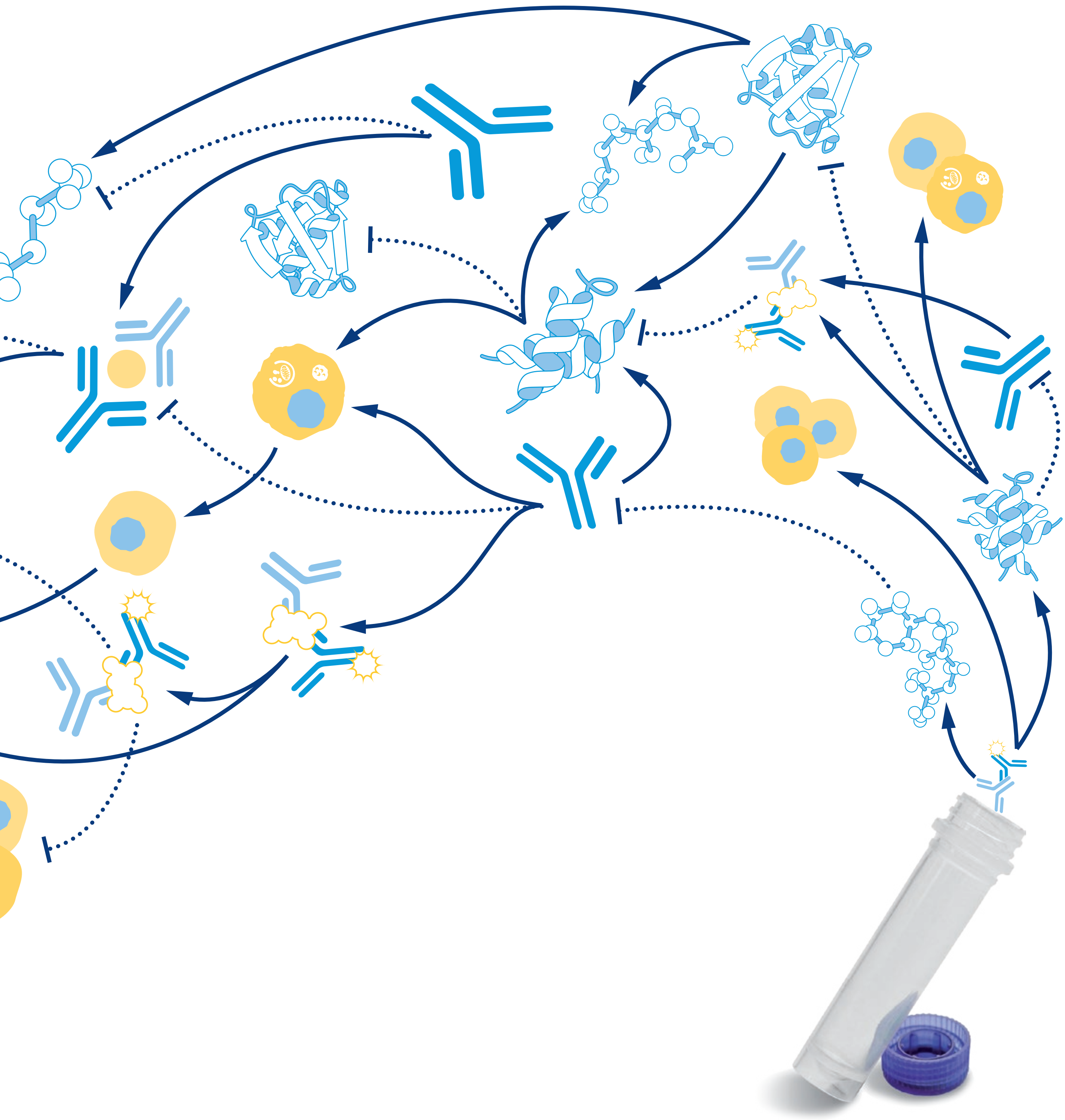
abcam®

Abcam plc

Annual Report and Accounts 2015



Welcome to a new chapter *in our story…*

2014/15 was a year of significant delivery for Abcam. We made good progress in all five elements of our strategy, substantially outperforming the markets in which we operate and building a platform to deliver sustainable, profitable, long-term growth. Careful investment in our core reagents business, the development of new products and extension of our geographic penetration, as well as acquisitions and partnerships will further underpin the delivery of our strategy.

Our teams across the globe are focused on providing research scientists with the tools to advance a global understanding of biology, causes of disease, and new approaches to defining and enhancing good health. As we do this, we continue to build a valuable business, trusted and relied upon by our customers and delivering value to our shareholders.

Highlights

We have delivered material returns in the year and exceeded our expectations by pursuing our five strategic priorities:

1 Grow our core faster than market

We strengthened our position as the number one primary antibody supplier, using our superior quality RabMAb® products to generate revenue growth significantly above market rate

2 Establish new growth platforms

We increased Net Promoter Score (NPS) by 6%, a consistent increase across all categories and consumer segments, expanded our range of kits and assays and made significant market gains in China

3 Scale organisation capabilities

We transformed consumer marketing, made key hires into our senior leadership team and laid the strategic groundwork for extensive improvements to our IT platform

4 Sustain attractive economics

We achieved constant exchange rate (CER) product revenue growth of 16.6% and an adjusted operating margin of 34.2%

5 Selectively pursue partnerships and acquisitions

We have built a significant network of collaborations and acquired Firefly BioWorks to support our continued growth through increased product quality, a broader product portfolio and increased consumer reach

View Our Strategic Priorities on pages 12–13

Key highlights

- Strong progress continues in executing our strategy, with achievements against our specific strategic KPIs at the top end of, or above, our targets
- CER product revenue increased by 16.6% to £135.4m (2013/14: £118.0m). On a reported basis the increase was 14.7%
- CER total revenue increased by 14.2% (12.6% on a reported basis) to £144.0m (2013/14: £128.0m)
- CER gross margin improved by 50 basis points, offset by currency headwinds, giving a reported margin of 70.5% (2013/14: 70.6%)
- Adjusted operating margin* 34.2% (2013/14: 36.4%), reflecting the expected operational investment in Firefly and other areas to drive future growth and the impact of foreign exchange rate movements
- Adjusted diluted earnings per share (EPS)* increased by 9.4% to 19.76 pence (2013/14: 18.06 pence). Reported EPS increased by 9.1% to 18.57 pence (2013/14: 17.02 pence)
- Closing cash and term deposits were £58.7m (30 June 2014: £56.9m)
- Proposed full year dividend increased by 5.9% to 8.21 pence per share (2013/14: 7.75 pence)
- Appointment of Alan Hirzel as CEO and Murray Hennessy as Chairman
- Acquisition of Firefly and integration of its technology platform progressing well, bringing product diversification and exposure to fast-growing miRNA market

* Excluding £3.1m (2013/14: £3.3m) of acquisition-related intangible amortisation and acquisition and integration costs of £0.4m (2013/14: £nil) and, in the case of EPS, the related tax effect. The full effect is shown in the Reconciliation of consolidated adjusted financial measures on page 75 and in note 11 in the case of EPS.

Chairman's introduction

It gives me pleasure to introduce this year's Annual Report which sets out the solid progress Abcam has made over the past twelve months. The Company has embarked on a new strategy which is delivering strong results and exceeded our high expectations for the year. Today, the Company is well placed to take full advantage of the significant opportunities that exist in our markets.

Summary

- We have made progress in high-value targeting, identifying and focusing on products and subsectors which offer both higher-value and higher-volume sales opportunities.
- Our rapid progress in China demonstrates how investing in future markets can accelerate revenue growth and lay the foundations for expanding international business.
- Our reported revenues grew by 12.6%, a significant acceleration of the 4.7% growth we recorded in the prior year.

Murray Hennessy – Chairman

Executing our strategy

Alan Hirzel was appointed CEO in September 2014 and we are very pleased with the results we are seeing from the implementation of the strategy we set out at that time. We have achieved double-digit growth across all of our geographic regions and product types, and we intend to accelerate this strategic process over the coming years.

To continue to achieve growth in a managed and careful way, there are several areas of our business in which we need to invest. Focusing on revenue growth alone will not create a truly sustainable and valuable business. Rather, our strategy is to make focused investments to meet our consumers' needs and then capitalise on the growth opportunities that this creates.

Since it was established, Abcam has spent 17 years developing its product expertise. We are now complementing this through building a consumer-centred organisational infrastructure. During the year we have made progress in high-value targeting, identifying and focusing on products and subsectors which offer both higher-value and higher-volume sales opportunities. As we do so we add layers of value and innovation to our existing business, as demonstrated in Our Business Model on pages 6–7.

Our strategy is enabling us to strengthen Abcam's position at the heart of life science research. From our roots, providing antibodies in an ice bucket, we are moving to delivering comprehensive solutions and outstanding service levels to our consumers through a consistently improving online offering and geographic coverage. Our rapid progress in China demonstrates how investing in future markets can accelerate revenue growth and lay the foundations for an expanding international business.

Discover more about the investments we made and actions we took in the year in our Operational Review on pages 14–16.

Strong financial performance

Reflecting on the past twelve months, it is clear that Abcam has met ambitious targets and delivered results well above the underlying rate in our core markets. In total, after allowing for the adverse impact of exchange rates, our reported revenues grew by 12.6%, a significant acceleration of the 4.7% growth we recorded in the prior year. On a constant exchange rate basis our total revenue growth was 14.2% (2013/14: 8.6%) compared with underlying market growth of around 4%.

After increased investment to drive future growth including the integration of Firefly and the negative impact of foreign exchange rate movements, adjusted operating margin was 34.2% (2013/14: 36.4%).

Discover more about the financial performance of the Group in Our Financials on pages 24–26.

Innovation and innovators

Our progress is driven by the quality and dedication of our people. Today, Abcam employs over 820 people across ten locations. They are our innovators: across all our divisions and functions, employees are collaborating to drive innovation, focusing on our consumers' needs, creating value for our shareholders and delivering the technologies that make a real difference to life science researchers. On behalf of all our stakeholders I would like to thank every employee for their enthusiasm, hard work and commitment over the last year.

The past year has seen significant senior management changes, with the appointment of Yvonne Chien, Chief Digital Officer; Sean Hickey, Chief Information Officer; and, after the period end, Suzanne Smith, Chief Legal Officer and Company Secretary. In addition, Alejandra Solache, Global Head of Reagents Product Development and Manufacturing, who joined the Company in early 2014, was appointed to the Senior Leadership Team in the year. These appointments bring added expertise in key areas.

Discover more about our investment in our talented team in our Corporate Governance Statement on pages 32–36.

One culture

Abcam's strong consumer-focused, performance-based culture is grounded in our purpose to provide life science researchers with the tools they need to enable scientific progress. Our 'One Team' approach underlines everything we do and serves as a framework for the success of each employee as well as the whole Company.

Our core 'One Team' behaviours are:

- **Focused on success:** taking responsibility for business results, being committed and dependable and having a team focus
- **Bold:** communicating effectively and innovating to provide solutions
- **Consumer-centric:** being culturally aware and focused on the needs of our consumers

Discover more about our commitment to the recognition of employee contributions and achievements in Our Responsibilities on pages 22–23.

Board changes and governance

This year has been an important one for the governance of the Group: Alan Hirzel succeeded Jonathan Milner as CEO in September 2014, with Jonathan taking up a Deputy Chairman role and I took over as Chairman in November 2014. In addition, Sue Harris joined the Board as Chairman of the Audit and Risk Committee in December 2014.

Our effective governance framework at Board level and throughout the organisation has helped support this transition in leadership. However, we recognise that there is always scope for further improvement to support us in achieving the aspirations we have set for the Company. As such, over time the Board will continue to be strengthened as we seek to bring in further expertise in product and geographic areas.

Discover more about the actions of the Board in the year in the governance of risk on pages 35–36 and in the execution of a strategic review of remuneration in the Directors' Remuneration Report on pages 42–43.

Return to shareholders

The Board regularly reviews its dividend distribution policy and overall financial strategy to strike a balance between the needs of the business in terms of investment and the desire to provide a high level of return to shareholders. As such, we continue to operate a progressive dividend policy to grow the dividend if appropriate each year. This year the Board has recommended a final dividend of 5.92 pence per share to be paid on 4 December 2015 to shareholders on the register on 13 November 2015. This brings the dividend for the full year to 8.21 pence, an increase of 5.9% over the prior year's dividend of 7.75 pence.

Creating future sources of value

Investment over the past two years, which has seen us deliver on our strategy and exceed our targets, has laid the foundation for growth in 2015/16 and beyond, as well as highlighting numerous new opportunities. To take advantage of these opportunities, investment will continue and gather pace. Better IT infrastructure is required to meet the demands of a global business dependent on gathering and sharing knowledge and data. Continued investment in research and consumer insight will enable us to identify new target products and bring them to market quickly. In the medium-term new premises will be required to provide an environment in which the best in the industry can work efficiently and in close proximity to one another. Judicious partnerships and acquisitions can accelerate this trend and we are pleased that Firefly is already generating revenues. These investments will drive further growth for shareholders over the coming years.

When we embarked on our new strategy in 2013/14 we recognised that we were at the beginning of a multi-year journey. Over time we must continue to balance the desire to generate growth and profits in the short term with the need to invest for longer-term growth. As Alan outlines throughout this report, the strands of our strategy are beginning to deliver the growth we expect. This gives us the confidence to continue with, and indeed, reinforce our current path.

Murray Hennessy
Chairman
11 September 2015

The Abcam story

Abcam is a rare success story – a £1bn global company, grown from the seeds of a business idea generated in a Cambridge lab in 1998. We've grown rapidly, driven by our ambition to transform the way life scientists are served and to do this on a global scale, and we look towards developing the next stage of value.

Chapter 1: The founding of a remarkable business

The principal founder, Dr Jonathan Milner, started Abcam to help researchers like himself when his breast cancer research slowed because of the lack of easily available high-quality reagents. In the first twelve years Abcam was focused on establishing a web-based company to sell the best antibodies in the world with the most comprehensive, honest and up-to-date datasheets, fast delivery and helpful customer service and technical support.

100%

of our products were sourced from external organisations

- First supplier to provide online antibody catalogue
- 24 hour response time to enquiries established
- Same day delivery in Cambridge, UK
- Catalogue grows to 45,000 products by 2008
- Automated warehouse introduced to improve stock keeping and delivery
- 12% of revenue from products manufactured in-house
- 2005 flotation and Queen's award for enterprise
- New offices opened including Tokyo and Cambridge, Massachusetts
- 300th employee hired

Chapter 1: 1998–2010

Chapter 2: Expanding beyond antibodies

As the Company grew, we expanded our offering with successful additions across chromatin antibodies, loading control antibodies and GFP antibodies, as well as the introduction of immunoassays and kits. Abcam's scientific capabilities and product ranges continued to improve with in-house manufacturing, collaborations with leading scientific institutions and through acquisitions to help address unmet needs in the marketplace.

100,000

Catalogue grows to 100,000 products in 2012

- Growth of local language customer support and local supply centres
- Introduction of immunoassay kits and reagents
- Ascent Scientific acquired for its high-performance biochemicals – renamed Abcam Biochemicals in 2012
- MitoSciences acquired in deal which enhances immunoassay portfolio

100+

PhDs

- Jonathan Milner wins CEO of the year award

Chapter 2: 2010–2013

View Our Business Model on **pages 6–7**

View Our Strategic Priorities on **pages 12–13**

Chapter 3:
Delivering the next stage of value

Our mission and vision remain the same: to aid life science researchers worldwide in achieving their mission, faster. As we enter a new phase of growth, Abcam looks positively into the future as we develop the next stage of value for our investors, our customers and our people.

40%
of revenue from products manufactured in-house

Consumer

- Added tools and technology from consumer and retail industries to create a consumer insights team
- 60% of global researchers use Abcam's products
- Established NPS to assess customer loyalty
- Started Business Intelligence function (BI)

Product

- Added recommendation engine to website
- Abcam launches multiplex miRNA profiling assays
- Acquired Firefly Biosciences to add multiplex and miRNA assay capabilities
- 8000+ RabMAb products for research and diagnostics

Reach/scale

- Started selling directly to Australia and New Zealand
- 100+ countries delivered to worldwide
- Ten offices globally
- Epitomics acquired in 2012 giving us IP for RabMAb production capacity
- Customer growth and revenues were boosted in China following the opening of a Shanghai office

People

- Alan Hirzel appointed CEO and sets five strategic goals for the business

140+
PhDs

- New values and culture initiative launched

Chapter 3: 2014–future

Our business model

How we add value

From the beginning, Abcam has added value to its offering by providing a continuous flow of product data and ensuring products are easy to find online. As we look to generate the next stage of growth, we are expanding how we add value. We are improving our understanding of our consumers, which in turn enables us to tailor and extend our product portfolio. Through innovations in our digital and offline channels we are able to quickly offer what researchers need.

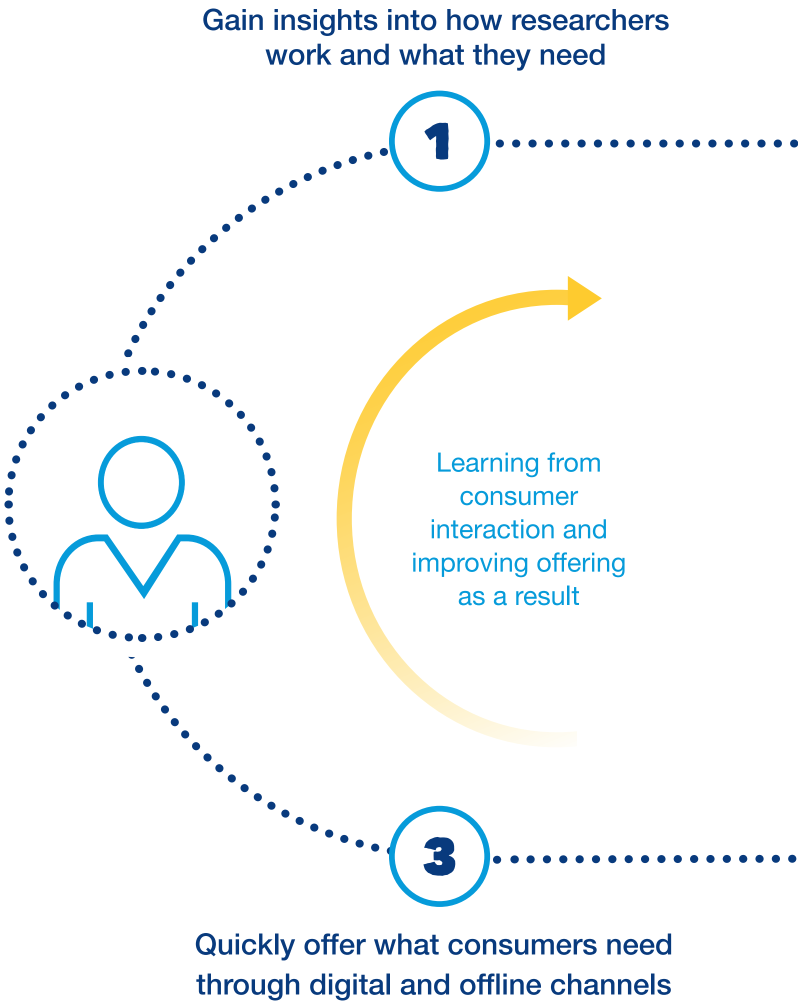
Our consumers

Our consumers are life science researchers who seek to understand biological processes and their role in health and disease. These researchers demand fast access to high-performance products with detailed technical and reliable data. They want to have confidence that the product is reliable and the results are reproducible.

Our business model supports researchers working at the foundations of biology and we are now expanding our role to support a wider range of consumer segments:

Drug discovery and clinical researchers
Working in the biopharma and biotech markets, drug discovery and clinical researchers are large-scale users of Abcam's tools throughout their discovery process.

Core facility research centres
Located in hospitals, research institutes and other large organisations, these groups apply Abcam's research tools to provide services to researchers elsewhere in their institution.



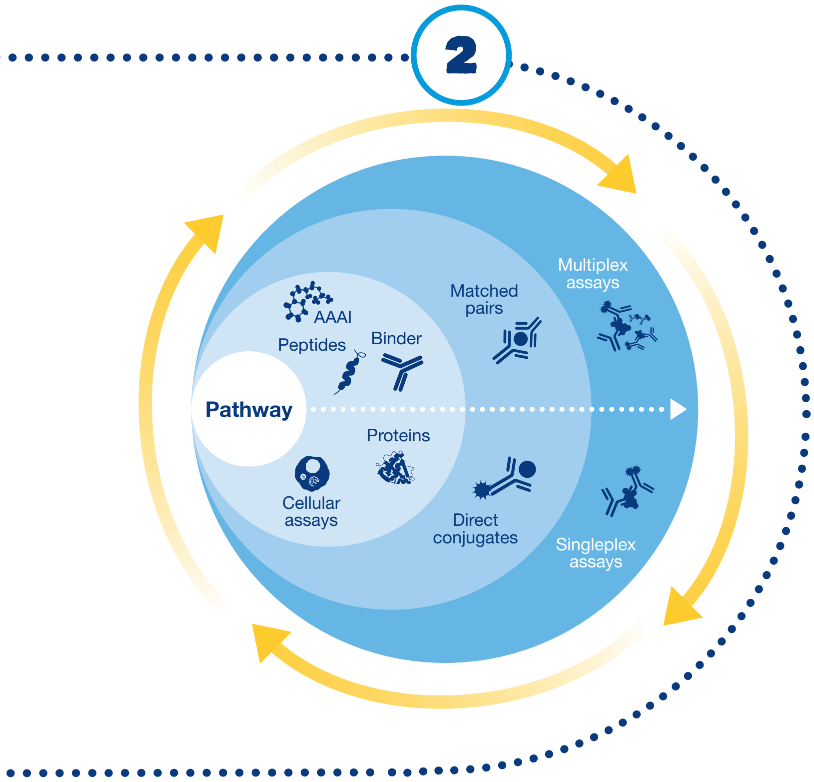
1 Gain insights into how researchers work and what they need

We regularly speak with key opinion leaders at the events that we host or sponsor and at industry tradeshows to keep abreast of the latest market trends. Through consumer surveys and focus groups, scientific support and other communication touch points, we can apply these insights as appropriate to our product development pipelines. In addition to these personal opportunities to listen, we make extensive use of the data analytics from our website and other data sources to uncover unmet needs.

