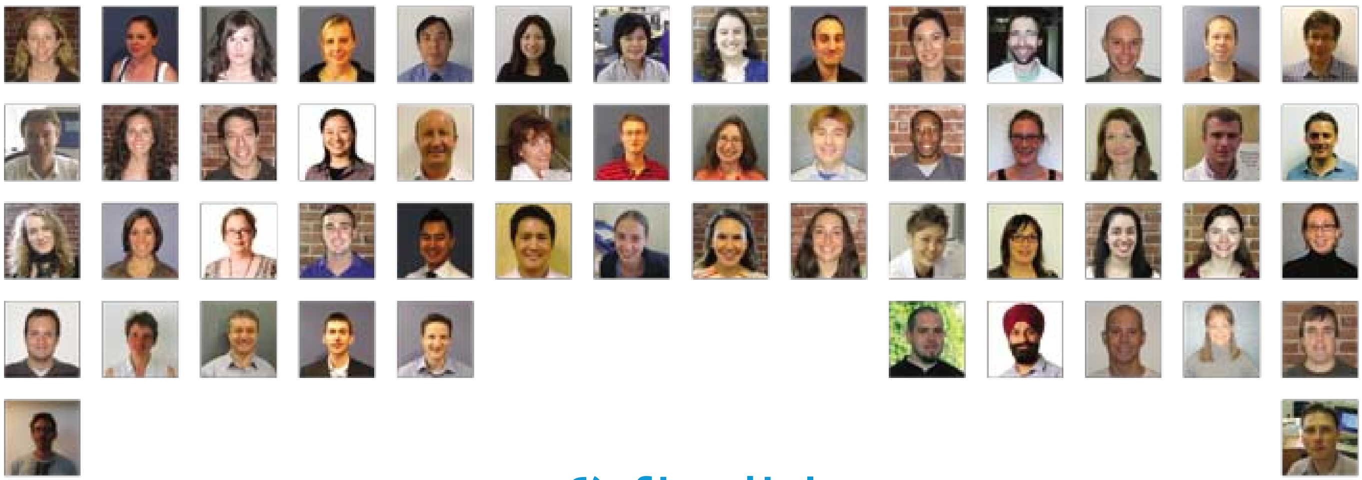
The Company provided goods for resale to, received dividends from, and was charged management fees by its subsidiaries in the current and prior year as summarised in the following table:

	30 June 2010 £000	30 June 2009 £000
Sales of goods	32,526	24,444
Dividends received	3,196	918
Management fees charged	(782)	(569)
	34,940	24,793

Amounts remaining outstanding at the year end can be seen in the Company Balance Sheet on page 45.

Our Staff help us to build a great company

We are building a great company by recruiting excellent people, with more than 270 employees across our 5 offices.



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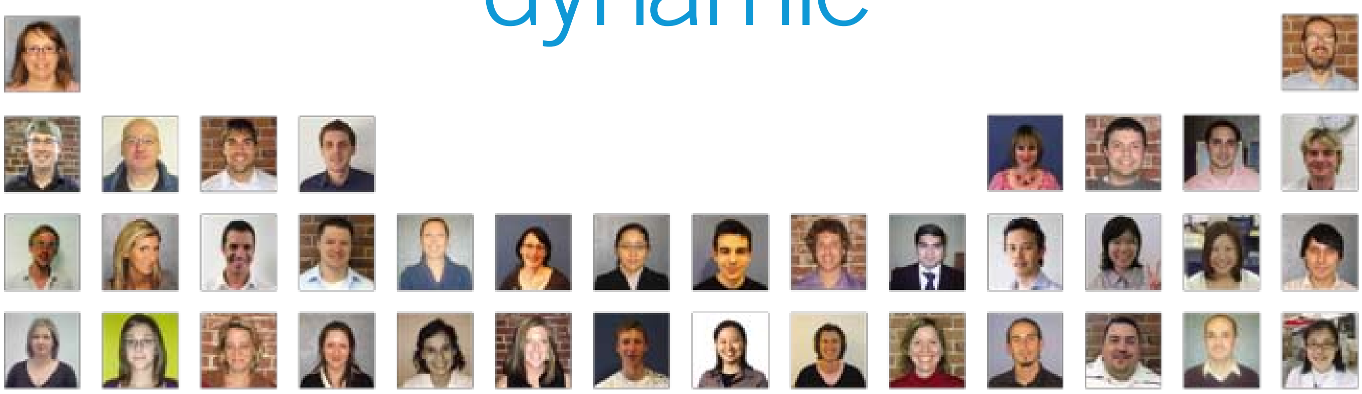

* The most popular terms Abcam staff use to describe Abcam – source Abcam staff survey 2010.

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Abcam plc is committed to achieving good environmental practice and this is reflected in this Annual Report which has been printed on Cocoon Silk 100. This stock is comprised of 100% post consumer waste which is independently certified in accordance with the rules of the Forest Stewardship Council and produced at mills with ISO 14001 environmental management systems.