2 Prioritise high-value pathways and targets and tailor and extend product portfolio

We focus on the areas of greatest technical and commercial need and then innovate. This starts with an understanding of which biological pathways and research targets are most important to researchers and, today, we are expanding the range of products we offer by finding more applications for our high-quality antibodies as well as a broad class of affinity binders. Examples include antibodies conjugated with dyes, antibody pairs or putting an affinity binder into one of our kits. We also provide other products that are related to these pathways and targets, including our range of proteins, peptides, cellular assays, agonists, antagonists and many others. As we add more data, we add more value to the products and give researchers confidence that the products will work first time and every time.

Prioritise high-value pathways and targets and tailor and extend product portfolio



Delivering stakeholder value

Our business model is designed to deliver sustainable long-term value for all our stakeholders.

Consumers
Our comprehensive consumer insights, personalised support, data and continually growing range of resources are helping to accelerate scientific discovery.

Investors
Operating transparently and responsibly, we regularly engage with our investors. We manage our business to sustain attractive economics.

Employees
Essential to our success is listening to and recognising our employees' achievements. Our people remain highly motivated by the opportunities we provide to gain additional skills and experience and to help advance their careers at Abcam.

Suppliers and distributors
We work closely with our suppliers; we are transparent about how we work in terms of ethics, quality, the environment and general business principles, and we have the same expectations of them.

Local communities
We support a range of local initiatives and work with organisations to share best practice and knowledge in our sector. We support young people with employment opportunities, internships and work experience where possible.

3 Quickly offer what consumers need through digital and offline channels

Investment in our website and digital marketing capabilities continues to improve the ease and efficiency with which consumers find the products and services they need. In addition to our digital channel, we have an extensive range of offline channels: Abcam-hosted conferences, other conferences we attend, our field sales teams, and our global customer and technical support teams. Our digital platform plus our offline channels provide customers with what they want faster, wherever they are, and in the format they prefer. In most cases this means they can have the product they need working in their lab within 48 hours of ordering.

Underpinning our business model:

'One Team' behaviours
page 3

Our financials
pages 24–26

Innovation and R&D
page 14

Corporate governance
page 27

Our markets

Abcam's current addressable market is the $2.4bn global life science research tools market, which is growing at around 4% per annum. We are the market leader within the $800m primary research antibodies sub-market.

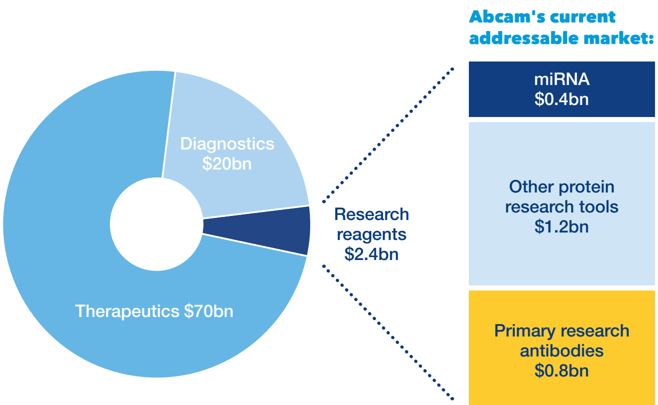
Our marketplace

Antibodies and associated life science research reagents have a broad range of commercial applications that exploit their ability to recognise and bind to specific targets, with three broad uses:

- **As research tools:** antibodies are used to detect, quantify and modify proteins in scientific research experiments and thus enable conclusions to be drawn about the target molecule and pathway of interest. Regulatory approval of research-grade antibodies is not required.
- **As diagnostics:** antibodies have become a critical component of many diagnostic assays. Uses include, but are not limited to, the detection of infections, recognition of allergies and the measurement of hormones and other biological markers in blood. Antibody diagnostics generally require regulatory approval.
- **As therapeutics:** antibodies can be used as therapeutic agents for the treatment of diseases such as breast cancer, leukaemia and some immune-related diseases by binding and neutralising specific disease-causing molecules or by attaching to specific 'attack' molecules. Therapeutic antibodies require high levels of regulatory approval.

Among these applications, the research antibody sector is the smallest but serves as the foundation for both diagnostics and therapeutics and is Abcam's primary business focus worldwide. Currently, less than 2% of our revenue is earned in the diagnostics market from some of our proprietary RabMAb antibodies.

Global market for antibody-related products



Source: Abcam-commissioned market analysis.

Key growth drivers

Fundamental drivers for growth and change in the life science research tools market include:

- Increased funding for life science research: this serves to expand the numbers of projects undertaken and researchers employed. This growth in R&D spending can be driven by governments, private funding or commercial organisations – or a combination of all three.
- Re-allocation of funding to areas of science that are more productive: for example, the potential of epigenetics research and the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative, amongst others, to replace less productive areas of science.
- Advancement in the focus of research: as the cost of gene sequencing is reduced, more resource is diverted from gene identification to probing the function of the products of these sequenced genes in cells, leading to a further proliferation of research.
- Advancing knowledge about cellular pathways: this leads to more questions about how biology works, the causes of disease and potential diagnoses and treatments.
- Premiumisation of the market due to increased demand for better and more expensive products: this arises from either better product quality or improved efficiency through the use of kits or enhanced protocols.

Competition

The wide range of technologies and applications that use antibodies has created a fragmented and competitive marketplace for research antibody suppliers, although only a few players have significant global scale and liquidity. The number of new antibody suppliers is still growing rapidly, providing a pool of potential new partners for Abcam.

Global economic review

A large proportion of Abcam's revenues is derived from consumers who are publicly funded through research grants; however, the nature of this market means that it is difficult to give a precise figure. We estimate that our addressable markets are growing by around 4% per annum. Our Regional Managers present their view of the funding environment in each of our main geographic markets below.

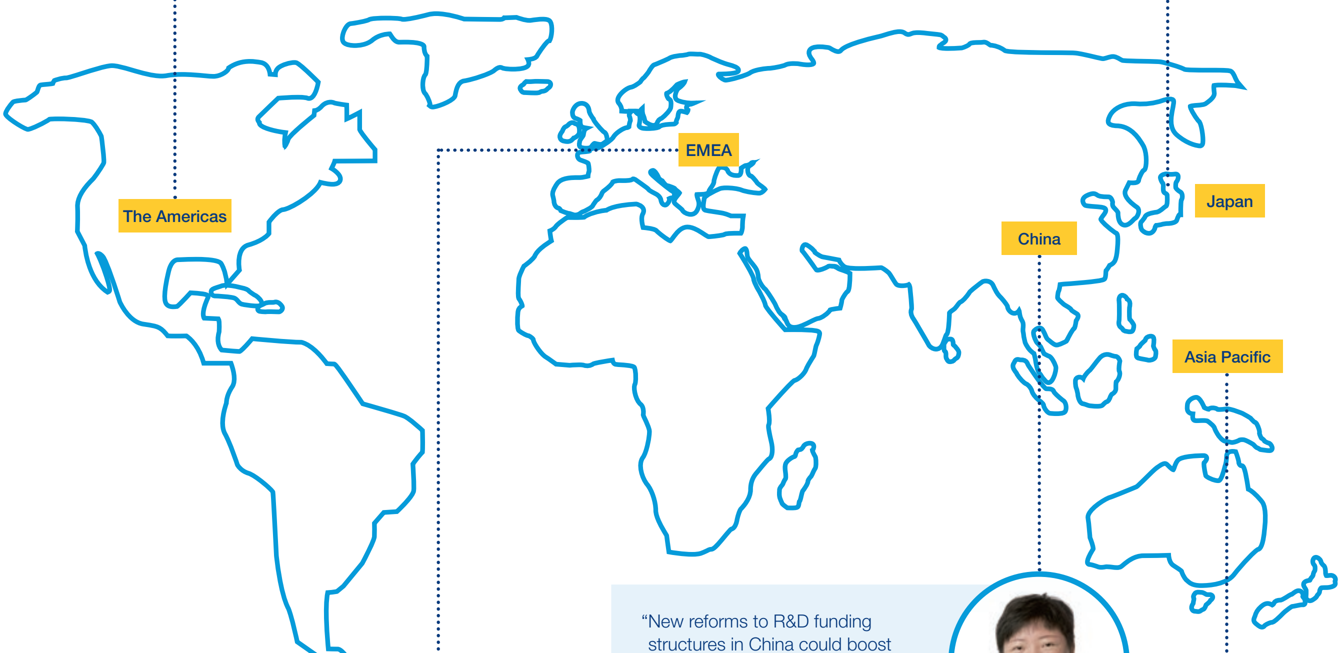
During the recent economic downturn, cyclical factors such as the fiscal funding of life science research have impacted growth in the sector. From a global perspective, however, competition between nations in life science research has generally served to prioritise and protect budgets. The research reagents that Abcam sells are fundamental to the work of life scientists. Compared with larger capital intensive projects, our products are more resilient to changes in short-term funding.

"US government funding saw cuts to the main National Institutes of Health (NIH) budget in 2011-13, with 2013 being particularly challenging because of the budget sequestration. Since then, NIH funding has remained flat or has seen only a small increase in absolute terms. Despite continuing budgetary pressures, the postponement or delay in sequestration has enabled better planning and confidence in purchasing for research projects."

Bill Campbell, US General Manager

"The life science market in Japan remains challenging. The caution we have seen in the market over the last few years continued in 2014/15 as the release of research grants has been delayed and funding withheld by academic institutions. This slowdown was further impacted by the increase in consumption tax in April 2014 and revelations of a particular instance of falsification of scientific research results has led to increased scrutiny of scientific publications. Our outlook on the market in Japan remains cautious against a backdrop of continuing uncertainty amongst researchers and a further increase in consumption tax scheduled for 2017."

Nick Lines, Japan General Manager



"EU research funding has a mixed outlook, despite the optimistic Horizon 2020 plan, which is intended to drive science and innovation. In the UK any growth in R&D is likely to come from industry. In France R&D budgets have been flat for the past five years and the Italian government plans to cut funding to university/public research by €360m, whereas Germany has overtaken the UK for the receipt of European Research Council grants."

Paul Armstrong, EMEA General Manager

"New reforms to R&D funding structures in China could boost research activity. Innovation is becoming increasingly important with the percentage of GDP spent on R&D increasing. In 2014, basic research spending increased to $6.6bn, a 9% rise compared with 2013, and independent analysis anticipates that R&D budgets in China have the capacity to outpace those in the US by 2022."

Jade Zhang, China General Manager

"Economic growth continues to drive Asian R&D spending, although the outlook differs widely between countries. Singapore is marked by high government investment, political stability and an established regulatory environment alongside a substantial commitment to biomedical sciences research. Australia and Korea have the strongest growth in research funding, augmented in Korea by conglomerates such as Samsung and LG, which have diversified into biotech and founded advanced research institutes in partnership with academic centres of excellence. Taiwan is an outlier, where funding for research lags behind other markets because of low GDP growth."

Peter Lee, Rest of Asia Pacific General Manager

View our Operational Review on **pages 14–16**

View Our KPIs on **page 17**

Our CEO

Abcam has transitioned from being a small high-growth company to a substantial business and market leader in its core antibody market.

A year of hard work and sustained growth

Whilst this Annual Report marks my first full year as CEO, it is now two years since I joined Abcam as Chief Marketing Officer. When I arrived I was excited by the enormous opportunities available to the business and my first priority was to outline the strategy that would ensure our continued outperformance of the growth of our underlying core markets. I am pleased that we are now seeing positive results from this strategy.

Abcam has transitioned from being a small high-growth company to a substantial business and market leader in its core antibody market. Sustaining growth has required a refocusing of the business to meet the needs of our consumers.

Alan Hirzel – CEO

We have always invested carefully both to support our existing products and to acquire businesses which will enable us to enter new markets or develop better products more quickly. The results we have seen this year bear testament to the hard work of our people across the Company.

The past two years have seen a substantial broadening of the skills and experience of our Board and Senior Leadership Team. This has been vital to ensure that we are fit and skilled not just to be the business we are today, but to be able to support a much larger business, operating internationally in fast-growing and highly complex markets. This process will continue as we bring talent and expertise into Abcam to help us understand how our products and expertise can be extended to new markets.

Abcam cannot exist without the support and advocacy of our consumers – the scientific research community. Abcam today is at the heart of this community, providing researchers around the globe with products they can trust, that are of the highest quality, along with the data needed to support and validate their research. Since we began implementing our new strategy two things have happened that give me enormous confidence for the future. Better understanding of our consumers has allowed us to enhance our position in the core antibody market. At the same time, through investment and acquisitions, we see new markets open to us both in terms of products and new applications and by extending our geographic reach.

View our Operational Review on **pages 14–16**

Q&A...

with our Chief Executive Officer

What were your initial priorities in your first year as CEO of Abcam?

From the outset, I identified the need to clarify our vision, ambition and goals and to ensure we were all aligned to achieve these things. Secondly, it was imperative that we hire people with the capabilities we didn't yet possess, that are essential to continue the acceleration of our growth. And thirdly, I was determined to see more customers and hear from them what they expect from Abcam today and what they need in the future.

What is your vision for the business?

We will be the most influential brand for every life science researcher that enables them to do their work more efficiently and productively.

What do you enjoy about your role?

Personally, I am inspired by the mission and purpose of our business. I started my career as a life scientist and I love being in a position to contribute to technical advances in biology. Like many people I have first-hand experience of the impact of diseases like cancer and I am motivated by the part we can play to help science and society bring solutions to these global challenges.

I really enjoy leading and mentoring people in our business as they implement our strategy. I have been fortunate to work with some of the best brands and executive teams in the world to help them achieve significant growth. I relish drawing upon such experiences daily as we make decisions about where and how to grow.

What have been the most unexpected developments in the business over your first twelve months as CEO?

I was surprised by the speed with which the market and our customers have embraced the changes we have made to our business since we defined the strategy in 2013. I have been delighted to discover how much more growth opportunity there is in our business.

What is the main focus for the year ahead?

We are continuing to press ahead with our five multi-year goals whilst keeping our global team focused on the areas of highest value. My focus will be to ensure our infrastructure keeps up with our growth.

What does the future hold for Abcam?

We will create an unbeatable brand in our markets, continuing with profitable growth that leads to a significant increase in Abcam's value. Abcam will be the acknowledged leader for setting new standards in the life science industry: understanding customers, delivering reliable, high-quality products, and being the innovation partner of choice for the researchers we serve globally.

Our strategic priorities

Our strategy is designed to increase growth and improve our long-term financial performance, in support of our ambition to become the most recommended brand by life science researchers. This will be based on scientists across the world trusting our products and knowing that purchasing from us will achieve faster, better quality and more reliable and reproducible results, thereby accelerating scientific breakthrough.

Mission

To enable scientists to discover more

Vision

To be the brand most recommended by life science researchers

Strategy

To deliver sustainable, profitable, long-term growth

Our medium-term aspirations

Our strategy is to deliver sustainable, profitable, long-term growth. Within 3–5 years we aspire to have:

- created significant additional value for shareholders;
- an increased base of loyal consumers making more frequent, higher-volume purchases – measured by a market-leading NPS;
- a product portfolio which provides researchers working on important protein targets with complete solutions;
- superior quality products giving reproducible results – for recognised market leadership in premium products;
- built a presence in new markets with significant potential;
- a scalable and flexible IT platform, enabling efficiencies within the existing business and providing a platform for further growth; and
- a world-class workforce attracting great talent.

Our strategic investments throughout the organisation will give us the capability to succeed. The following table maps our progress against the priorities set out in last year's Annual Report and summarises the next steps.

Read more about our progress in our Operational Review and Our KPIs on **pages 14–17**

Our strategic priorities	What we promised for 2014/15	Key actions we took to deliver on that promise	Highlights demonstrating the impact of our investments	Our next priorities
1 **Grow our core reagents business faster than the market** Our aim is to generate above-market revenue growth from our existing consumer base, as well as by attracting new consumers to our products	Focus on developing high-quality products to high-value targets, particularly where we can use our RabMAb technology Continue to grow the catalogue around research areas which we believe offer the greatest market potential Establish linkages across our product categories to increase the purchase of non-primary antibody products	Published over 1,500 directly conjugated RabMAb primary antibodies against high-value targets Developed improved cross-selling tools on the public website and ran integrated marketing campaigns Created research area and product category landing pages on the public website Worked closely with suppliers to add validation data and ensure consistent quality supply	Strengthened position as **No.1** primary antibody supplier **24.2%** RabMAb revenue growth against target of 15–20% Increase in cross-category purchasing **5–fold** increase in epigenetics and neuroscience content page views	Continue innovating to build portfolios of products around high-value targets Further digital marketing improvements to provide a more personalised consumer experience Continued focus on quality to ensure products are always specific, selective and reproducible in the context for which our consumers use them

Our strategic priorities	What we promised for 2014/15	Key actions we took to deliver on that promise	Highlights demonstrating the impact of our investments	Our next priorities
2 **Establish new growth platforms** Our aim is to deliver enhanced value by the addition of attractive new product ranges or services in either the same or adjacent segments and by extending our geographic penetration	Use our data and consumer insights to prioritise which kits and assays to provide and incorporate our RabMAb technology into new product development where appropriate Make market share gains in activity assays, proteins and peptides, immunoassays and research biochemicals Continue penetration into consumer segments where Abcam is under-represented Use our office in Shanghai to drive the growth of revenues from China	Prioritised launch of RabMAb matched pairs in immunoassay kits Built consumer insights team and ran projects to better understand the needs of consumers in different segments Created a reduced pool of focused distributors in China and further enhanced local stock-holding Enabled two strategically important accounts with punch-out electronic catalogues in their eProcurement systems	NPS increased from 18% to **24%** – an increase across all categories and consumer segments **75.7%** CER growth in China Non-primaries CER revenue growth of **28.2%**, against target of 25–30%, led by kits and assays growth of **33.0%** Market share gains as a result of growth in non-primaries of **7-8x** market growth rates	Continue to strengthen our position in China Build our kits and assays capabilities, leveraging our RabMAb and Firefly technologies Continue to increase our share of underpenetrated segments Increase number of strategically important accounts with eProcurement punch-out capability
3 **Scale organisation capabilities** Our aim is to attract and retain the best people, empower them to succeed and build the capabilities necessary to deliver our strategy	Implement performance targets and merit-based incentives across the Group to reward success Invest in our CRM and accounting software and implement a multi-year review of our IT platform Relocate our manufacturing facility in Hangzhou Conclude planning for a new consolidated UK head office	Introduced merit-based pay and bonus scheme, aligning remuneration to individual as well as Company performance Implemented new CRM software, business information tool and financial budgeting and forecasting system Recruited CIO and began strategic IT review Commenced construction work for the relocation of the Hangzhou production facility Identified site and commenced design work for new consolidated UK head office	Strengthened our SLT with **4** important hires **360°** feedback has driven personal developmental goals for each SLT member that will increase their ability to contribute to Abcam's success **'One Team'** training delivered in all global locations	Complete move of Hangzhou production facility Complete outline design and begin planning approval process for new head office in Cambridge, UK Implement improvements to the Cambridge, US office and relocate Firefly team to integrate them into the same building Complete strategic IT review and begin implementation Roll out long-term leadership and development training programme for senior managers
4 **Sustain attractive economics** Our aim is to ensure operational efficiency and cost-effectiveness to deliver sustainable, profitable growth	Generate strong revenue growth above that of our markets Make investments that drive medium to long-term revenue growth	Extended custom services offering to Europe Established a local office in Australia to allow direct sales in this market, generating increased returns	CER product revenue growth of **16.6%**, around 3–4 times market growth Adjusted operating margin of **34.2%**	Perform a detailed review of the cost base to maximise operational and capital spending efficiency Establish a Singapore office to allow direct sales in this market Review and optimise other global distribution arrangements Enhance business planning and analysis capabilities
5 **Selectively pursue partnerships and acquisitions** Our aim is to supplement the other components of our strategy by making acquisitions of and working with partners that add to our competitive advantage in the life science market	Actively seek out new partnerships, acquisitions and investment opportunities that support our strategy and maximise our competitive advantage Continue to work with collaborators on the co-development of innovative products	A*STAR collaboration which leverages RabMAb technology in immunoassay kits Agreement with Cell Marque to exploit the potential of RabMAb products in the diagnostics market Acquisition of Firefly, diversifying into adjacent fast-growing miRNA market, with fundamental multiplexing technological advancement Collaboration with Michael J Fox Foundation to develop benchmark RabMAb antibodies in the area of neuroscience Several collaborations with high-profile Chinese universities	Bringing the Firefly technology in-house provides access to the **$400m** miRNA market and also the potential to use the technology in protein multiplexing kits Chinese university collaborations already contributed over **30** high-value targets to the RabMAb antibody development pipeline	Continue to actively seek out and evaluate new partnerships, acquisitions, collaborations and investment opportunities that support our strategy and leverage our competitive advantage Prepare analysis of markets under-represented in our current business model and establish prioritisation plan for exploiting opportunities identified

Operational review

How we delivered value this year

In my first year as CEO, I have been delighted by the results delivered by implementing the strategy we outlined last year. 2014/15 shows what we can achieve by becoming a consumer-centred company. We strengthened our product pipeline and increased the momentum behind our growth platforms. Careful investment has driven growth in revenues and profits and our efforts are creating significant value for all our stakeholders.

Innovation

Independent research conducted by BCC and published in January 2015 indicates a high percentage of researchers have unmet reagent needs because they cannot find a commercial supplier for their specific targets, species or applications. This is a significant opportunity for Abcam as we continue to identify untapped sources of growth in markets we already serve, as well as in new areas.

We continue to focus on our broad portfolio of research tools to enable breakthrough research into the role of signalling and regulatory molecules and proteins in biological pathways – ultimately leading to treatments for diseases such as cancer and immune deficiency disorders. Our catalogue now includes over 137,000 diverse products. 38% of our total revenue is now derived from our in-house manufactured products and innovation.

137,000+

diverse products in our catalogue

We take a data-driven, multi-layered approach to evaluate the protein targets of interest to scientists and our pipeline provides a complete solution around each target. This high-value targeting strategy is driving further growth across our business, generating increased returns from each new product: RabMAb products introduced using this approach are selling six times more within the first six months compared with previous volumes, with overall CER revenue growth from RabMAb products of 24.2%, in excess of our full year guidance of 15–20%.

Our proprietary, high-quality RabMAb technology continues to be an important differentiator. We increased our range of RabMAb antibodies in the year by 1,811 products, including a range of RabMAb pairs: a capture antibody and a detection antibody which are validated to work together, allowing scientists to focus on productive research rather than optimising antibody components in their experiments. These are performing well in competitive benchmarking. Now 90% of our SimpleStep ELISA assay kits contain RabMAb pairs, offering sensitive and accurate quantitation of the target protein in just 90 minutes. Led by CER kits and assays revenue growth of 33.0%, CER revenue from our non-primary antibody products grew by 28.2%, towards the upper limit of our target of 25–30%.

Proteins seldom function in isolation, so researchers often study them in their multi-component state. Without the right set of tools, multi-protein analysis can be extremely difficult, for instance because of cross-species reactivity when using indirect detection and challenges in sourcing appropriately labelled primary antibodies. Our exclusive range of over 1,500 directly conjugated RabMAb antibodies with multiple labels is designed to overcome these issues and is already selling well. These have laid the foundation for significant revenues in 2015/16.

Global expansion

We continue to innovate through our digital channels to provide personalised, relevant content that anticipates consumer needs and enhances their experience. We were delighted that our digital marketing strategy was recognised with the Life Science Industry Award in November 2014 for the 'Best Use of Digital Media'. Improved cross-selling tools on the public website and new category landing pages to allow grouping of related content further improved the user experience and made ordering more efficient. Cross-category purchasing has also increased, for example, in the purchase of kits by our existing core primary antibody customers.

Quality

Antibodies have a vital role in biomedical research and scientific journals are calling for greater reproducibility of data in primary publications. High-quality research antibodies, including high specificity, sensitivity and lot-to-lot consistency, are needed to make critical progress on this issue. At Abcam we are responding with a key focus on improving product quality. This is a fundamental driver of improved NPS and our ambition to become the most recommended brand by life science researchers. We are confident in our strategy, which has seen an increase in NPS from 18% to 24% over the year.

We continue to add value to our consumers using our RabMAb technology which combines the superior antigen recognition of the rabbit immune system with the specificity and consistency of a monoclonal. We have now extended this technology into a number of our other product ranges to ensure consistency of quality across our catalogue.

We also worked closely with our suppliers to gain extra validation data and to investigate and improve any products which did not meet our stringent quality criteria. We continue to build stronger collaborative relationships with suppliers by visiting them, sharing consumer feedback and presenting in-house validation data. One outcome has been significant progress in improving the packaging and consumer acceptance of our cellular assays range.

Service

We are passionate about understanding the needs of our consumers, supporting our aim to provide a customised and optimised service. Our new consumer insights team ran a consumer closeness project during the year, conducting interviews and focus groups in the UK and US to gain a better understanding of the needs of different consumers.

Having appointed 16 global key account managers for strategically important or significant accounts, we have seen twice the level of growth generated in managed accounts compared with those with no dedicated manager.

Other ways in which we have enhanced our services include: extending our custom service capability to Cambridge, UK, building on our established US team and enabling increased service levels for European custom project clients; and adding eProcurement capabilities for two key accounts, allowing consumers to purchase our products through their organisation's own eProcurement applications.

Our strategic investments have yielded CER double-digit growth in all our geographic regions. Indeed, with the exception of Japan, growth over the previous year has accelerated in all regions. Particularly pleasing is China which has benefited from increased investment in our Shanghai office. Japan was the slowest growing region at 10.4%, due to the uncertainty in funding caused by the challenging macroeconomic situation. We are currently implementing a number of initiatives to get closer to our consumers in Japan, in collaboration with our sub-dealer network, which we hope will yield positive results in 2015/16.

	Revenue 2014/15 £000	Revenue 2013/14 £000	Increase in reported revenue	CER growth
The Americas	**58,535**	51,267	14.2%	11.7%
EMEA	**43,343**	40,633	6.7%	13.8%
Japan	**11,148**	11,116	0.3%	10.4%
China	**12,912**	7,161	80.3%	75.7%
Rest of Asia Pacific	**9,444**	7,813	20.9%	19.8%
Product revenue	**135,382**	117,990	14.7%	16.6%
Non-product revenue[1]	**8,651**	9,964	(13.2%)	(15.3%)
Total reported revenue	**144,033**	127,954	12.6%	14.2%

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

After relatively modest investments in our Shanghai sales and distribution facility since its establishment in February 2014, CER incremental sales in China in the year were £5.4m, a growth rate of 75.7%. Among the improvements to the way we serve this market, we have: created a focused team of fewer regional distributors, implemented a local stock-holding facility resulting in nearly all of our best-selling items being in stock at the point of order receipt and directly reached 10,000 scientists through training events, exhibitions and presentations in 62 institutions and 18 cities.

We completed the transition to direct sales in Australia and New Zealand, improving margins and expanding direct relationships with consumers and have also begun the process to set up direct sales in Singapore. We expect this to take effect in 2015/16.

View our Regional Managers' thoughts on the economic environment in each of our geographic regions on **page 9**

Investing in infrastructure

We see many growth opportunities for Abcam in current and new markets and plan to invest in operational infrastructure in order to help deliver on them. We recruited an experienced Chief Information Officer, Sean Hickey, to lead a strategic review of current systems and plan how these map onto our future business needs. The picture this paints is of a set of highly refined bespoke systems that have underpinned the growth and efficiency of our original business model, but are relatively rigid in their scope and flexibility. As our business model continues to evolve we need to adapt to a more flexible componentised set of IT solutions built around a backbone ERP framework. This will both allow us to scale into different aspects of our business as well as facilitating integration and assimilation of any future acquisitions. We are engaging with an experienced external consultancy over the next few months to help us build a detailed map of our future business processes and align this with a plan to deliver a scalable and flexible platform solution. We expect this to result in an investment programme over a two to three-year period and will have further updates on the level of investment as part of our regular communication with shareholders as our plans progress.

The other vital area of capital investment is in our global premises. We have commenced construction of our new Hangzhou office, which will provide enlarged and improved manufacturing facilities. We expect to complete the move in Q2 2015/16 at a cost of around £2m. We are also looking to invest in our Cambridge, US, facilities in order to integrate the Firefly team and support the next growth phase.

Our premises in Cambridge are also in need of investment – we are currently spread over three separate buildings on the Cambridge Science Park and need more space as we grow. A new head office in Cambridge, UK, is planned to bring all Cambridge, UK, staff together under one roof, providing a more scalable environment. We are in discussions to lease a purpose-built facility on the new Cambridge Biomedical Campus. This is located on the Addenbrooke's Hospital site and is already becoming a centre for world-class biomedical research and patient care as well as having more direct access to clinical researchers. We estimate moving into our new head office in 2018/19 and will update shareholders on this project as it develops.

Operational review continued
How we delivered value this year

Firefly

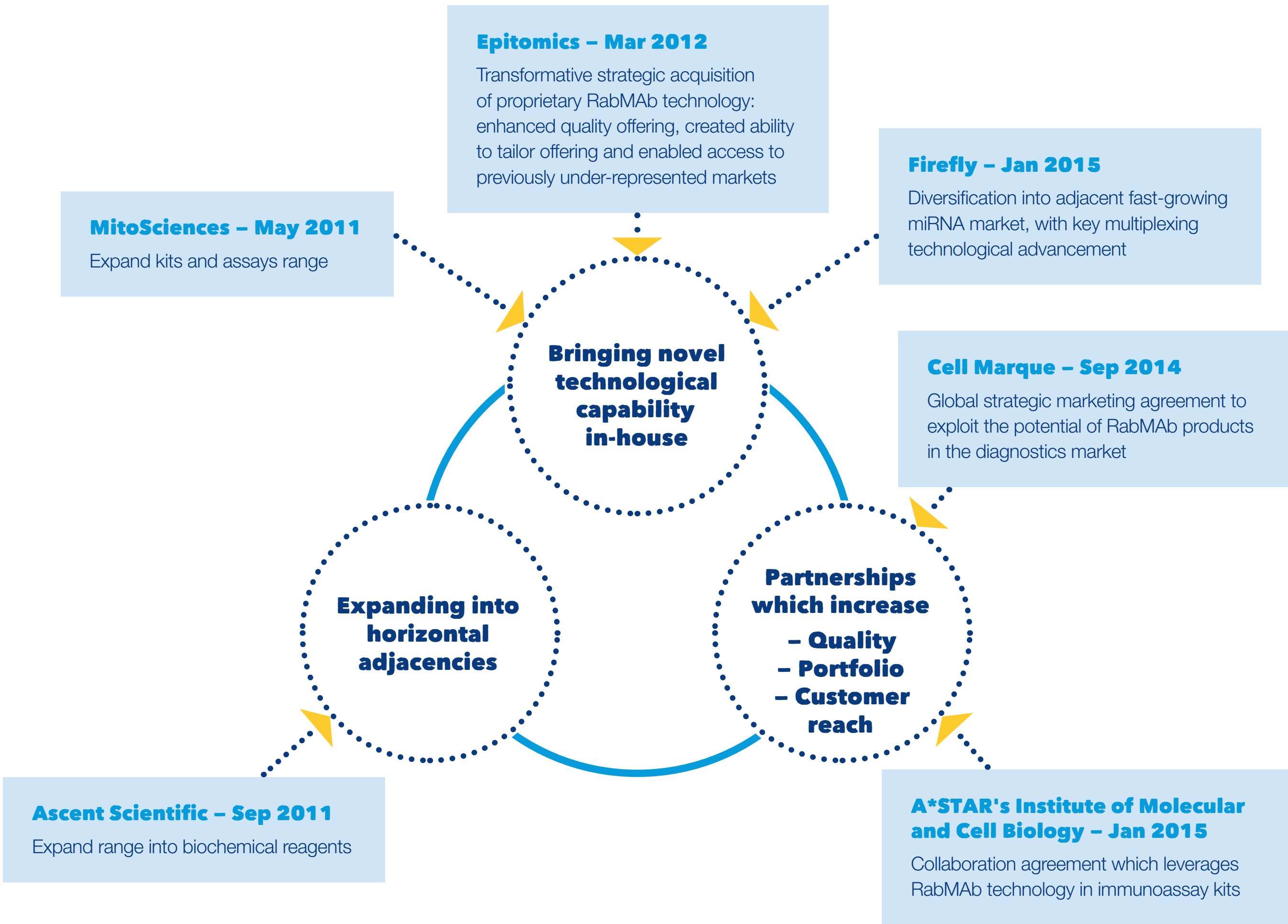
We are pleased with the progress made by our combined teams since the acquisition of Firefly BioWorks in January 2015. Development of the Firefly™ particle technology platform is being delivered to plan and we are seeing strong consumer interest. In June 2015, the Firefly range of multiplex miRNA profiling assays was launched on our public website in selected regions and our first Firefly kit sale came through this online proposition. We are excited by the potential of extending the application of the Firefly technology into multiplex protein immunoassay kits. The first product launches in this area are planned for 2015/16.

Other strategic partnerships

To support the other components of our strategy, we are actively seeking to partner with companies that offer complementary products or capabilities in the life science market.

The acquisition of Firefly and the collaborations with Cell Marque and A*STAR are only a few of our existing technology and pipeline collaborations and we continue to work on the development of many more.

In 2015/16 we plan to review market opportunities which are under-represented in our current business model to ensure we exploit all commercially attractive options available.



Outlook

The 2015/16 year has started well and we have confidence in our ability to achieve the stretching targets we have set for ourselves over the coming year. The carefully balanced investments we have made to date have delivered enhanced profits and have locked in future growth. To ensure we are enabled to capitalise fully on the further opportunities available to us, we continue to work closely with our consumers and invest in R&D, IT, our infrastructure and our people to provide innovative and improved solutions.

Supported by a clear purpose and strategy, we believe that Abcam is well positioned to deliver the next stage of value for our shareholders.

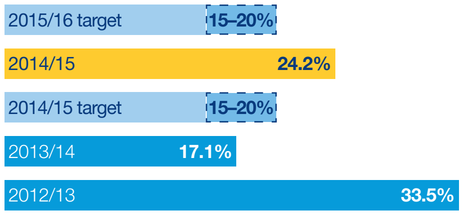
Alan Hirzel
Chief Executive Officer
11 September 2015

Our KPIs

We measure our performance against a number of key performance indicators. Success against these KPIs forms a component of the Board and senior management's incentives, as outlined on pages 45–52.

RabMAb primary antibodies CER revenue growth

24.2%



Strategic alignment:

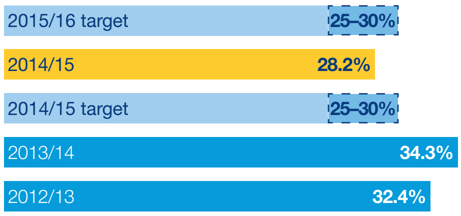
1 5

How we performed: At a CER growth rate of 24.4%, our RabMAb revenues have outperformed our high expectations in the year as a result of the many initiatives we have undertaken and investments we have made, including the introduction of a range of directly conjugated primary antibodies.

Why it's important: We see our proprietary RabMAb technology, which offers greater specificity and lot-to-lot consistency benefits to our consumers, as a fundamental contributor to Abcam's growth strategy.

Non-primary antibody products CER revenue growth

28.2%



Strategic alignment:

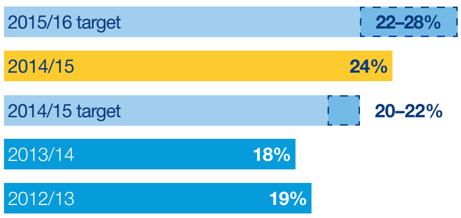
2 5

How we performed: Led by our kits and assays business, non-primary antibody CER revenue growth was 28.2%, towards the upper limit of our goal for the year.

Why it's important: Sales of non-primary antibody products will form part of our successful strategic execution as we seek to attain levels of market penetration similar to those we have in the primary antibody market.

Net Promoter Score (NPS)

24%



Strategic alignment:

1 2

How we performed: Our NPS improved by six percentage points to 24%, above the ambitious target we set at the start of year. Whilst we have progressed further ahead of the industry average, the market-leading competitor NPS also increased, and we remain focused on further advancement.

Why it's important: Our vision is to be the brand most recommended by life science researchers. It is increasingly important that we focus on our consumers and listen to their feedback. We conduct several formal consumer surveys during the year to determine their likelihood of recommending Abcam's products and services to a colleague. The balance of detractors and promoters is then computed into an NPS using standard industry methods. As we seek to measure success against our vision, our NPS will be an important metric.

Market position

#1 in primary research antibodies

Strategic alignment:

1 2 5

Ongoing targets

- Maintain #1 position in primary research antibodies.
- Gain share in at least two other product categories.

How we performed: Market research has confirmed that we remain the #1 brand for research antibodies – and gained around four market share points – and that we continue to gain market share across all other categories in our product range, demonstrated by CER growth of over five times that of the underlying market in all product categories.

Why it's important: A focus for Abcam is to expand our product ranges to provide a complete solution of research reagents to support our consumers. Market position in each of our product ranges will give a critical measurement of our progress in this area.

Our risks

Abcam's risk management strategy is to identify, assess and mitigate any significant risks that it faces. Despite this, no risk management strategy can provide absolute assurance against loss.

Risk management framework

Abcam has implemented policies and procedures intended to reduce risk, including with respect to product development, manufacturing, marketing and distribution operations within the increasing number of countries in which the Group operates. Success in these areas is of benefit to shareholders and other stakeholders alike. Our established risk management process for identifying, assessing, evaluating and managing significant risks is summarised opposite.

Our risk management policies are constantly reviewed, taking into account current market conditions and the Group's activities. Significant risks, which are defined with reference to magnitude of impact and likelihood of occurrence, are escalated to the Group Risk Register, which is formally reviewed by the Audit and Risk Committee and the Board twice a year.

Accountability for monitoring

Responsibility for implementing

Abcam Board	• Responsible for establishment and oversight of Abcam's risk management framework • Sets the tone and influences the culture of risk management • Determines the risk prioritisation protocol • Monitors the management of fundamental risks
Audit and Risk Committee	• Responsible for reviewing and approving the adequacy and effectiveness of our risk management and internal controls
Executive Directors	• Maintain the Group's Risk Register, including the identification and evaluation of any newly recognised risks • Implement mitigation actions in a timely manner • Embed risk management as part of the system of internal control within the Group
Senior Leadership Team	• Assists the Executive Directors in identification of risks and implementing mitigating actions • Responsible for ensuring there is an open and receptive approach to solving risk problems in the Group
Subsidiary companies and Group functions	• Responsible for identifying, assessing and managing risks within their offices or function
Group financial management team	• Challenges and reviews the risks identified • Maintains a view on changes in the business that may give rise to the new risks or risk areas • Significant risks are escalated to the Group's Risk Register

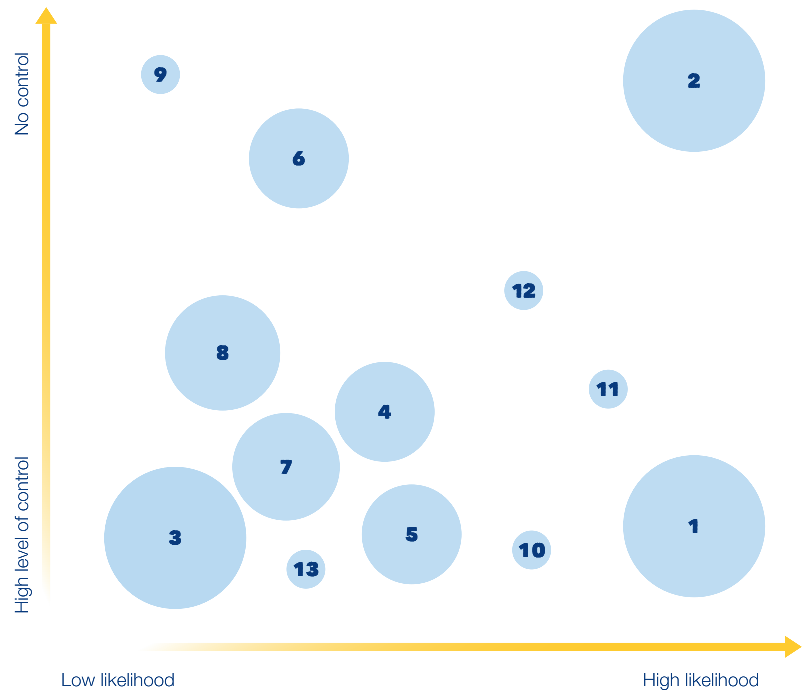
Principal risks

A summary of the principal risks, their linkage to our strategy and an explanation of how the Group mitigates each risk are set out in the table on pages 19–21. Whilst the Group is exposed to a number of risks, wider than those listed, we have chosen to disclose those currently of most concern to the business and those that have been the subject of debate at recent Board or Audit and Risk Committee meetings. There may be other risks and uncertainties which are unknown to the Group or which could become material in the future. These risks may cause the Group's results to vary materially from historic and expected results.

Further additional information on the Group's financial risk management strategy can be found in note 26 to the financial statements.

The diagram below shows an analysis of the principal risks affecting the Group.

Potential impact to the Group, after taking account of mitigation.



The direction of change during the year is illustrated in the following table by the arrow in the 'Change' column. Please note that this refers to the overall change in the risk to the Group, following mitigating actions.

▲ Increased risk ▶ No change to risk ▼ Decreased risk

Principal risk and why it is relevant	Change	Alignment to strategy	Key mitigation	Activity during the year
1. Business growth is constrained by infrastructure: The size of our operation and the number of employees has grown rapidly both organically and by acquisition. Our operational and IT infrastructure needs to be robust, efficient and scalable in order for the Group to continue to manage its growth	▲ Rapid growth in recent years has increased our risk of infrastructural constraints on future growth	1 2 3 4 5	• Global content delivery partner used to increase reliability and access speed for static website content • Dynamic website content served from an external, fully supported data centre • Continue to improve application architecture design to minimise the single points of failure • Invest in global premises to ensure they are fit to support current operations as well as medium-term growth plans • Invest extensively in IT systems to maximise scalability, security and usability	• Strengthened SLT with four additional members as well as significant recruitment activities across the organisation • Secured additional space in Cambridge, UK and US, offices • Investment in new production facility in Hangzhou • Began strategic review of IT infrastructure and applications
2. Significant exchange rate movements: The Group reports its results and pays dividends in Sterling. Operating and manufacturing companies trade in local currency. Our particular exposures are against the US Dollar, Euro, Japanese Yen and Chinese Renminbi	▶	3	• Where possible, match sales and costs in the same currency • Forward cover where appropriate and in line with the Group hedging policy • Focus on reducing manufacturing costs • Local price management practices	• Continued use of US Dollar, Euro and Japanese Yen forward contracts to hedge the impact of Sterling, which strengthened significantly against the Euro and Yen, whilst weakening slightly against the Dollar and Renminbi • Putting in place strategies to enable the hedging of Renminbi during 2015/16
3. Loss of output at any Group manufacturing facility: Loss of manufacturing output at any important facility risks disruption to sales operations	▲ Increase in in-house manufacturing	1 2 3	• Strategic location of the six manufacturing facilities across the world • Business continuity planning and disaster recovery plans • Saleable stocks of finished products held in logistics hubs globally • Use of insurance audits/inspections and business interruption insurance	• Supply of key reagent (FBS) secured after disruption. We now have at least six months' supply of key reagents across all facilities • Capability for RabMAb development in Cambridge, UK, established
4. Disruption to product supply: Around 60% of Abcam's revenues are derived from externally supplied products. A disruption in supply risks a loss of revenue	▶	1 2 3 5	• Large supplier base of over 400 OEM partners • Strong relationship-building activities with key suppliers • In 2014/15 no third party-supplied product accounted for more than 2.5% of Group revenue and no single product accounted for more than 0.6% of Group revenue • Ensuring potential alternatives are available on the catalogue for key products	• Numerous supplier visits throughout the year to continue relationship-building activities • Several contracts renegotiated to ensure security of supply

Our risks continued

Principal risks continued

Principal risk and why it is relevant	Change	Alignment to strategy	Key mitigation	Activity during the year
5. Inadequate integration or leverage of acquired businesses: Misjudging key elements of an acquisition or failing to integrate in an efficient and timely manner would disrupt existing operations	Acquisition of Firefly	4 5	• Extensive due diligence prior to each acquisition, including legal, financial and compliance • Dedicated integration project teams are assigned and integration steps planned prior to acquisition • Investment in the adaptability of our systems	• Acquisition and integration of Firefly on track
6. Increased competition: The market for research antibody suppliers is fragmented and competitive and the number of new antibody suppliers is still growing		1 2 3	• Maintain market knowledge and monitor competitor developments • Maintain large network of product suppliers • Well established and progressive product content, datasheets, supply channels and logistic network	• Continuous commitment to product differentiation through innovation and product quality improvements
7. Failure to protect intellectual property (IP) rights: Research antibodies are not typically protected by IP rights and the market can be characterised as having relatively few barriers to entry in this regard	Additional IP attained with Firefly acquisition	1 2	• Resilient business model • No single product dependency – no product accounts for more than 0.6% of revenue • Registered IP protection over underlying RabMAb and Firefly technology	• Appointment of Chief Legal Officer and Company Secretary • Detailed review of Firefly IP undertaken in due diligence exercise • Continued active development and maintenance of our patent portfolio
8. New growth opportunities are dependent on rapidly evolving technological developments and consumer needs: To maintain our position as the market leader in primary antibodies and to gain share in the other markets in which we operate, it is essential to stay at the forefront of industry developments	Pace of market change increases risk	1 2 3 4 5	• Maintain market knowledge and monitor competitor developments • Maintain investment in R&D and consumer insight programmes • Appropriate IP registrations and enforcement • Continuous improvement in product quality • Continue to invest in securing new products and in our website and logistics network • Hiring and developing the right talented people	• Acquisition of Firefly brings potential new multiplexing technology • New standards set for product quality criteria • Hired key talent to strengthen our SLT
9. Availability of research funding: Any substantial reduction in funding as a response to a fiscal contraction in one of our significant territories could have an adverse effect on the demand for our products		1 2 3	• Our products are used as research consumables which are more resilient to budget cuts than large capital investment projects • Further expansion into high-growth markets and high-margin products • Continue geographic penetration to diversify revenues from any single government funding source • Increase market share of privately funded consumers	• Diversification of geographic reach, in particular through expanded penetration in China • Growth of high-margin RabMAb products • Broadening of our customer base to include different customer segments with different funding streams

Principal risk and why it is relevant	Change	Alignment to strategy	Key mitigation	Activity during the year
10. Failure to recruit and retain talented staff: The contribution made by Abcam's highly skilled and dedicated staff has been, and will continue to be, essential to Abcam's future success		3	• Open employee communication, including quarterly Group-wide meetings, weekly office newsletters and regular staff committee meetings • Operation of share ownership schemes with rewards based on seniority within the business • Provision of significant opportunities for learning and development • Monitoring employee engagement and feedback via annual staff survey	• Conducted global review and harmonisation of employee job grades • Rolled out 'One Team Behaviours' training globally • Hired Global Head of Talent Acquisition, as well as strengthening our SLT with four key recruits • Conducted staff survey and fed back results through function briefings • Plans to extend merit-based pay scheme to additional grades
11. Cybersecurity risks resulting in loss of data or website inaccessibility: Abcam has exploited the use of online and eCommerce systems and relies on its website to attract customers and make sales		1 2 3 4	• Continued extensive investment in IT systems • Monitor evolving threats and anticipate risks • Physical and software safeguards in place • IT disaster recovery processes • Cyber security insurance policy	• Website security penetration tested by a third party • Quarterly public website failover drills
12. Loss of key distributors: In certain areas of the world Abcam works through third party distributors who undertake marketing support activities and provide local logistical support	Actions to create more direct contact with customers and consumers	1 2	• Detailed qualification process prior to distributor appointment • Maintain close relationships with distributors and work with them to develop customer relationships • Reduce distributor exposure by setting up direct operations • Outside of China and Japan, where we sell directly to sub-dealers, distributor sales amounted to around 11% of total sales in 2014/15 (2013/14: 11%)	• Established direct operations in Australia and New Zealand • Reduced grey-import activity which undermines authorised distributor channels
13. Non-compliance with health, safety and other regulation As our product range expands, the number of different potential health and safety (H&S) and regulatory risks grows, for example in recent years with the production, storage and shipment of biochemicals	Actions taken to improve H&S	1 4	• Compliance with legislation and codes of best practice • Regular external health and safety audits, checks and reporting • Ongoing training • Monitor changes to international import and export regulations	• Passed UK and US government audit on controlled toxins with no changes requested • Created a dedicated H&S and facilities post in our Cambridge, MA, office • Continued regular H&S audit inspections across all global offices • Updated to new Globally Harmonised System of Classification and Labelling of Chemicals (GHS) labelling standards • Discontinued supply of controlled drugs from the UK

Our responsibilities (CSR)

Our products and services help contribute to the understanding of health and disease and we endeavour to act ethically, be socially and environmentally responsible and make a positive impact in interactions with stakeholders to help make a difference in society.

Our corporate responsibility activities are focused on three areas: attracting and retaining talent; health, safety and the environment; and supporting the local community.

Attracting and retaining talent

Attracting, retaining and empowering our employees are key priorities in the delivery of our strategy. We aim to provide employees with a positive and healthy work environment where they are rewarded and recognised for their contributions. Throughout the year, we have undertaken several well-being, performance, engagement and development activities to support these objectives.

Recognising consumer-centric behaviour

Meet Julia Prescott, Collaboration and Alliance Manager, Abcam Burlingame

"The 'Discover More' recognition quest was a great way to tell everyone at Abcam about the exciting collaborations our team had been working on. We helped create a high-quality product, working with the National Institute of Biological Sciences, which was later featured in the highly influential Cell journal and had immediate commercial success in the marketplace.

It was a truly collaborative effort across multiple institutions, departments and global sites. It was fantastic to be recognised across the Company for our efforts and it made us feel like we were truly part of something special."

Highlights

- Selecting Saba Cloud learning management system to help improve the development and engagement of employees and to manage knowledge and training.
- Embedding our values, the 'One Team' behaviours, across the organisation with champions to deliver workshops and action plans which ensure people understand why these values are important.
- Reviewing our internal communications strategy with an external partner to improve the communication and feedback process, the outputs of which will be delivered during 2015/16.
- Successfully implementing a global recognition scheme to reward individuals and teams for contributing to consumer-centric behaviours and expanding the scope of the awards to allow additional categories to increase participation.
- Introducing a new well-being programme of activities such as 'Cycle Cinema' and Nordic walking alongside our core activities: yoga and pilates classes, table tennis coaching, and mental health and first aid courses.
- Signing up to our second Global Corporate Challenge (GCC) across global offices with 30 teams taking part again this year.

Friendly, Innovative, Open

Top three words used to describe Abcam in the 2015 staff survey

Health, safety and the environment

We provide a fair and safe work environment for employees and ensure we follow legal requirements and best practice standards. Employee participation in the delivery of our health and safety strategy is crucial and we have representatives in all offices who are involved in championing health and safety as well as undertaking our annual safety audit. All sites are now fully health and safety compliant, and we are currently looking to further improve all building facilities to comfortably house our growing workforce.

Ensuring we follow sustainable practices is important to Abcam's success and we continue to look at ways to improve our environmental impact and operational efficiency.

Highlights

- Expanding our cycle courier routes for a more sustainable way to deliver our products.
- Undertaking an energy audit to ensure we have appropriate environmental systems and processes in place.
- Managing supplier channels to use more local suppliers to reduce our carbon footprint.
- Looking at ways we can optimise our packaging.
- Promoting and rewarding employees involved in the 'Travel to Work' scheme, which encourages staff to find environmentally friendly ways to travel to work.

£77,000

Amount of money contributed globally to charity

Sustainable delivery

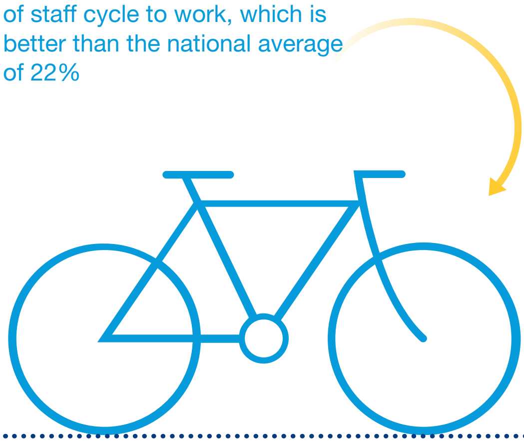
For the past ten years, Abcam has used a local bicycle courier called Outspoken to deliver products to our customers in Cambridge, UK. This sustainable service has the added benefit of same day delivery for customers if they place their order before 2.00pm, as well as easing congestion in the city.

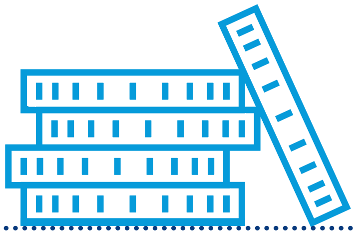
"Due the success of this delivery method, we're looking to expand the service to London and potentially further afield to provide this environmentally friendly service to as many customers as possible."

Rob Treanor, Head of logistics, EMEA

38%

of staff cycle to work, which is better than the national average of 22%





Supporting the local community

We look to play a positive role in the community through charitable donations, partnerships and sponsorships.

Highlights

- Making charitable donations of £77k to a range of local, national and international charities.
- Continuing to provide placement and internship opportunities to support the next generation of scientists.
- Involving our employees in several community projects including a river clean-up, collecting and sorting food donations for low-income families and preparing a Thanksgiving dinner for those in need.

Supporting the next generation of scientists

Meet Carina Nicu, Industrial Placement Student, Abcam (July 2013 – June 2014)

Abcam runs an industrial placement scheme where undergraduates studying for a science degree can gain hands-on experience in our labs.

"You find yourself developing in so many ways professionally and as an individual, and once you reach the end of your industrial year you feel like a completely different person. I think the best thing that came out of my industrial placement is the confidence that I have gained – confidence in lab work, team work and, most importantly, myself. Thanks Abcam!"

Our financials

The notable increase in revenue growth is an encouraging indication of the success of our strategy. Underpinned by strong revenue growth, we will continue capital and operational investment to make targeted improvements.

Summary

- Reported revenues for the year increased by 12.6% to £144.0m.
- Adjusted profit before tax was £49.6m, an increase of 5.9% (2013/14: £46.8m).
- At constant exchange rates, product revenues grew by 16.6% and total revenues by 14.2%.
- Continued strong cash control with closing cash of £58.7m.
- Underpinned by strong revenue growth, we will continue capital and operational investment to make targeted improvements.

Jeff Iliffe – Chief Financial Officer

Reported revenues for the year increased by 12.6% to £144.0m. The relative strengthening of Sterling during the year means that the constant exchange rate (CER) performance was stronger, with revenue growth from sales of products in our catalogue of 16.6%, and 14.2% overall. After increased investment in the business, including the research and development activities of Firefly BioWorks, which was acquired during the period, adjusted profit before tax was £49.6m, an increase of 5.9% (2013/14: £46.8m).

As outlined in last year's report, our growth strategy demands that we listen to our consumers and that we use the insights gained to shape our business. We have done this successfully during the year, which has been one of further investment in our capabilities. In practical terms this has meant increased headcount, including at the senior level, new product development activities and investment in our eCommerce capabilities.

The table opposite shows revenues, costs and expenses for the year, which have been adjusted to aid comparison by separately identifying the acquisition and integration costs arising on the acquisition of Firefly and the amortisation of acquisition-related intangible assets across the Group. The net contribution to operating profit from Firefly in the post-acquisition period is a net loss of £991k.

Revenue

The net strengthening of Sterling during the year against the other currencies in which the Group trades has partly offset the underlying growth in revenues, particularly in the first half of the year. Consequently, while on a CER basis product revenues grew by 16.6% and overall revenues by 14.2%, the reported revenue for the year of £144.1m represents 12.6% growth on the prior year.

Gross margins

Reported gross margin was down very slightly to 70.5% in 2014/15 (2013/14: 70.6%) as the positive impact on margins from product mix and pricing initiatives, which would have taken the margin to 71.0%, were offset by the impact of exchange rates. Whilst the proportion of revenue denominated in US Dollars is significant (50.6%), the proportion of US Dollar denominated costs of sale is higher (60.9%), meaning that the weakening of Sterling against the US Dollar in the period has a negative impact on gross margins. We also saw the same impact from the strengthening of Sterling against the Euro and Japanese Yen since the proportions of revenues from each (21.5% and 7.8%, respectively) significantly outweigh the proportion of cost of sale denominated in those currencies (5.5% and 1.0%).

Adjusted income statement

	2014/15				2013/14		
	Adjusted income statement £000	**Acquisition-related intangible amortisation £000**	**Acquisition and integration costs £000**	**Reported IFRS income statement £000**	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Reported IFRS income statement £000
Revenue	**144,033**	**—**	**—**	**144,033**	127,954	—	127,954
Cost of sales	**(42,507)**	**—**	**—**	**(42,507)**	(37,569)	—	(37,569)
Gross profit	**101,526**	**—**	**—**	**101,526**	90,385	—	90,385
Administration and management expenses	**(44,076)**	**(1,445)**	**(359)**	**(45,880)**	(35,501)	(1,517)	(37,018)
Research and development expenses	**(8,246)**	**(1,673)**	**—**	**(9,919)**	(8,306)	(1,748)	(10,054)
Operating profit	**49,204**	**(3,118)**	**(359)**	**45,727**	46,578	(3,265)	43,313
Finance income	**372**	**—**	**—**	**372**	238	—	238
Profit before tax	**49,576**	**(3,118)**	**(359)**	**46,099**	46,816	(3,265)	43,551
Taxation	**(9,799)**	**1,080**	**4**	**(8,715)**	(10,697)	1,191	(9,506)
Profit after tax	**39,777**	**(2,038)**	**(355)**	**37,384**	36,119	(2,074)	34,045
Earnings per share							
Basic	**19.89p**	**(1.02)p**	**(0.18)p**	**18.69p**	18.16p	(1.04)p	17.12p
Diluted	**19.76p**	**(1.01)p**	**(0.18)p**	**18.57p**	18.06p	(1.04)p	17.02p

Administration and management expenses

As foreshadowed last year, in 2014/15 we have continued to invest in our capabilities to drive medium and long-term growth, which has increased the cost base. The table below identifies the main cost movements.

	2014/15 £000	2013/14 £000	Increase
Total administration and management expenses (as reported)	**45,880**	37,018	23.9%
Acquisition-related intangible amortisation	**(1,445)**	(1,517)	
Acquisition and integration costs	**(359)**	—	
Gains/(losses) on forward selling contracts	**(212)**	1,659	
Share-based payments charge	**(1,395)**	(678)	
Costs previously reported within R&D	**(1,230)**	—	
Like-for-like administration and management expenses	**41,239**	36,482	13.0%
General and inflationary cost increases in line with business growth	**(1,851)**	—	
Other specific areas of investment:			
Firefly administrative costs	**(490)**	—	
Incremental costs of Shanghai office	**(786)**	—	
Investment in SLT, sales, marketing, IT and eCommerce teams	**(1,630)**	—	
	36,482	36,482	

Like-for-like administration and management expenses, as defined in the table above, increased by 13.0%, which is below the growth in revenues. This includes some specific areas of incremental cost in the year: Firefly administrative expenses of £0.5m for the six months since acquisition (which excludes Firefly's share-based payments charge, as this is already included in the £1.4m Group charge disclosed above), the incremental year-on-year spend of £0.8m to support the operation of the Shanghai office, and our additional strategic investment in our SLT, sales, marketing, IT and eCommerce teams of £1.6m. The remaining general and inflationary cost increases of £1.9m are in line with business growth, contributing an increase of 5.0% over the prior year total reported administration and management expenses.

Our financials continued

Over the next few years we expect to upgrade our IT capabilities to build a more flexible and scalable platform and improve our facilities to increase efficiencies, and will continue to ensure we have the right people and capabilities to deliver the next stage of growth.

Research and development expenditure

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

The reported level of R&D expenditure decreased slightly to £9.9m (2013/14: £10.1m). This reduction comes after we began to classify costs amounting to £1.2m as administration and management expenses, having previously categorised them as R&D. These are support costs of an innovation and manufacturing site and are now classified consistently with similar costs incurred in other Group production facilities. What would otherwise have been an increase in costs in the year reflects increased investment in new product development as part of our organic growth strategy, for example increasing our SimpleStep ELISA (SSE) portfolio and developing the first RabMAb SSE kits, as well as significantly expanding the range of directly conjugated antibodies and investing in additional product enhancements and quality testing. Firefly's activities contributed £0.5m of the increase.

Earnings and tax

The adjusted profit before tax was £49.6m, on which the effective tax rate was 19.8%. This is lower than the 22.8% reported last year primarily due to a reduction in the UK corporation tax rate, the Firefly acquisition and R&D tax credits. After taking into account the deferred tax impact of acquisition-related intangible amortisation, the reported effective tax rate was 18.9% (2013/14: 21.8%).

Balance sheet

Goodwill and other intangibles

Goodwill at the year end was £87.0m (2013/14: £73.5m). Of the increase, £8.0m arose on the acquisition of Firefly and £5.5m from exchange rate movements due to the US Dollar being the predominant functional currency of the acquired companies to which the goodwill relates.

The acquisition of Firefly did not give rise to an additional cash-generating unit (CGU) and the goodwill resulting from the acquisition has been allocated to the CGU for the existing Abcam business. Goodwill is not amortised under IFRS but is subject to impairment review at least on an annual basis. Consequently, during the year, the Directors performed a review which involved making various assumptions regarding the future performance of the business. After considering various scenarios that could reasonably occur, the Directors concluded that no impairment was required. For more details, please see note 29 to the financial statements.

Other intangible assets at 30 June 2015 were £44.7m (2013/14: £30.2m). This movement primarily reflects the value attributed to patents and know-how held by Firefly and exchange rate movements arising because the functional currency of the related assets is predominately US Dollars. The intangible assets amortisation charge was £5.1m (2013/14: £4.8m). No amortisation was charged in relation to the Firefly assets which will be amortised from the point at which commercial product is available for release to a wider customer base, thereby generating meaningful revenues.

Other intangible assets are amortised over their estimated useful lives, and the amortisation of acquisition-related intangible assets has been added back in arriving at adjusted profit, as outlined in the table on page 25.

Capital expenditure

Additions of property, plant and equipment and intangible assets arising other than through the acquisition of Firefly totalled £7.7m (2013/14: £7.4m). This reflects continued investment in support of our organic growth strategy. The major items include:

- investment in laboratory equipment of £2.1m, which is focused on improving the quality of product data in the catalogue;
- development of new hybridomas and assays of £2.1m, with a further £0.8m expenditure on hybridomas under construction;
- office and computer equipment expenditure of £1.7m. This is an increase of £0.6m over the prior year, mainly due to replacement of IT equipment to support ongoing growth and the fit out of additional office space; and
- continuation of the core IT investment to support the next stage of Abcam's growth. A total of £1.0m was capitalised in the year, including £0.5m of internal salary cost.

Cash flow

Our track record of strong cash control continued in the year and the period ended with an increase in net cash and term deposits of £1.9m to £58.7m (2013/14: £56.9m) after funding the acquisition of Firefly for a cash consideration of £17.6m, and no bank debt (2013/14: £nil).

Cash generated by operations was £48.9m (2013/14: £51.2m). This was after a working capital outflow in the period of £7.5m, of which £4.1m came from an increase in inventories, reflecting a strategic decision to carry more of our high-selling product lines, a build-up of inventory to support the roll-out of our conjugated primary antibody range, and the effect of the relative strengthening of Sterling for US Dollar denominated purchases. Non-trade receivables have grown by £0.8m due to increased recoverable VAT and new building deposits.

Looking forward

The notable increase in revenue growth is an encouraging indication of the success of our strategy. Underpinned by strong revenue growth, we will continue capital and operational investment to make targeted improvements. Over the next few years we expect to upgrade our IT capabilities to build a more flexible and scalable platform and improve our facilities to increase efficiencies, and will continue to ensure we have the right people and capabilities to deliver the next stage of growth.

We also plan to sustain attractive economics through our continued focus on tight cost management and effective financial control.

J Iliffe

Jeff Iliffe
Chief Financial Officer
11 September 2015

Chairman's introduction to governance

I was delighted to take over as Chairman of Abcam's Board in November 2014 and I am pleased to introduce our 2014/15 Corporate Governance Report.

Murray Hennessy
Chairman

At Abcam we believe good governance is fundamental to our continuing success. We are working to ensure that our structure and processes remain aligned with this requirement and are fit for the purpose of implementing our ambitious growth plans. The Board and its Committees play a central role in the Company's governance by providing an external and independent perspective on matters material to Abcam's stakeholders, and by seeking to ensure that effective internal controls and risk management measures are in place. The Board also supports the promotion of a culture of good governance throughout the Company.

This section of the Annual Report describes our corporate governance structures and processes and how they have been applied throughout the year ended 30 June 2015.

The UK Corporate Governance Code

Although not required to have regard to the UK Corporate Governance Code (the Code) as an AIM-listed company, we have chosen to report on how Abcam has complied with and applied the principles of the Code and related guidance. The Board is committed to maintaining high standards of corporate governance and the Directors intend, so far as is practicable given the Company's size and constitution of the Board, to comply with the provisions of the Code. The Board confirms that the 2014/15 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company, in accordance with C.1.1 of the Code.

My role as Chairman

My role is to ensure that Abcam has a Board which works effectively under my leadership. One of my most important jobs in this regard is to maintain the right dynamic on the Board, which requires effective contributions and constructive challenge from individual Directors. I am pleased to say that we have Directors on our Board with a broad range and balance of skills, expertise, experience and attributes, all of which contribute to our effectiveness. Communication is good and working relations are open and constructive. My relationship with Alan, our CEO, is positive; we are in frequent contact, covering both the hard and soft issues with which the Executive Directors have to deal. As Chairman, I lead the setting of the Board's agenda, ensuring we have adequate time to discuss all necessary items, particularly the development and implementation of strategy and the organisational implications of this.

Board and Committee evaluation

Regular and appropriate Board and Committee evaluation is vital to improving Board effectiveness. This year we conducted an internally facilitated evaluation process. Overall, it was concluded that the Board is performing appropriately; the Board debate has moved from tactical to strategic and there is consensus that we should continue this trend. More detail about the Board evaluation and on some of the major matters considered by the Board and its Committees during the year can be found later in this report.

Management of risk

In recognition of our increased focus on risk management and our anticipation that this trend will continue over the coming years, the Board has agreed to rename the Audit Committee as the Audit and Risk Committee. Further details of our risk management framework can be found on page 18.

Succession planning and diversity

Proper planning for Board succession and refreshing and selection of the right individuals for the Board and Senior Leadership Team from a diverse talent pool are also key issues for me and for the Board. We explain our approaches to these fundamental components of Board effectiveness on page 35.

This has been an important year for the governance and leadership of the Group. Alongside the Chairman and CEO transitions early in the year, we were pleased to appoint Sue Harris as Chairman of the Audit and Risk Committee. The SLT was also strengthened with the appointments of Yvonne Chien, Chief Digital Officer; Sean Hickey, Chief Information Officer; Alejandra Solache, Global Head of Reagents Product Development and Manufacturing; and, after the period end, Suzanne Smith, Chief Legal Officer and Company Secretary. Our new management structure, including appointments made in the previous two years as well as those outlined above, is now firmly embedded in the organisation and delivering key results in the execution of our strategy, as demonstrated by the acceleration of our top-line growth.

In succession planning for the Board and within the Group we take into account the need for diversity generally and support the principle of encouraging women in the Company. The Board has not set express diversity quotas or measurable objectives for implementing its policy as such, but it is the Board and management's intention that female talent, as one element of diversity, is encouraged both at Board level and within the business.

The Board and I recognise the importance of ensuring strong leadership for Abcam and we have agreed to increase our focus further on succession planning and talent management in 2015/16.

Murray Hennessy
Chairman
11 September 2015

Directors and Company Secretary

Abcam's Board of Directors has the breadth and depth of skills necessary to guide the Group as it seeks to take full advantage of new opportunities and contend with new challenges.

Murray Hennessy
Chairman

MBA

N

Appointment: November 2011

Experience: Murray has an impressive track record of working internationally in customer-facing industries, as well as significant experience of online businesses. After an early career as a management consultant in the London, Tokyo and Boston offices of Bain & Company, Murray held a number of senior positions in the restaurant industry with Pepsico and Yum Brands and also led an internet start-up. Between 2001 and 2004, Murray was the commercial director of John Lewis Department Stores, where he pioneered the store's online presence, johnlewis.com. Until 2014, Murray was chief executive of thetrainline.com, the online train ticket retailer, which he joined in 2008, prior to which he was chief executive of Avis Europe plc, the car rental company.

Current external appointments: Murray is chairman of TGIF UK (Thank God It's Friday, UK), non-executive director for SEDCO Holding Company (Saudi Arabia), and an advisory board member for River Island. He remains the deputy chairman at thetrainline.com.

Jonathan Milner
Deputy Chairman

PhD

E

Appointment: April 1998

Experience: Having worked in the life sciences industry for over ten years as an academic researcher, Jonathan identified the market opportunity for supplying high-quality antibodies to support protein interaction studies and, in 1998, founded Abcam with David Cleevely and Professor Tony Kouzarides. Jonathan is an experienced entrepreneur and investor and is passionate about supporting UK life science and high-tech start-ups. He has provided considerable investment and support to over 30 companies and has assisted three IPOs in joining AIM.

Current external appointments: Jonathan is a non-executive director of Horizon Discovery Group plc, Frontier Developments plc and GeoSpock Ltd. He is also chairman of Axol Bioscience Ltd and PhoreMost Ltd.

Alan Hirzel
Chief Executive Officer

MS, MBA

E

Appointment: January 2014

Experience: Alan has over 20 years' global business and leadership experience. Prior to joining Abcam, he spent 14 years with Bain & Company helping companies grow organically and through acquisition. Earlier in his career, he led product innovation efforts for several brands at Kraft Foods. He was trained as a life scientist and published research in plant biochemistry. He also has a passion for social enterprise as a trustee and founder of the Social Business Trust and by providing advice on how to grow and succeed with these enterprises to social entrepreneurs and government organisations globally.

Current external appointments: Alan is a non-executive director at the UK National Citizen Service Trust.

Jeff Iliffe
Chief Financial Officer

ACA

E

Appointment: November 2007

Experience: Jeff is a chartered accountant who was appointed as Abcam's Chief Financial Officer after previously working for the Company as a financial consultant. He has extensive 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 Plethora Solutions plc. Prior to joining Abcam, he was chief financial officer at the eCommerce company St Minver Ltd.

Current external appointments: Jeff is a non-executive director of Treatt plc, a manufacturer and supplier of ingredient solutions for the flavour, fragrance and FMCG industries and a trustee of the Cambridge Arts Theatre.

Jim Warwick
Chief Operating Officer

MA (Cantab)

E

Appointment: November 2000

Experience: Jim joined Abcam originally as Technical Director, and took over operational management of the UK office as Managing Director in June 2004, working on both cost saving and efficiency improvement projects. In 2009, Jim became Chief Operating Officer, with responsibility for overseeing the operational strategy of the Group as a whole. From 1986 to 2003, Jim worked for Analysys Limited, a Cambridge-based telecommunications consultancy, heading up its IT, software and web development initiatives.

Current external appointments: In 2014 Jim took up a non-executive position at Quartix Holdings plc, a transport telematics company and he is also a governor at a local academy school.

Sue Harris
Non-Executive Director

BSc, ACMA

N A R

Appointment: December 2014

Experience: A chemist by training, Sue has over 30 years of financial and commercial experience. She began her career at Ford Motor Co. before moving to oil company Amerada Hess. She subsequently held senior executive roles at Marks & Spencer across finance, and latterly as head of corporate development and as corporate treasurer, and Standard Life, where she led the process to float the company in 2006. She then joined Lloyds Banking Group (LBG), where she was finance director of, respectively, Cheltenham and Gloucester, LBG's Retail Bank and LBG Group Finance, and latterly group audit director. Previously, Sue was a non-executive director on the board of St. James's Place (representing LBG) and a member of the audit and remuneration committee of the British Bankers' Association. She was previously chair of trustees for KCP Youth and during a ten-year association with Mencap chaired both the finance and audit committees.

Current external appointments: Sue is an independent non-executive director of Bank of Ireland UK and a member of the Audit and Assurance Council of the Financial Reporting Council.

Anthony Martin
Non-Executive Director

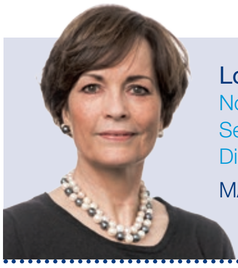
PhD

A R

Appointment: September 2011

Experience: Anthony has more than 25 years' experience in the life sciences industry within the UK and US, in both executive and non-executive roles. He was most recently non-executive chairman of Immunodiagnostics Systems Holdings plc and Sphere Medical Holding plc. His prior executive appointments include chief executive officer of British Bio-Technology Products, AZUR Environmental, Molecular Probes Inc, Celsis International plc and president of Invitrogen Corporation. Anthony's previous non-executive appointments include Prelude Trust plc, NeuTec Pharma plc and Molecular Insight Pharmaceuticals Inc. He has also served on the main board of Invitrogen Corporation and the strategic advisory board of Agilent Technologies. He has extensive experience of governance and responsibilities of board committees both on UK AIM-listed companies and on US Nasdaq listed corporations.

Current external appointments: Anthony is currently non-executive chairman of PhicoTherapeutics Ltd and non-executive director of Orthofix International N.V. He is a fellow of the Royal Society of Medicine.



Louise Patten
Non-Executive and Senior Independent Director

MA (Oxon)

N A R

Appointment: March 2014

Experience: Louise has extensive board-level and corporate governance experience, having served on quoted company boards for more than 20 years as a non-executive director, senior independent director, remuneration committee chairman and company chairman at businesses including the retailer Marks & Spencer plc, retailing group GUS plc and hotelier Hilton Group plc.

Current external appointments: Louise is currently a non-executive director of the FTSE 100 property group Intu Properties plc and is also a senior advisor to Bain & Company.

Michael Ross
Non-Executive Director

MA (Cantab)

N

Appointment: November 2011

Experience: Michael is an eCommerce executive and advisor with a high level of technical expertise. After working at McKinsey & Company from 1994 to 1999, Michael co-founded the online retailer figleaves.com in 1999, where he was chief executive officer. In 2006, he co-founded DynamicAction (previously eCommera), an eCommerce technology and advisory business where he is currently chief scientist.

Current external appointments: Michael is an executive director of DynamicAction and a non-executive director of Sainsbury's Bank and Wex Photographic.

Suzanne Smith
Chief Legal Officer and Company Secretary

LLB (Hons), MBA

Appointment: July 2015

Experience: Suzanne is a qualified solicitor with over 20 years' global legal, business and leadership experience within the life sciences industry. Before joining Abcam, Suzanne was executive director, legal at Actavis plc where she was responsible for the leadership of the legal function internationally. Previous positions include legal director at Genzyme Therapeutics Ltd, general counsel and company secretary at Phoqus Pharmaceuticals plc and group legal counsel and company secretary at LGC Ltd, together with positions at SmithKline Beecham and Arentis.

Key to Committees

- E Executive
- N Nomination
- A Audit and Risk
- R Remuneration
- Committee chair

Senior Leadership Team (SLT)

The SLT comprises the Executive Directors, the Company Secretary and the heads of the main business functions within the Group and meets bi-monthly to discuss cross-departmental matters. Each senior manager is responsible for the day-to-day operation of their function.

Danielle Miller
Operations Director

PhD

Experience: Danielle joined Abcam in 2001 and over the last 14 years has overseen the growth in logistics and stock management capabilities, championing investment in automated stock storage solutions and optimising the split of stock across Abcam's four logistics hubs in Cambridge, UK and US, Shanghai and Tokyo. She works closely with the regional offices to drive consistency and efficiency of operational processes to ensure that customers can expect similar high levels of service across the world. Her role also involves overseeing health and safety and employee well-being and she is passionate about ensuring that our sites meet required global standards. Prior to joining Abcam, Danielle worked as a strategic management consultant.

Jane Cooke
Director, People and Organisational Development

MA, CIPD

Experience: Jane is an HR professional with over 25 years' experience in a range of sectors including learned and professional, publishing and engineering. Her initial academic background was social policy with a particular interest in international comparisons. Jane joined Abcam in 2005 and has supported the growth of the Group from a people and organisational development perspective. She has considerable international experience working across the UK, the US, China, Hong Kong and Japan. Jane has focused on building a scalable People and Organisational Development function which is flexible and adaptable to Abcam's commercial needs.

Philippe Cotrel
Commercial Director

PhD

Experience: Philippe joined Abcam in 2008 as Commercial Director. He has over 20 years' experience in sales and marketing in the life science industry. Philippe has responsibility for the Group's regional sales structure and activities, pursuing business development opportunities, and the management of our distributor bases. As part of this, he also has overall responsibility for our customer service and scientific support activities. Before joining Abcam, Philippe worked for Affymetrix, where he was responsible for its European operations. Prior to that, he held several commercial positions at Amersham Pharmacia (now part of GE Healthcare) and Oxford Glycosciences.

Alejandra Solache
Head of Reagents Product Development and Manufacturing

PhD

Experience: Alejandra joined Abcam in 2013 as Head of Reagents Product Development and Manufacturing globally. She is responsible for managing the output of the Abcam Cambridge, Hangzhou and Bristol laboratories, specifically the new product development and core product reagents pipelines and R&D. She also plays a key role in developing Abcam's innovation strategy. Prior to joining Abcam she held various positions at EMD Millipore, latterly as R&D director, leading the antibody and assay development teams. She gained expertise in immunology, cell signalling and epigenetics through postdoctoral fellowships at UCSF and the Trudeau Institute.

Sean Hickey
Chief Information Officer

BSc

Experience: Sean joined the SLT in September 2014 as our Chief Information Officer (CIO), responsible for both the IT and network infrastructure that supports our business as well as our programme of software application development. Sean has over 20 years' IT experience, with over 15 years in senior management, covering both infrastructure and applications. He has worked in manufacturing, FMCG, health, retail and utilities and has experience in the management of business process, development and IT teams on a global scale. Most recently he was IT director for Boots Contract Manufacturing.

Mark Bushfield
Scientific Director

PhD

Experience: Mark joined Abcam in 2008 and is responsible for global innovation and manufacturing. Mark is a biologist with over 20 years' research and management experience in academia, pharma and biotechnology. Prior to joining Abcam, Mark trained in cellular signalling and then worked for Pfizer before co-founding Cambridge Drug Discovery Ltd (CDD). After successfully integrating CDD into BioFocus, Mark joined Celltech as research director then VP research at UCB-Celltech. Mark has co-authored over 30 peer reviewed scientific papers and given over 40 presentations to scientific meetings and societies.

Kirstie Speck
Head of Consumer Insights

BBusSc

Experience: Kirstie joined Abcam in 2014 as Head of Consumer Insights responsible for the delivery of high-quality insight to drive business performance. She has over 20 years' market research experience working with healthcare professionals and consumers and has held a number of global insight roles across a variety of consumer product categories. Kirstie has previously managed consumer insight at GlaxoSmithKline, Kimberly-Clark, Hill's Pet Nutrition and Nestle UK.

Yvonne Chien
Chief Digital Officer

MBA

Experience: Yvonne joined Abcam in January 2015 as Chief Digital Officer to lead the eCommerce, Digital Marketing and Communications functions. Yvonne brings extensive digital marketing and brand experience to Abcam having previously worked for Getty Images as senior vice president of marketing. Prior to this she held senior marketing positions with various internet and technology companies including Google, Bebo, Siebel Systems and BrainJuicer.

Matthew Roe
Head of Category Marketing

MBA

Experience: Matthew joined Abcam in 2014 as Head of Category Marketing and is responsible for the global marketing of life science products. Matthew has over 30 years' industry experience. His experience spans sales and marketing, business strategy, market and competitor analysis, and business development and licensing. Matthew has held senior positions at Crescendo Biologics, Genzyme, Wyeth and Glaxo.

Alan Hirzel
Chief Executive Officer

MS, MBA

Alan Hirzel's biography can be read on **page 28**.

Jeff Iliffe
Chief Financial Officer

ACA

Jeff Iliffe's biography can be read on **page 28**.

Jim Warwick
Chief Operating Officer

MA (Cantab)

Jim Warwick's biography can be read on **page 28**.

Suzanne Smith
Chief Legal Officer and Company Secretary

LLB (Hons), MBA

Suzanne Smith's biography can be read on **page 29**.

Corporate governance statement

The role of the Board and its Committees

Board

Responsible for the long-term success of the Group. It sets strategy and oversees implementation, ensuring only acceptable risks are taken. It provides leadership and direction and is also responsible for corporate governance and the overall financial performance of the Group.

Meet our Board of Directors on pages 28–29.

Audit and Risk Committee

Reviews and is responsible for the oversight of the Group's financial and reporting processes, the integrity of the financial statements, the external and internal audit processes, and the systems of internal control and risk management.

More details on pages 37–39.

Remuneration Committee

Reviews and recommends to the Board the executive remuneration policy and determines the remuneration packages of the Executive Directors, the Company Chairman and members of the Senior Leadership Team.

More details on pages 42–64.

Nomination Committee

Reviews and recommends to the Board the structure, size and composition of the Board and its Committees. It also has oversight responsibility for succession planning of the Board and senior management.

More details on pages 40–41.

Executive Directors

Responsible for implementation of the Board's strategy, day-to-day management of the business and all matters which have not been reserved for the Board.

Senior Leadership Team (SLT)

A committee that operates under the direction and authority of the CEO and other Executive Directors. It comprises senior management from across the business (see pages 30–31). It assists the Executive Directors in implementing strategy and policies and managing the operational and financial performance of the Group.

Meet our SLT on pages 30–31.

Regional Managers

Each Regional Manager reports directly to a member of the SLT. They are responsible for the daily operational management of their respective entities, ensuring the consistent implementation of Abcam's strategy across the whole Group.

Meet our Regional Managers on page 9.

Matters reserved for the Board and delegated authorities

To retain control of key decisions, the Board has identified certain 'reserved matters' that only it can approve, with other matters, responsibilities and authorities delegated to its Committees, as above. The schedule of matters reserved for the Board and the terms of reference for each of its Committees can be found on the Company's investor relations website at www.abcamplc.com. Any matters outside of these fall within the CEO's responsibility and authority. Accordingly, he reports on the activities of the SLT through his monthly reports to the Board.

Board composition and roles

The Board comprises the Chairman, three Executive Directors and five Non-Executive Directors. Their key responsibilities are as set out in the table below:

Board composition and roles

Chairman	Murray Hennessy	Responsible for leading and managing the Board, its effectiveness and governance. Ensures Board members are aware of and understand the views of major shareholders and other key stakeholders. Helps set the tone from the top in terms of the purpose, goal, vision and values for the whole organisation.
CEO	Alan Hirzel	Responsible for the day-to-day management of the business, developing the Group's strategic direction for consideration and approval by the Board and implementing the agreed strategy.
CFO **COO**	Jeff Iliffe Jim Warwick	Support the CEO in developing and implementing strategy. Responsible for the financial and operational performance of the Group.
Deputy Chairman	Jonathan Milner	Responsible for bringing expert knowledge in the ever-evolving field of protein research and its related science and technology. Provides entrepreneurial support to the Board to develop strategy to further exploit opportunities to enable Abcam to support scientists worldwide. Provides a technical sounding board to the Chairman and CEO. Represents Abcam at external events and forums worldwide and is an ambassador for Abcam in the scientific community.
Independent NEDs	Sue Harris Anthony Martin Michael Ross	Assist in the development of strategy and monitor its delivery, within the Company's established risk appetite. Responsible for bringing sound judgement and objectivity to the Board's deliberations and decision-making process, and constructively challenging and supporting the Executive Directors. Also reviewing the performance of the Executive Directors.
Senior Independent Director	Louise Patten	Acts as a sounding board for the Chairman and as a trusted intermediary for other Directors. Available to discuss any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chairman or the Executive Directors.

Board and Committee meetings/attendance during the year

Director	Scheduled Board meetings	Ad hoc Board meetings	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Murray Hennessy	12/12	3/3	0/1	4/4	2/2
Mike Redmond[1]	4/4	2/2	–/–	–/–	1/1
Alan Hirzel	12/12	3/3	–/–	–/–	–/–
Jeff Iliffe	12/12	3/3	–/–	–/–	–/–
Jim Warwick	12/12	2/3	–/–	–/–	–/–
Sue Harris[2]	7/7	1/1	2/2	1/1	1/1
Peter Keen[1]	4/4	2/2	1/1	–/–	–/–
Anthony Martin	11/12	3/3	3/3	4/4	–/–
Jonathan Milner	12/12	2/3	–/–	–/–	–/–
Louise Patten	11/12	3/3	3/3	4/4	3/3
Michael Ross	11/12	2/3	–/–	–/–	3/3

1 Mike Redmond and Peter Keen stepped down from the Board on 3 November 2014. Their attendance relates to the period from 1 July 2014 to that date.

2 Sue Harris was appointed to the Board on 12 December 2014. Her attendance relates to the period from that date until 30 June 2015.

Board meetings

The Board holds full meetings every month, with attendance required in person one month and via conference call the next month. In addition, ad hoc meetings may be called to discuss urgent pertinent issues arising during the course of the year, or to approve the annual and interim accounts and dividends. An extended two-day strategy session is held once a year to discuss the longer-term aspirations of the Company.

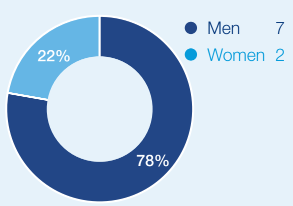
The Chairman meets with the Executive Directors and Company Secretary prior to scheduled and ad hoc meetings to discuss and set each Board agenda.

The culture of our Board meetings is to encourage rigorous debate. The NEDs constructively challenge the performance of management in meeting agreed goals and objectives and help develop proposals on strategy. There is an opportunity for more informal and extended discussions on strategy during bi-monthly off-site Board discussions.

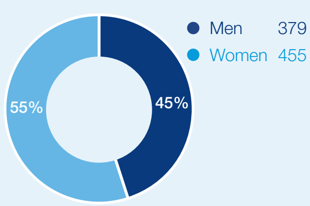
The Directors have the benefit of directors' and officers' liability insurance and have access to the advice of the Company Secretary, who is a qualified solicitor and acts as secretary to all of the Board Committees.

Gender diversity

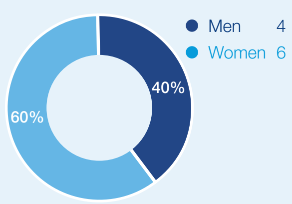
Board



All employees



SLT (excluding Executive Directors)



"We have made progress in the year in terms of gender diversity with the percentage of women across Board and senior roles within the organisation increasing from 25% to 42%."

Murray Hennessy
Chairman

Corporate governance statement continued

Board activity

The Board agenda focuses on the themes of driving our strategy, monitoring risk and execution against the strategy via regular business, financial and departmental updates. The diagram below shows the key areas of Board activity during the year:

Strategy

- Reviewed long-term strategy as part of off-site strategy day
- Approved the acquisition of Firefly BioWorks
- Approved decision to transition to a direct sales model in Australia and New Zealand
- Received various departmental updates to monitor progress against strategic goals
- Approved the appointment of J.P. Morgan as nominated advisor, financial advisor and joint broker

Financial performance

- Considered the financial performance of the business and approved the budget, key performance targets and long-term plan
- Monitored performance against the budget via monthly review of management accounts by CFO
- Reviewed the half-year and annual results and presentations to analysts and approved the Annual Report
- Discussed and agreed the interim and final dividend recommendations

Governance, stakeholders and shareholders

- Discussed the outcome of the Board evaluation and effectiveness review, and agreed improvement opportunities
- Reviewed regular health and safety updates
- Reviewed developments in corporate governance and received key regulatory updates
- Reviewed feedback from institutional shareholders and analysts following annual and interim results

Internal control and risk management

- Reviewed the Group's Risk Register and the effectiveness of the systems of risk management
- Debated significant and emerging risks

Leadership and people

- Discussed the composition of the Board and its Committees, including succession planning
- Approved the transition of Murray Hennessy to Chairman, Jonathan Milner to Deputy Chairman and Alan Hirzel to CEO
- Approved the appointment of Sue Harris, Audit and Risk Committee Chairman, and Suzanne Smith, Chief Legal Officer and Company Secretary
- Reviewed the development of people and talent in the Group
- Discussed the results of the employee engagement survey and the actions arising from it

Effectiveness

How do we make sure our Board is effective?

We have considered the overall balance between Executive and Non-Executive Directors and believe that the structure of the Board and the integrity of each Director ensure that no one individual or group dominates the decision-making process. The Board reflects a good balance between financial, sector-specific and general business skills, with a highly experienced team leading the business in both Executive and Non-Executive roles.

The Board is regularly updated with information concerning the state of the business and its performance in a timely manner, in a form and of a quality appropriate to enable it to discharge its duties. Non-Executive Directors have the opportunity to influence agendas for Board discussions and to ensure the amount of time spent reviewing strategic and operational issues is appropriately balanced.

In the event that Directors are unable to attend a meeting or a conference call, they have the opportunity to relay their comments and, if necessary, to follow up with the Chairman or the CEO after the meeting.

Director induction programme and ongoing training

On appointment to the Abcam Board, new Directors receive a comprehensive and tailored induction programme, the aim of which is to introduce them to key management and personnel across the business and to enhance their knowledge and understanding of the Group and its activities. This includes time with each of the Executive Directors and the Company Secretary, and a wide range of senior management from across the business.

The Group has a commitment to training and all Directors, Executive or Non-Executive, are encouraged to attend suitable training courses at the Group's expense. Regular updates on corporate governance are also provided to the Board by the Group's advisors.

Director independence

No equity-based incentives are granted to Non-Executive Directors. The Board considers all Non-Executive Directors to be independent within the meaning of the Code, with the exception of Jonathan Milner. Jonathan is a founder of Abcam, was an Executive Director of the Company until September 2014, and is a significant shareholder of the Company. Details of his interest in Abcam shares can be found on page 58.

All Directors maintain conflicts of interest declarations and any planned changes in their interests including directorships outside the Group are notified to the Board. None of the relationships declared are considered to be of a material nature to Abcam's business and none are therefore deemed to impact on the independence of the Directors. While the obligation to notify the Company is immediate, the updated conflicts register is formally reviewed at Board meetings on alternate months.

The beneficial interests of the Non-Executive Directors in the share capital of the Company, which are set out on page 58, do not, in the opinion of the Board, detract from their independent status.

Performance evaluation

The Board undertakes a regular evaluation of its own performance and the last review was undertaken during the year. This concluded that the Board and its individual members continue to perform effectively in an environment where there is constructive challenge from the Non-Executive Directors and operate within a framework of sound governance and practices which are consistent with the principles set out in the Code.

Subjects covered during the review include a general overview as to the operation of the Board, opinions on shareholder relationships, views on the Board's input into strategy discussions, governance and compliance, risk management and succession planning, the Board culture and relationships with senior management, as well as how new members are selected and inducted.

The Chairman holds meetings with the Non-Executive Directors without the Executive Directors present and the Non-Executive Directors, led by the Senior Independent Director, meet without the Chairman present at least annually to appraise the Chairman's performance, with no issues arising from the review performed this year.

Accountability

What is our approach to risk management?

The Board acknowledges its responsibility for safeguarding the shareholders' investment and the Group's assets and has established a continuous process for identifying, evaluating and managing the significant risks which the Group faces.

The Board has overall responsibility for ensuring the Group maintains an adequate system of internal control and risk management, while the Audit and Risk Committee reviews its effectiveness on behalf of the Board. The implementation of internal control systems is the responsibility of management.

We have implemented an internal control system designed to help ensure:

- the effective and efficient operation of the Group by enabling management to respond appropriately to significant risks to achieving the Group's business objectives;
- the safeguarding of assets from inappropriate use or from loss and fraud and ensuring that liabilities are identified and managed;
- compliance with applicable laws and regulations and with internal policies on the conduct of the Group's business; and
- the ability to recover in a timely manner from the effects of disasters or major accidents which originate outside the Group's direct control.

Corporate governance statement continued

Accountability continued

What is our approach to risk management? continued

Our risk management process involves the following steps:

- risk identification: risks are highlighted and documented in a centrally managed risk register;
- risk assessment: risks are assessed in terms of likelihood of occurrence and potential impact on the Group; and
- risk mitigation: required actions are agreed and assigned, with target deadlines.

The risk register and mitigating actions are reviewed by the Board on a bi-annual basis and by management as matters arise.

Such a system is designed to manage rather than eliminate the risks inherent in a fast-moving business and can, therefore, provide only reasonable and not absolute assurance against material misstatement or loss.

The principal risks and uncertainties we have identified are set out on pages 18–21. It is recognised that the Group is exposed to a number of risks, wider than those listed. However, we have chosen to disclose those of most concern to the business at this moment in time and those that have been the subject of debate at recent Board or Audit and Risk Committee meetings.

During the course of its reviews of the system of internal control during the year, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Further information on risk management and review can be found in the Report of the Audit and Risk Committee on pages 37–39.

Financial reporting

The Board is responsible for reviewing and approving the Annual Report and Accounts and the interim financial information and for ensuring they present a balanced assessment of the Group's position. Drafts of these reports are provided to the Board in a timely manner and Directors' feedback is discussed and incorporated where appropriate, prior to publication.

In addition, the Board ensures controls over the financial reporting process and preparation of the consolidated accounts consists of extensive reviews by qualified and experienced individuals to ensure that all elements of the financial statements and appropriate disclosure are considered and accurately stated.

Whistleblowing procedures

The Group operates a whistleblowing policy which allows all employees to raise concerns to senior management in strict confidence about any unethical business practices, fraud, misconduct or wrongdoing. They can do so without fear of recrimination and the Audit and Risk Committee receives any such confidential reports. More information can be found in the Report of the Audit and Risk Committee on pages 37–39.

Relations with shareholders

Dialogue with institutional shareholders

The Board believes it is important to have open communications with shareholders. To this end, the CEO and CFO, working in consultation with the Company's corporate brokers and public relations advisors, make themselves available and expect to meet with major institutional shareholders at least twice a year.

Where appropriate, the Company consults with shareholders on significant issues. During the year, major shareholders were consulted on our strategic review of executive remuneration arrangements. More information can be found in the Directors' Remuneration Report on pages 42–43.

Members of the Board develop an understanding of the views of major shareholders through any direct contact that may be initiated by shareholders, shareholder feedback presented by the CEO and CFO following each analyst and investor roadshow, or through analysts' and brokers' briefings. We also regularly host investor meetings at our Cambridge, UK, office.

In addition, following investment analyst meetings and investor roadshows, our financial public relations advisors consult such analysts and our corporate brokers gather investor feedback which they relay to the Board. During the year, J.P. Morgan Securities plc (J.P. Morgan) was appointed as the Company's nominated advisor and joint corporate broker. Peel Hunt LLP remains as joint broker with J.P. Morgan.

Constructive use of the AGM

The Board actively encourages the participation of all Directors in the AGM, which is the principal forum for dialogue with shareholders. A presentation is made outlining recent developments in the business and an open question and answer session follows to enable shareholders to ask about the business in general.

Audit and Risk Committee

I was delighted to join the Board in December 2014 and take over as Chairman of the Committee. I am very pleased to be working with my new colleagues to ensure that our financial strategy and reporting helps to drive successful long-term growth for the Group.

During the year we have devoted more time to risk management and anticipate that this trend will continue over the coming years. To give recognition to this increased responsibility, the Board has agreed to rename the Audit Committee the Audit and Risk Committee.

Sue Harris
Audit and Risk Committee Chairman

Effective Committee governance

All members of the Committee are independent Non-Executive Directors with a combination of accounting, financial and commercial experience across listed companies both inside and outside of the biotechnology sector. The Committee meetings are also attended, by invitation, by other members of the Board and senior representatives of the external auditor and, going forward, the newly appointed Chief Legal Officer and Company Secretary. Representatives of the Group's external auditor meet with the Audit and Risk Committee at least twice a year without any Executive Directors or other Company management being present.

The Committee acts independently of the executive to ensure that the interests of the shareholders are appropriately protected in relation to financial reporting, internal control and risk management.

The Committee is required to include one financially qualified member (as recognised by the Consultative Committee of Accountancy Bodies), and I currently fulfil this requirement. I am deemed by the Board to have recent and relevant financial experience as a qualified accountant with over 30 years' financial and commercial experience in listed companies, principally across the retail, life assurance and banking sectors.

We continue to consider the provisions of the UK Corporate Governance Code and the FRC Guidance on audit committees. The 2014 Code takes effect for companies with a financial year commencing on or after 1 October 2014 and we will address the associated changes in our 2015/16 report.

Key responsibilities of the Committee

The Committee's principal duties are to:

- monitor the integrity of the Group's financial reporting, including the review of significant financial reporting judgements;
- advise the Board on whether, taken as a whole, the Annual Report and Accounts is fair, balanced and understandable;
- review and approve the adequacy and effectiveness of our risk management and internal controls;
- review annually the need for an internal audit function;
- oversee the Group's external audit process, including monitoring the auditor's independence, objectivity, effectiveness and performance;
- approve any engagement by the external auditor outside of the Group's audit; and
- review and monitor the whistleblowing policy and activity.

Audit and Risk Committee activities

The key areas of Committee activity during the year included:

Financial reporting

- reviewed the Annual Report and Accounts and the interim management statements, challenging where appropriate, with particular consideration around the key judgements;
- advised the Board that taken as a whole the Annual Report and Accounts is fair, balanced and understandable;
- monitored the integrity of the financial statements and the underpinning control framework;
- reviewed critical accounting policies to ensure they remained relevant and appropriate; and
- reviewed the basis for the going concern statement.

Committee members

Sue Harris (Chairman)
Anthony Martin
Louise Patten

Details of member appointments and biographies, and attendance at Committee meetings held during the year appear on pages 28–29 and 33, respectively.

The Committee's terms of reference are available on the Company's IR website at www.abcamplc.com.

Audit and Risk Committee continued

Audit and Risk Committee activities continued

Internal control and risk management

- considered the effectiveness of the internal controls framework, receiving appropriate reports from management; and
- reviewed and challenged the assessment of business-wide risks and monitored the Group's risk register.

External audit

- approved the annual audit plan and risk identification;
- reviewed the findings of the auditor and management's response and ensured robust challenge;
- reviewed the independence, objectivity, performance and effectiveness of the auditor; and
- approved the level of fees paid to the auditor for non-audit services.

Whistleblowing

- reviewed and considered reports from management on the operation of the Group's whistleblowing process, including any associated activity.

External audit

Appointment and tendering

PricewaterhouseCoopers LLP (PwC) has served as Abcam's external auditor since September 2013, when a full tender process was carried out. The current audit partner has served since the firm's appointment, and is due for rotation in September 2018. Following the review of PwC's continued objectivity, independence and performance in respect of the 2014/15 financial year, and having received an expression of willingness to continue in office as external auditor, the Committee recommended to the Board the re-appointment of PwC as the Company's external auditor for the 2015/16 financial year. There were no contractual obligations that inhibited or influenced the Committee's recommendation. The external auditor is subject to ongoing effectiveness review and the Committee may choose to put the external audit contract out to tender at any time it considers appropriate.

Effectiveness

The Committee recognises the importance of having a high-calibre audit and as such, undertakes an annual assessment of the effectiveness of the external audit process. As part of its evaluation, the Committee considers the views of both financial and commercial management in addition to the Non-Executive Directors with a view to facilitating continued and measurable improvement in the effectiveness of the external audit process. The assessment of the external auditor's performance specifically considered:

- delivery of a thorough and efficient global audit in compliance with agreed plan and timescales;
- provision of accurate, robust and perceptive advice on key accounting and audit judgements, technical issues and best practice;
- a high level of professionalism and technical expertise consistently demonstrated by all audit staff;
- maintenance of continuity within the core audit team; and
- strict adherence to independence policies and other regulatory requirements.

The Committee concluded that the above factors had been met with a constructive working relationship between the external auditor and members of financial management. Moreover, the Committee determined that the audit process was sufficiently robust, with the external auditor demonstrating continued commitment to the performance of high-quality audit work.

Independence and objectivity

The Committee recognises both the need for an objective and independent external auditor and how such objectivity and independence might be, or appear to be, compromised through the provision of non-audit services. Our policy is to ensure we appoint the advisor who we believe is in the position to best advise the Company on the particular matter in question. Accordingly, the Committee operates a policy of prior approval of non-audit services by the external auditor with a view to safeguarding objectivity and independence.

Note 7 to the consolidated financial statements includes disclosures of the auditor's remuneration for the year, including an analysis of audit services, audit-related services and other non-audit services under those headings prescribed by law. The Committee monitors the level of non-audit fees in relation to the audit fee for its bearing on external auditor independence. Other non-audit fees were paid to PwC during the year, mainly in respect of its review of the Company's interim results report to shareholders and due diligence services in respect of the acquisition of Firefly BioWorks. Taking into account the relatively low quantum of fees paid for these non-audit services, the Committee does not feel auditor independence has been impeded.

The independence and objectivity of the auditor is regularly reviewed by the Committee taking into consideration relevant UK professional and regulatory requirements. The Committee receives an annual statement from the external auditor detailing its independence policies and safeguards and confirming its independence, taking into account relevant guidance regarding the provision of non-audit services by the external auditor. The Committee considers that, during 2014/15, the external auditor was sufficiently robust in dealings with members of financial management and that, in their absence, the external auditor was transparent and decisive in dealings with the Committee.

Internal controls framework and risk management

A rolling programme of assessing the effectiveness of key processes has been implemented and is carried out by members of the finance team, with support from the IT function. This involves visits to worldwide locations across the Group. The results and actions arising are reported to the Audit and Risk Committee. The internal reviews carried out in the year highlighted no significant control failings. Further details on Abcam's risk framework can be found on page 18.

Internal audit

Until now Abcam has not had a formal internal audit function; however, the Committee has continued to review risk management practices and risk tolerance and appetite to ensure the Board has maintained sound risk management and internal controls processes within the business.

The Committee undertook a review during the year of the need for an internal audit function and has concluded that given the size, complexity and global nature of the Group's operations, it is appropriate now to establish a formalised resource in this area. A key priority for 2015/16 will be to implement a strategically focused internal audit capability.

Review of financial statements and audit findings

The Committee reviewed the full and half-year financial statements and considered reports from management and the external auditor on these statements. Significant matters that were considered by the Committee in the year included the following issues, which were also areas of focus for the external auditor.

Issue	Assessment
Purchase accounting for the Group's acquisition of Firefly	The Committee reviewed and critiqued the critical accounting estimates used in the purchase price allocations, particularly the valuation of acquired intangible assets, and satisfied itself that these estimates were reasonable and appropriately applied. In addition the Committee considered whether the acquisition should give rise to an additional cash-generating unit (CGU) for impairment testing purposes, and concluded that Firefly is not a CGU (see note 12). The Committee addressed these matters through the receipt of reports from external valuation consultants and management which discussed the assumptions used. In addition, as a principal area of audit focus PwC provided detailed reporting to the Committee in respect of these matters. Further information is available in note 29 to the consolidated financial statements.
Inventory and property, plant and equipment valuation for in-house manufactured items	Inventory manufactured in-house is valued using a standard cost approach, on a first-in, first-out basis. The Group also capitalises within property, plant and equipment the costs of producing hybridomas[1] and assays. As part of the standard costing an element of overheads is allocated into each asset's valuation. The Committee discussed the calculation methodologies with management and also reviewed the report from the auditor on the results of its testing.
Inventory provisioning	The calculation of the inventory provision includes a degree of judgement of the likelihood that individual products may not be sold at some point in the future, at a value equivalent to or greater than cost. The Committee's review included an assessment of the reasonableness of future sales forecasts (which are based on actual sales patterns in previous years) and the shelf life of those products. The Committee also considered the overall provision as a percentage of the gross inventory balance.

1 A hybridoma is a hybrid cell produced by the fusion of a tumour cell with an ordinary antibody-producing cell, which then proliferates in cell culture and yields large amounts of a monoclonal antibody.

Sue Harris
Audit and Risk Committee Chairman
11 September 2015

Nomination Committee

Our job as a Committee is to ensure Abcam has the right leadership including a Board with the appropriate mix of attributes and skills to effectively develop, and to help ensure the delivery of, the Company's strategy. This year was an important one for the Committee, with several changes to our Board, including my appointment as Chairman of the Company and the Committee. We are confident the team now assembled will play a significant role in the achievement of our growth objectives.

Murray Hennessy
Nomination Committee Chairman

Key responsibilities of the Committee

In addition to leading the process for Board appointments and making recommendations to the Board in relation to new appointments, the Committee's general responsibilities include reviewing succession planning, Board composition and balance, and considering the roles and capabilities required for each new appointment based on an evaluation of the skills, experience, independence and knowledge of the existing Directors.

Board diversity and appointments procedure

Abcam recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and should be balanced appropriately.

Board composition is central to the effective leadership of the Group and, therefore, prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting on the Board's current balance of skills and experiences and those that would be conducive to the delivery of the Company's strategy. Selection for Board appointments is made on merit against this specification and not by reference to a prescribed quota. A recommendation is then made to the Board as to the core attributes sought.

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 appropriately qualified independent search firm will be engaged. Shortlisted 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 a formal offer of employment be made. Following appointment, a tailored induction programme is put in place to ensure the new Director rapidly gains the necessary knowledge to discharge his or her duties.

As described in more detail below, Sue Harris was appointed to the Board in the year, and we are already enjoying the fresh perspective she brings to Board discussions. Following Sue's appointment, female representation on the Board has risen to 22%, from 10% during 2013/14.

We have also made good progress in terms of gender diversity generally, with more women now filling senior management positions across the business. The Senior Leadership Team, which forms part of the next tier of management below the Executive Directors, comprises 60% women following several new appointments made through the year and since the year end. We continue to focus on this important area. The diversity charts on page 33 provide further useful information.

Committee members

Murray Hennessy (Chairman)
Sue Harris
Louise Patten
Michael Ross

Details of member appointments and biographies, and full attendance at Committee meetings held during the year appear on pages 28–29 and 33, respectively.

The Committee's terms of reference are available on the Company's IR website at www.abcamplc.com.

Board appointments in the year

As a result of Peter Keen stepping down from the Board at the AGM in November 2014 in line with best practice for independent non-executive directors, the Committee recommended to the Board that a search be commenced for a new NED to take the role of Chairman of the Audit and Risk Committee. Ridgeway Partners Ltd was retained to undertake the search, as a result of which Sue Harris was appointed on 12 December 2014. Sue brings a wealth of finance and commercial expertise which, combined with her broad corporate experience and scientific background, makes her an ideal person to further strengthen our Board.

Louise Patten was awarded the role of Senior Independent Director following Peter's departure, reflecting her extensive experience, having served on the boards of substantial quoted companies for more than 20 years.

A number of other Board changes were made early in 2014/15 and were announced and explained in detail in the 2013/14 Annual Report. These were as follows:

- Alan Hirzel was appointed as CEO on 8 September 2014, having joined the Board in January 2014;
- at the same time, Jonathan Milner moved from CEO to a newly created Deputy Chairman position and retains an active role in the continued development of the Company; and
- Mike Redmond stepped down from the Board at the AGM in November 2014 and I, Murray Hennessy, took over as Chairman of the Board from that date.

Following the year end, on the appointment of Suzanne Smith as Chief Legal Officer and Company Secretary, the roles of CFO and Company Secretary were decoupled, in line with best practice.

Priorities for 2015/16

A key role of the Nomination Committee is to ensure that plans are in place for the orderly and progressive refreshing of the Board and to identify and develop individuals with potential for Board positions. In the coming year the Committee will continue to focus in particular on the key issues of active talent management, putting in place sufficient development and retention plans for key individuals.

Murray Hennessy
Nomination Committee Chairman
11 September 2015

Remuneration report

Part 1a – Remuneration Committee Chairman's statement

On behalf of the Board, I am pleased to present you with the Remuneration Committee's report for the year ended 30 June 2015. This has been an important year for the Committee, involving a full review of our remuneration strategy for Executive Directors and senior staff. An overview of the proposed changes arising from this review is set out below, and is followed by the Directors' Remuneration Policy and the Annual Report on Remuneration.

Louise Patten
Remuneration Committee Chairman

Although not required by the AIM Listing Rules to provide all the information detailed in this report, the Directors have chosen to do so in accordance with best practice and in order to provide greater transparency to shareholders. This includes the details of our revised and updated policy on Directors' remuneration, which will be put to an advisory vote at the 2015 AGM. Any future changes to this policy will be put to a further advisory vote. The Annual Report on Remuneration will also be subject to an advisory vote at the forthcoming AGM.

This report has been prepared in accordance with Schedule 8 to the Accounting Regulations under the Companies Act 2006 and other related regulations.

Context of the Committee's decisions

The Committee is responsible for ensuring that executive remuneration is aligned to the successful delivery of strategy and to the performance of the executives and the SLT, ensuring that remuneration is appropriate to retain and attract talented executives.

2014/15 has been a year of significant delivery against the strategic growth initiatives that we outlined in 2013/14. In most cases, our financial and strategic results either exceed or are at the upper end of the stretching targets we set at the start of the year. Particular achievements include the delivery of adjusted PBT of £49.6m, 24.2% CER growth in RabMAb revenue, 28.2% CER growth in non-primaries revenue and the maintenance of our number one leading position in research antibodies. This progress gives us confidence that we are doing the right things to attract and retain consumers to our business as we continue to identify further growth opportunities.

Engagement with shareholders

Our intention to undertake a full strategic review of our remuneration structure and policies was communicated to shareholders in last year's Annual Report. In 2014/15 the review was undertaken in the context of the Group's strategy and growth aspirations, in a process which included consultation with our largest shareholders. We have sought to hear investors' views both via direct communication and also on an ongoing basis through broader investor interaction. The decisions made take into consideration the balance of feedback that has been received.

Strategic review of remuneration

Following the completion of the strategic review of remuneration and receipt of feedback from shareholders, we are now presenting a number of changes which will be put to an advisory vote at the 2015 AGM. Last year the Remuneration Committee was delighted to note that 98.6% and 99.6% of shareholders approved the Remuneration Policy and the 2013/14 Remuneration Report respectively, and I am confident that the proposed changes set out in this report balance the particular requirements of our business with good practice.

The review was undertaken in the context of Abcam's evolving strategy and growth aspirations, and against the background of a remuneration structure which has remained largely unchanged for the past six years, during which time the business has grown significantly. Market capitalisation, for example, has grown from around £200m at the beginning of 2009 to over £1bn today. But whilst Abcam is entering a new phase of its development it continues to have an entrepreneurial approach. The revised structure is therefore designed to:

- establish remuneration at a level appropriate to the size and scale of the business;
- continue to promote our underlying philosophy of share ownership;
- ensure that remuneration continues to support our ambition to be the brand most recommended by life science researchers;
- reward the sustainable delivery of profitable, long-term growth; and
- incorporate key aspects of emerging best practice.

Full details are set out in the body of the Remuneration Report but the key changes are as follows:

Policy changes in light of best practice:

- To increase the time horizon of LTIP awards. At least 60% of the CEO's LTIP award and 50% of the award for other Executive Directors will be subject to further holding periods. For the other Executive Directors, this will be over one and two years, increasing the overall time horizon of the awards to five years. For the CEO, a further portion of at least 20% of the award will have a holding period of an additional year, taking his time horizon to six years. This aligns with our philosophy of the importance of executives having a strong interest in shares.

Committee members

Louise Patten (Chairman)
Sue Harris
Anthony Martin

Details of member appointments and biographies, and full attendance at Committee meetings held during the year appear on pages 28–29 and 33, respectively.

The Committee's terms of reference are available on the Company's IR website at www.abcamplc.com.

Strategic review of remuneration continued

Policy changes in light of best practice continued

- To introduce clawback to the LTIP awards. From 2015/16, awards under the LTIP to Executive Directors will be subject to clawback for a period of two years following vesting in circumstances of material misstatement or gross misconduct.
- To introduce a cross-underpin to the Annual Bonus Plan (ABP). At the Committee's discretion, vesting may be restricted if any of the three performance elements (financial, strategic or personal) show serious underperformance, or if the Committee determines that there has been underperformance of an Executive Director in his role.

Structural changes to the LTIP:

- To increase the quantum of the LTIP award. In 2015/16, the LTIP awards to Executive Directors will increase from the current level of 50% of salary to 125% of salary for the CEO and to 100% of salary for the other Executive Directors, in the context of an unchanged maximum of 150% allowable under the Remuneration Policy.
- To re-balance the performance measures applied under the LTIP so that 70% of the award continues to be subject to stretching EPS targets, with the remaining 30% based on clearly measurable strategic KPIs which are critical to the long-term profitable growth of the business.
- To reduce the level of LTIP vesting for threshold performance from 50% to 25% of maximum.

The Committee will continue to monitor the current arrangements to ensure they remain aligned with Abcam's strategic goals and shareholder interests. All ABP and LTIP targets will be fully disclosed after vesting, excepting only where full disclosure would expose the business to a clear competitive risk.

Other key Committee decisions

In addition to the policy and structural changes outlined above, key decisions made by the Committee have included the following:

The discussion and approval of remuneration out-turns in respect of the 2014/15 financial year:

- The annual bonus out-turns for Executive Directors in 2014/15 were 75.0% and 71.9% of the maximum award for financial and strategic measures respectively, reflecting exceptional performance against stretching targets during the year. Out-turns against personal targets ranged from 6-18% of base salary. 30% of each Director's total award will be deferred in shares for a further two years. Further details regarding achievement against each performance target are set out on page 54.
- In respect of LTIP awards for which performance conditions were tested in the period, vesting was as follows:
  - Annualised compounded EPS growth over the three-year performance period ended 30 June 2015 was 11.3% against a minimum target of 10%; therefore, 12.7% of the awards granted under the LTIP on 1 November 2012 will vest on 1 November 2015.
  - Total shareholder return (TSR) over the three-year performance period ended on 1 November 2014 was 13.0%, which fell below the median of the comparator group. As a result, none of the TSR awards granted under the LTIP in November 2011 vested in November 2014.

Base salaries for Executive Directors and the Company Chairman:

- Alan Hirzel was appointed CEO on 8 September 2014. His base salary was set at £320,000.
- The Executive Directors proposed that no increases be made to their salaries in the 2015/16 year; similarly, no increase will be made to the Chairman's fee.

EPS targets for the LTIP:

- The Committee considers that EPS targets should be set at a level which is stretching but incentivising. The awards made in November 2014 had an EPS target which required annualised compound EPS growth over a three-year period of 12% for maximum vesting, with threshold vesting for 8% growth.
- These targets were considered carefully as part of the strategic review of remuneration in 2014/15 and the Committee concluded that they remain appropriate for the 2015/16 LTIP award. In particular, the Committee's view is that a top end 12% EPS performance target remains appropriately stretching and incentivising in the context of our business strategy.

CEO stepping down:

- Jonathan Milner stood down as CEO on 8 September 2014 after 16 years in the role and became Non-Executive Deputy Chairman.
- There was no payment in lieu of notice or other compensatory payment.
- Jonathan was treated as a good leaver for the purpose of his incentives.
- As a good leaver, the Committee awarded him a cash bonus payment for the 2014/15 year based on the pre-determined performance measures, but pro-rated for time served during the year. Conversely, the deferred share element of his 2014/15 award was not granted.
- In respect of outstanding deferred share awards, in line with the rules of the APB, these will vest on the second anniversary of the date of grant. Unvested LTIP awards will subsist, pro-rated for his period of employment as CEO, and will continue to be subject to performance conditions, tested at the normal time.
- Full details are set out in this report and I can confirm that the decisions made by the Committee were taken within the terms of the approved 2014 Remuneration Policy.

Wider employee share plan implementation and renewal

As previously reported we operate a number of other share schemes to incentivise employees across the Group to enhance shareholder value and to allow them the opportunity to become shareholders in the Company. The Abcam 2005 Share Option Scheme is due to expire during 2015/16. We are therefore seeking shareholder approval at the 2015 AGM for a new scheme which has similar terms. Board Directors do not participate in this scheme. The Company may implement new all-employee share schemes in the future, and it is envisaged that Executive Directors will be eligible to participate in any new all-employee share schemes.

> This has been a year of considerable activity for the Committee, and I would like to thank my fellow Committee members as well as the internal and external individuals who supported us with their commitment and hard work.

Louise Patten

Louise Patten
Remuneration Committee Chairman
11 September 2015

Remuneration report continued

Part 1b – Remuneration framework

Strategically aligned

- Remuneration should reflect and align with our business strategy and culture.
- Equity ownership can drive the right long-term behaviour and alignment with shareholders' interests.

Relevant to employees

- Each element of the package should be valued by employees and, as far as practicable, meet their differing needs and preferences.
- The ability to influence Company value should influence the remuneration mix for the employees.

Performance oriented

- Remuneration is structured in order to promote a performance culture.
- Employees should be rewarded based on their contribution to value creation.

Market competitive

- Remuneration must be market competitive in order to attract and retain talent as well as to avoid overpaying.

These work as a framework for remuneration decisions across the Company

Overall remuneration

The structure and quantum of individual remuneration packages varies by geography, role and level of responsibility. In general the proportion of variable remuneration in the total package increases with level of responsibility within the Company.

Fixed elements (base salary and benefits)

- Employees' base salaries are benchmarked against the relevant market taking into account the companies with which we compete for talent and geography.
- Retirement and other benefit arrangements are provided to employees with appropriate consideration of market practice and geographical differences.

Short-term incentives

- Assessment of short-term incentives under the Annual Bonus Plan is made against a corporate scorecard of key performance measures built around Abcam's key financial and other strategic priorities for the relevant year.
- A sales incentive plan is in operation for key account managers and other incentive schemes are in place across the Group to reward specific performance as appropriate within each entity.

Long-term incentives

- Discretionary long-term equity awards are made on an annual basis dependent on an employee's level of responsibility within the Company.
- For Executive Directors, vesting occurs at the end of a three-year period, with holding periods applying, up to a further three years.
- For the rest of the employee population, vesting periods vary dependent on local market practice, with either three-year vesting periods or phased vesting over a period of three years.
- There is a deferral of shares under the Annual Bonus Plan for Executive Directors and senior managers for a further two-year period following the initial year of performance measurement.

Part 2 – Directors' Remuneration Policy

This section sets out the policy which will be put to an advisory shareholder vote at the AGM on 5 November 2015. The policy will apply to any remuneration and loss of office payments made on or after 1 July 2015.

a) Executive Director remuneration policy

The following table summarises the key elements of our remuneration policy and highlights the changes which have been made to the policy approved by shareholders in 2014.

Element	Summary description	Summary of changes to policy from 2014/15
Base salary	Base salaries are set at a level to recognise the market value of the role, and individual's skills, experience and performance.	No change in policy.
Pension and benefits	Pension and other benefits provided in line with market practice.	No change in policy.
Annual Bonus Plan (ABP)	An annual bonus may be payable each year subject to performance against a scorecard of financial and non-financial targets. A portion is deferred as shares for a period of two years and is subject to clawback.	No change in policy.
Long Term Incentive Plan (LTIP)	Nil-cost options or conditional share awards vest at the end of a three-year performance period, subject to stretching and specific financial and strategic performance measures.	To increase the quantum of the LTIP award, normal annual awards will be 125% of salary for the CEO, and 100% of salary for other Executive Directors (previously 50% of salary for all Executive Directors). Introduction of holding periods of up to a further three years aligns with our philosophy of executive share ownership and long-term sustainability. Awards are subject to clawback provisions for a period of two years following vesting, in line with best practice.

The Remuneration Committee's policy is to attract and retain individuals of the highest calibre by offering remuneration competitive with comparable publicly listed companies, and to drive Group performance by providing arrangements which fairly and responsibly reward individuals for their contribution to the success of the Group.

Performance-related bonuses and long-term equity-based remuneration linked to demanding targets represent a substantial proportion of Executive Directors' potential remuneration, which aligns the interests of the individuals with those of the shareholders. Although deferred share awards are presented as short term, due to their performance conditions being over a one-year period, they must in fact be held for a further period of two years before vesting and the Committee therefore considers them to be long term in nature.

The Committee is satisfied that the composition and structure of the remuneration package is appropriate and does not incentivise undue risk taking.

Remuneration report continued
Part 2 – Directors' Remuneration Policy continued

a) Executive Director remuneration policy continued
Future policy table

Fixed elements – Base salary	
Purpose and link to strategy	To provide an appropriately competitive level of base salary in order to enable the Group to recruit, retain and motivate Executive Directors of the calibre required to achieve the Group's business strategy and objectives. To reflect the individual's skills, experience and role within the Group.
Operation	Base salaries are paid monthly in cash and are reviewed annually with increases applying from July in each year, although an out-of-cycle review may be conducted if the Committee determines it to be appropriate. A review will not necessarily lead to an increase in salary. When determining salaries, the Committee typically takes into account: • business performance; • individual performance, skills, experience and potential; • external market conditions; • salary levels at companies of a similar size, industry, global scope and complexity to Abcam; and • the pay and conditions of employees elsewhere in the Group.
Maximum opportunity	While there is no maximum, salary increases will typically be in line with the general level of increase awarded to other employees in the Group. Higher increases may be made at the Committee's discretion for reasons including (but not limited to): • increase in the scope and/or responsibility of the individual's role; • realignment to market level; • development of the individual within the role; and/or • where a larger increase is considered necessary for the retention of an Executive Director. Salary levels for the year ending 30 June 2016 are shown in Part 3(j) of this report.
Performance measures	No specific performance measures are used, although the overall performance of each Executive Director is considered by the Committee when reviewing base salaries.

Fixed elements – Benefits	
Purpose and link to strategy	To provide competitive benefits in line with market practice to enable the Group to recruit and retain high-calibre Executive Directors. To support personal health and well-being. Participation in the Company's Share Incentive Plan (SIP) encourages share ownership and alignment with the wider workforce.
Operation	The Executive Directors are provided with core benefits of life insurance cover up to five times base salary, family private medical cover and annual health screening. The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme which allows the Director to choose a variety of benefits to suit individual needs, such as: • additional life assurance; • critical illness cover; • dental insurance; • travel insurance; • cycle to work scheme; • childcare vouchers; • additional holidays; and • pension contributions. Other benefits may be provided if the Committee considers it appropriate. Expenses incurred in the performance of duties may be reimbursed or paid for directly, including any tax due on expenses. Situation-specific taxable benefits may be provided as may be required in the interests of the Group's business, such as, but not limited to, housing or relocation allowances, travel allowance or other expatriate benefits. Executive Directors are eligible to participate, on the same basis as other employees, in the Company's HMRC tax advantaged SIP or any other all-employee share plan operated in the future.
Maximum opportunity	Reasonable market cost of providing benefits plus the employer's national insurance (NI) saving on any salary sacrificed. Participation by Executive Directors in the SIP and any other all-employee share plan operated in the future is limited to the maximum award levels permitted by the relevant legislation. There is no overall maximum level of benefit.
Performance measures	No performance measures.

a) Executive Director remuneration policy continued

Future policy table continued

Fixed elements – Pension benefits	
Purpose and link to strategy	To provide pension contributions in line with market practice, which will enable Directors to plan for retirement.
Operation	The Company contributes a percentage of base salary into a flexible benefits/salary sacrifice scheme, as described above, which allows the Director to choose a variety of benefits including pension contributions. The Director also has the option to sacrifice an element of base pay to purchase additional benefits as detailed above. If as a result of any salary sacrificed the Company's NI liability is reduced, the benefit of this reduction is added as a contribution to each Director's pension fund. For those in excess of the pension lifetime allowance applicable in the UK, the Company's contribution may be taken as a cash allowance (subject to payroll deductions and the Director meeting any employer-related NI costs arising).
Maximum opportunity	The current level of Company contribution is 12%. This may be amended from time to time in accordance with benchmarking reviews against current market practice. There is no overall maximum percentage.
Performance measures	No performance measures.

Short-term incentives – Annual Bonus Plan (ABP)	
Purpose and link to strategy	To incentivise Executive Directors to achieve performance objectives that are directly linked to both the Group's short-term and long-term financial and strategic goals. The performance measures align to the strategy of the business and shareholder value creation. The deferred portion of the award aligns the long-term interests of the Executive Directors and shareholders and supports retention.
Operation	An annual bonus of both cash and deferred shares may be awarded under the ABP. The cash component of the annual bonus, if earned, is paid annually in cash after the audited preliminary announcement of results for that year end is signed off. Deferred shares have a compulsory deferral of a further two years, subject to continued employment within the Group. Bonus payments are not pensionable.
Maximum opportunity	150% of base salary, of which at least 30% of the bonus must be deferred in shares.
Performance measures	Targets for the bonus may be based on individual performance, strategic priorities for the Group and financial performance measures. Performance is assessed over one financial year. Individual performance is normally measured through an assessment of comprehensive business deliverables, personal performance and the achievement of specific individual objectives. Financial performance targets are chosen carefully to ensure a strong link between reward and underlying Group financial performance. As an example, these measures may typically include PBT or other measures as appropriate. Strategic performance targets are selected from measurable key performance indicators aligned with Abcam's stated strategy. The exact measures, weightings, threshold vesting and targets are determined by the Committee each year taking into account the Group's key strategic priorities and the approved budget for the year. Further details of the measures, weightings, threshold vesting and targets for 2014/15 are given on page 54. In addition to the above performance measures, an award may be reduced (including to nil) where the Committee determines that a participant has underperformed.
Malus and clawback	The Committee may reduce or cancel any cash award that has not been paid in the case of a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the payment of the cash award, or following fraud or other gross misconduct of the participant. In addition, the Committee may reduce or reclaim any deferred share award in the case of a material adverse adjustment to the audited consolidated accounts of the Company or following fraud or other gross misconduct, material dishonesty, material failure of risk management and/or material wrongdoing on the part of or by the participant for a period of two years following the end of the initial year of performance measurement.

Remuneration report continued

Part 2 – Directors' Remuneration Policy continued

a) Executive Director remuneration policy continued

Future policy table continued

Long-term incentives – Long Term Incentive Plan (LTIP)	
Purpose and link to strategy	To incentivise long-term value creation through the setting of stretching targets which ensure a strong link between reward, underlying Group financial performance and shareholder returns. To support recruitment and retention.
Operation	Annual nil-cost options or conditional share awards vesting at the end of a three-year performance period. Awards made in 2015/16 will be 125% of salary for the CEO and 100% of salary for other Executive Directors. Significant post-vesting holding periods will apply. For 2015/16 the holding periods are as follows: % of award / CEO / Other Executive Directors Released after three-year vesting period: 40% / 50% Released after four years: 20% / 25% Released after five years: 20% / 25% Released after six years: 20% / – Subject to statutory limits, the first £30,000 of value awarded under the LTIP may be structured to be tax efficient using an HMRC tax advantaged executive share option scheme. This involves making a simultaneous award under the Company Share Option Plan (CSOP).
Maximum opportunity	While the maximum award limit under the rules of the LTIP is 150% of base salary, awards for 2015/16 will be 125% for the CEO and 100% for other Executive Directors.
Performance measures	Vesting of awards is based on specific financial or quantifiable strategic measures against stretching targets over the vesting period. The vesting period is three years from the date of grant, or such other period set by the Committee in its discretion. The exact measures, weightings, threshold vesting and targets are determined by the Committee each year taking into account the Group's key strategic priorities, the approved budget for the year and the Group's longer-term financial outlook.
Malus and clawback	The Committee may reduce or cancel any award that has not been released in the case of a material adverse adjustment to the audited consolidated accounts of the Company for any accounting period ending before the release of the award, or following fraud or other gross misconduct of the participant. In addition, the Committee may reclaim any award that has already been released in the case of a material adverse adjustment to the audited consolidated accounts of the Company or following fraud or other gross misconduct, material dishonesty, material failure of risk management and/or material wrongdoing on the part of or by the participant for a period of two years following the release of the award or throughout any period that a participant is subject to a work-related criminal investigation.

Operation holding periods:

% of award	CEO	Other Executive Directors
Released after three-year vesting period	40%	50%
Released after four years	20%	25%
Released after five years	20%	25%
Released after six years	20%	–

Malus and clawback apply where stated in the above tables. Other elements of remuneration are not subject to recovery provisions. References to base salary in the table above refer to base salary prior to any voluntary waiver.

The Remuneration Committee believes that situations may arise when it would be in the Company's best interests for them to retain discretion on certain matters as to how the Remuneration Policy described above is applied. These are as follows:

- to adjust incentive performance targets in light of changes within Abcam's business such as acquisitions or divestitures;
- in the context of one-off recruitment cash or equity awards, determine appropriate performance conditions for any equity award, taking account of the circumstances of each individual case;
- in the operation of the LTIP, subject to any statutory prohibition:
  - vary the period from the date of grant to the vesting of an award from the usual three-year period;
  - determine and vary the post-vesting holding period;
  - meet any stamp duty or liability for any other taxes or expenses arising;
  - impart additional and/or modified terms and conditions relating to the grant, release or exercise of any award as may be necessary to comply with or take account of any relevant laws or regulations;
  - determine whether the participant shall be liable for the employer's NI contributions payable on the release or exercise of an award;
  - determine that an award that has not been released shall not lapse on cessation of employment for reasons including, amongst others, injury, disability, ill health, retirement, redundancy and death;
  - determine the period over which a participant may exercise all released nil-cost option awards, following his cessation of employment;
  - if events subsequently occur which cause the Committee to consider that the existing performance requirements have become unfair or impractical, amend the relevant performance requirements, ensuring that they are no more or less difficult to abide by or satisfy as those originally imposed or last amended; and
  - to determine that any LTIP award should be reduced if it reasonably considers that there is a significant misalignment between the attainment of the performance targets and the underlying sustainable performance improvement of the Company; and
- in the operation of the ABP:
  - where the Committee is of the opinion that the Group is facing severe cash flow restraints that threaten the Group's ability to fund its operations, it can reduce the proportion of a cash award under the ABP which is capable of vesting or determine that the cash award may be settled in plan shares, in whole or in part; and
  - to determine that any annual or deferred bonus awards should be reduced if it reasonably considers that there is a significant misalignment between the attainment of the performance targets and the underlying sustainable performance of the Company.

a) Executive Director remuneration policy continued

Selection of performance measures and how targets are set

LTIP

Performance measures for the LTIP are selected after careful consideration by the Committee and where appropriate following consultation with larger shareholders.

The Committee believes that a combination of EPS growth and measures based on Abcam's key strategic priorities currently provides the best alignment to Group strategy and will encourage, reinforce and reward the delivery of sustainable shareholder value. For 2015/16 awards, 70% of the LTIP award will be subject to EPS targets and 30% will be subject to the achievement of quantitative and measurable strategic KPIs in the same format as those used under the ABP as outlined below, but with three-year performance targets.

The Committee has set a stretching target for the reported EPS growth performance condition for the awards made in November 2014, after taking into account the Group's financial projections for the three-year vesting period. The setting of the targets in future will reflect the Group's prospects to ensure that they are suitably challenging while being motivational.

Annual Bonus Plan for Executive Directors

The annual award under the ABP normally consists of three components: financial profit measures, key strategic goals and an individual performance measure based on the achievement of specific personal targets.

The strategic goals are based on the successful Group delivery against a set of performance measures which are chosen by the Committee to closely align to the strategy of the business and shareholder value creation as currently outlined on pages 12–13.

Financial performance measures are set annually and chosen carefully to ensure a strong link between reward and underlying Group financial performance. Each year the Committee considers the most appropriate target to apply for the following financial year, taking into account the Group's key strategic priorities and the approved budget for the year.

The individual performance bonus objectives are normally specific to each Executive Director and are set based on comprehensive business deliverables, personal performance and the achievement of specific individual objectives. The Committee may determine that measures and targets apply across some or all Executive Directors.

Further details of the measures for 2015/16 are set out on page 63. Achievement of the targets for these measures would result in a 50% payout of the relevant bonus, with adjustments to reflect over or under performance.

Remuneration arrangements across the Group

We firmly believe that successful delivery of our strategy can only be achieved with engaged and motivated employees and that our Group remuneration philosophy is sufficient to attract and retain high-calibre individuals. While this philosophy is consistent across the Group there may be variations due to various factors, including geography and the local talent market.

- **Salaries and benefits** – a range of factors are considered including business and individual performance, the pay of other employees and external market data.
- **LTIP and ABP** – in addition to participation in the LTIP, key management below Board level may receive some of their annual bonus in shares under the ABP, which must be deferred for a further two years. The targets and deferral retention policies under both schemes are in line with the policy for Executive Directors (except for the extended holding period under the LTIP, which applies only to the Executive Directors). Other annual bonuses across the Group are typically linked to local business and individual performance.
- **All-employee share plans** – an HMRC tax advantaged SIP is open to all UK eligible employees (including Executive Directors) on the same terms, giving them the opportunity to become shareholders in the Company. Currently over 280 employees participate in the SIP with a combined beneficial or conditional holding of over 970,000 shares.
- A number of other share schemes are in place to incentivise employees across the Group to enhance shareholder value, and to allow them the opportunity to become shareholders in the Company where possible. The Company may implement new all-employee share schemes in the future, and it is envisaged that Executive Directors will be eligible to participate in any new all-employee share schemes.

b) Chairman and NED remuneration policy

Overall remuneration	
Purpose and link to strategy	To attract and retain an appropriately experienced Chairman and independent NEDs of suitable calibre to fulfil a range of different roles including financial expert/Audit and Risk Committee Chairman, Senior Independent Director and other Committee Chairmen. To pay fees that reflect responsibilities and workload undertaken and that are competitive with peer companies.
Operation	NED fees consist of a base fee plus a fee for membership or chairmanship of each of the Committees. NED fees are determined by the Chairman of the Board and the Executive Directors. The Chairman's fee is proposed by the Committee and approved by the Board as a whole with the Chairman taking no part in the decision. Fees are reviewed on an annual basis and take account of fees paid for similar roles by peer companies and the skills and expected time commitment of the individual concerned. An out-of-cycle review may be conducted if the Committee determines appropriate. A portion of the fees may be delivered or paid by reference to a fixed number of Company shares. Expenses incurred in the performance of non-executive duties may be reimbursed or paid directly, including any tax due on expenses. The NEDs and the Chairman are not eligible to receive bonuses or pension contributions, nor can they participate in the executive or all-employee equity plans.
Maximum opportunity	Fees are set at an appropriate level taking into account the factors outlined in this table. Any Director who devotes special attention to the business of the Group, or otherwise performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, may be paid additional fees to be determined by the Committee.
Performance measures	None.

Remuneration report continued

Part 2 – Directors' Remuneration Policy continued

c) Recruitment policy

Our philosophy for remuneration is to attract and retain leaders who are focused and encouraged to deliver business priorities within a framework that is aligned with the long-term interests of the Company's shareholders.

The following factors are taken into account when negotiating a new appointment as Executive Director to the Board:

- **Base salary** – to be set based on relevant market data, experience and skills of the individual, internal relativities and their current base salary. Where new appointments have initial base salaries set below market, the shortfall will normally be managed with phased increases over a period of two to three years, subject to their development in the role. For interim positions a cash supplement may be paid rather than salary.
- **Bonus** – the annual and deferred bonuses described in the table above will apply to a new appointee with the relevant maximum being pro-rated to reflect the proportion of employment over the year. The Committee may determine that for the first year of appointment the annual bonus award will be subject to such conditions as it may determine.
- **Share incentives** – usually new appointees will be granted awards under the LTIP on the same terms as other Executive Directors.
- To facilitate the recruitment of an Executive Director it may be necessary to buy out existing awards from their current employer. Any buyout may take the form of a cash payment or share award and would take into account the terms of the arrangements (e.g. form of award, performance conditions and timeframe) being forfeited. The over-riding principle will be that any replacement buyout awards should be of no higher commercial value to the awards which have been forfeited. So far as practical any buyout would make use of existing plans.
- The maximum level of variable remuneration which may be granted in the first year (excluding buy-outs) is in line with the aggregate maximums set out in the policy table and shall be no more than 275% of salary.

d) Service contracts and termination arrangements

Executive Directors' service contracts, which include details of remuneration, will be available for inspection at the forthcoming AGM in November 2015 and during normal business hours at the Company's registered office.

Executive Directors have rolling service contracts. In order to ensure retention of key talent, and to minimise any potential disruption to the business, the notice period for Alan Hirzel, Jeff Iliffe and Jim Warwick was extended from six months to twelve months from September 2014.

The details of Executive Directors' contracts are summarised below:

	Commencement of contract	Notice period (months)
Alan Hirzel	9 September 2014	12
Jeff Iliffe	9 September 2014	12
Jim Warwick	9 September 2014	12

Any payment in lieu of notice is at the Committee's discretion and both mitigation and the phasing of payments through the notice period would be considered by the Committee where appropriate. If appropriate, certain expenses or payments may be provided in connection with termination, such as legal costs and the costs of meeting any settlement agreement.

All NEDs, including the Chairman, serve under letters of appointment. Currently either party can terminate on one month's written notice, other than Jonathan Milner whose contract provides for a six-month notice period. The policy in relation to notice periods may be reviewed from time to time but will not exceed six months.

Neither the Chairman nor the NEDs have any right to compensation on the early termination of their appointment. The details of NEDs' current contracts are summarised below:

	Commencement of contract	Notice period (months)
Murray Hennessy	9 September 2014	1
Jonathan Milner	9 September 2014	6
Sue Harris	12 December 2014	1
Anthony Martin	16 September 2011	1
Louise Patten	27 March 2014	1
Michael Ross	1 November 2011	1

Vesting of incentives for leavers

Cash and deferred share awards under the ABP

Any cash or deferred share awards outstanding under the ABP will ordinarily lapse on termination of employment. In certain circumstances, such as injury, disability, ill health, retirement, redundancy and death or any other reason at the discretion of the Remuneration Committee, it will vest in full on the second anniversary of the date of grant.

Alternatively the Remuneration Committee may determine that deferred shares vest at cessation of employment. Where vested deferred share awards are in the form of a nil-cost option, the award holder would then be entitled to exercise these for a period of twelve months from the date of vesting, after which time any unexercised nil-cost options will lapse.

Any unvested cash or deferred award outstanding under the ABP may be paid, normally on a pro-rata basis for the period of the financial year in employment, at the Remuneration Committee's absolute discretion. Any bonus paid would be based on the Remuneration Committee's assessment of the achievement of the relevant performance targets.

LTIP awards

Unvested LTIP awards ordinarily lapse on cessation of employment, unless the Committee in its absolute discretion determines otherwise for reasons including, amongst others, injury, disability, ill health, retirement, redundancy and death. In this instance, the proportion of the award to be released is calculated based on the amount of the relevant award period completed on the date of cessation and on the satisfaction of the performance requirements relating to the award. The extent to which any further holding periods would continue to apply would be at the Committee's discretion taking into account the circumstances of departure.

CSOP options ordinarily lapse on cessation of employment. Options may be exercised in certain leaver circumstances including death, injury, ill health, disability, redundancy, retirement or the sale of the individual's employing company or business out of the Group. The proportion of the option that is exercisable in these circumstances is based on the proportion of time from grant to the third anniversary and by reference to the performance requirements. The Board may at its discretion permit options to be exercised by other leavers on such basis as it determines.

SIP awards

Payments may be made under the Company's SIP, the terms of which are governed by plan rules complying with HMRC requirements, and include certain provisions for employees leaving the Group.

d) Service contracts and termination arrangements continued

Change of control

All of Abcam's equity-based plans contain change of control clauses. Deferred share awards typically vest upon change of control. Under the LTIP, on a change of control, merger or demerger, the Remuneration Committee may at its discretion determine the proportion of the award that shall be released, taking account of whatever factors it considers appropriate, as well as the period over which those awards may be exercised.

e) Existing contractual arrangements

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Remuneration Policy where the terms of the payment were agreed:

(i) before the policy came into effect; or

(ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

The Committee may make minor changes to the policy that do not have a material advantage to Directors, to aid in its operation or implementation, without seeking shareholder approval but taking into account the interests of shareholders.

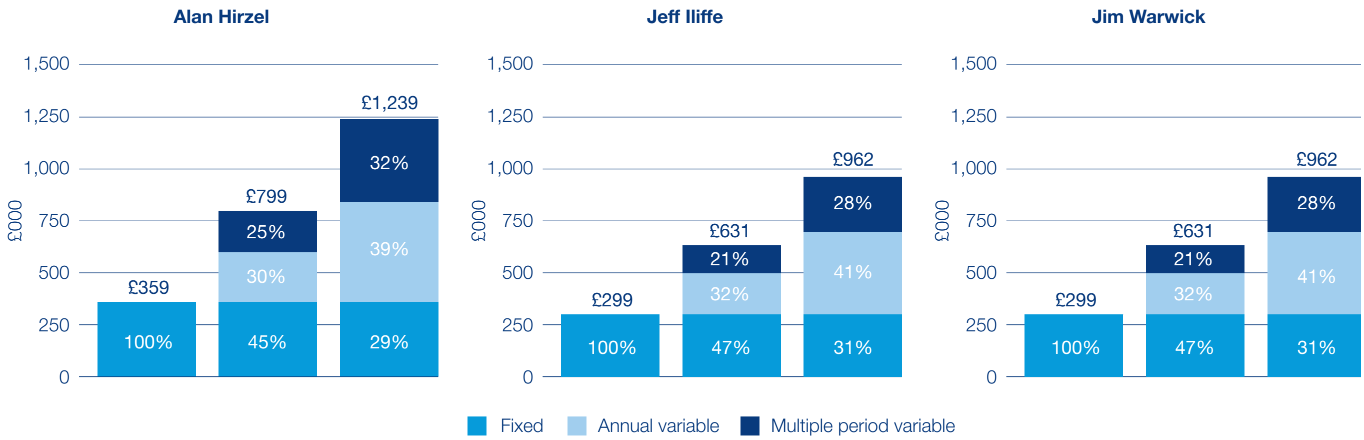
f) Remuneration scenarios

The charts below show hypothetical values of the remuneration package for 2015/16 in line with the policy above and include base salary, pension, benefits and incentives. The charts provide an illustration of the proportion of total remuneration made up of each component of the policy and the value of each component. These charts are for illustrative purposes only and actual outcomes may differ from those shown.

For these purposes base salary is the latest known salary for 2015/16, benefits are as disclosed in the single figure table in Part 3(a) of this report for the year ended 30 June 2015 and pension is calculated as 12% of base salary, assuming no cash election or waiver has been made.

Three scenarios have been illustrated for each Executive Director:

Minimum performance	• No bonus payout • No vesting under the LTIP
On-target performance	• 75% of salary payout under the ABP (of which 30% is deferred into shares, being 22.5% of salary) • LTIP awards to a value of 125% of salary for Alan Hirzel and 100% of salary for the other Executive Directors, of which 50% vest
Maximum performance	• 150% of salary payout under the ABP (of which 30% is deferred into shares, being 45% of salary) • LTIP awards to a value of 125% of salary for Alan Hirzel and 100% of salary for the other Executive Directors, of which 100% vest



Notes

1 Fixed remuneration is comprised of salary, standard benefit provision and employer pension contribution/allowance.

2 Annual variable remuneration comprises cash awards under the ABP and deferred bonuses awarded under the ABP, for which performance targets are measured over a one-year period.

3 All scenarios assume no share price appreciation during the vesting period. Therefore, depending on share price performance, the actual outcomes could be higher.

4 All-employee share plans have been excluded, as have any legacy awards which Executive Directors may hold.

Remuneration report continued

Part 2 – Directors' Remuneration Policy continued

g) Shareholder engagement

The Committee is strongly committed to an open and transparent dialogue with shareholders on remuneration matters. We believe that it is important to meet regularly with our key shareholders to understand their views on our remuneration arrangements and discuss our approach.

In line with our ongoing commitment to open and transparent dialogue with shareholders, the Chairman of the Committee discussed the proposed revisions to our Remuneration Policy with several of our largest shareholders during the year. These discussions have informed the disclosures in this report, as well as the decisions made by the Committee in determining the remuneration for the Executive Directors.

The Committee will continue to engage with shareholders going forward and will aim to consult on any material changes to the policy or its application.

h) Consideration of conditions elsewhere in the Group

The Committee has oversight of the main compensation structures throughout the Group and actively considers the relationship between general changes to employees' remuneration and Executive Director reward. When considering potential changes to Executive Director remuneration the Committee is provided with comparative employee information, e.g. average salary reviews across the Group.

The Committee does not consider it appropriate to consult directly with employees when formulating Executive Director reward policy. However, it does take into account information provided by the People and Organisational Development Director and feedback from our global employee satisfaction survey, which includes questions about pay and conditions generally.

Part 3 – Annual Report on Remuneration

AUDITED INFORMATION

a) 2014/15 single total figure of remuneration for Executive Directors

The aggregate remuneration provided to Directors who have served as Directors in the year ended 30 June 2015 is set out below, along with comparatives for the prior year.

Executive Directors

	Jonathan Milner[1]		Alan Hirzel[2]		Jeff Iliffe[3]		Jim Warwick	
	2014/15 £000	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000	**2014/15 £000**	2013/14 £000
Salary	**70**	321	**306**	100	**265**	257	**265**	260
Taxable benefits	**2**	3	**1**	—	**2**	2	**2**	1
Annual bonus	**54**	235	**235**	65	**182**	169	**191**	169
Deferred bonus	**23**	72	**101**	20	**78**	52	**82**	52
Long-term incentives	**26**	4	**5**	—	**24**	4	**25**	4
Pension-related and other benefits[4]	**—**	7	**37**	12	**29**	32	**5**	5
Total executive remuneration	**175**	642	**685**	197	**580**	516	**570**	491
Non-Executive fees	**57**	—	**—**	—	**—**	—	**—**	—
Single total remuneration	**232**	642	**685**	197	**580**	516	**570**	491

1 In the prior year, Jonathan Milner waived a £39,000 increase in salary which would have taken his salary up to £360,000. His bonus and benefits were based on his salary prior to the waiver. He made no such waiver in 2014/15. Jonathan stepped down as CEO and was appointed Non-Executive Deputy Chairman on 9 September 2014.

2 Alan Hirzel was employed on 5 August 2013. He was appointed to the Board of Directors on 30 January 2014, and his remuneration and benefits from this date onwards have been included in the comparatives disclosed in the table above. His deferred bonus award for 2013/14 was £44,289; however, the amount disclosed in the comparative above relates to the period following his appointment to the Board.

3 Jeff Iliffe took unpaid leave with a value of £2,723 in 2013/14, and this has been deducted from the 2013/14 comparative salary disclosed in the table above.

4 In place of pension contributions that can no longer be contributed in a tax-efficient way, an additional cash allowance and/or provision of certain benefits have been provided to Jonathan Milner and Jim Warwick since 6 April 2012 and to Jeff Iliffe from 6 April 2014. The value of these cash payments and benefits has been disclosed within pension-related and other benefits in the table above. Jonathan Milner waived his entitlement to £7,000 (2013/14: £35,000) and Jim Warwick waived his entitlement to £26,000 (2013/14: £26,000) of these payments in lieu of retirement benefits. The Company made donations to charities of its choice amounting to the total amounts waived.

AUDITED INFORMATION continued

a) 2014/15 single total figure of remuneration for Executive Directors continued

Executive Directors continued

The figures in the single figure table above are derived from the following:

Salary	The amount of base salary received in the year.
Taxable benefits	The taxable value of benefits received in the year.
Annual bonus	The value of the cash bonus earned in respect of the year under the ABP.
Deferred bonus	The value of the bonus in respect of the year under the ABP, which will be deferred as a nil-cost option or conditional share award over Abcam plc shares, for at least two years from the date of award. The deferred element is not subject to further performance conditions, but vesting normally requires continuation of employment.
Long-term incentives	The value of performance-related incentives whose performance targets relate to a period ending in the relevant financial year and the value of Free and Matching Shares granted in the year under the HMRC tax advantaged SIP, based on the fair value of the shares at the date of grant. The LTIP awards made in 2010 and 2011 were each divided into two equal portions, of which half were based on a compound unadjusted EPS growth target (relating to the relevant financial years of the Company) and half were based on relative TSR performance against a comparator group, measured over the vesting period of the award, being three years from each date of grant. The LTIP awards made in 2012 were based solely on compound EPS performance. The values shown in the 2014/15 column therefore relate to the TSR awards which were due to vest on 1 November 2014, but which did not meet the relevant performance conditions, and so lapsed, along with the LTIP awards which will vest on 1 November 2015, valued using the average mid-market closing share price over the last three months of the financial year. The values in the 2013/14 column relate to the TSR awards which were due to vest on 2 December 2013, but which did not meet the relevant performance conditions, and so lapsed, along with the EPS awards which were due to vest on 1 November 2014, but which did not meet the relevant performance conditions, and so also lapsed.
Pension-related and other benefits	The value of the employer contribution to the defined contribution pension plan (or the value of a salary or benefit supplement paid in lieu of a contribution to this pension plan).

Details of individual elements of remuneration

Base salary/fees

Salary increases for Executive Directors from 1 July 2014 were 2%, which was in line with cost of living increases for UK-based employees. There will be no base salary increase for Executive Directors in 2015/16.

Taxable benefits

Benefits comprise amounts in respect of life insurance, private medical cover and annual health screening.

Annual and deferred bonus

For the year ended 30 June 2015, the bonus under the ABP consisted of three elements: Group profit performance, achievement of specific Group strategic goals and individual performance targets. 30% of the bonus will be deferred into Abcam plc shares for a further two years from the date of approval of these audited financial statements subject to continuation of employment. The deferred element is not subject to further performance conditions.

Remuneration report continued
Part 3 – Annual Report on Remuneration continued

AUDITED INFORMATION continued
a) 2014/15 single total figure of remuneration for Executive Directors continued
Details of individual elements of remuneration continued
Annual and deferred bonus continued

The targets and performance outcomes which resulted in the annual bonus shown in the single figure table are as follows:

Annual Bonus Plan element	Performance
Financial (50% of total bonus) Financial performance is based on the Group's adjusted profit before tax, loss from Firefly and cash bonuses, on a constant exchange rate basis.	The table below shows the target ranges for 2014/15.

	Adjusted PBT, at constant exchange rates and before Firefly losses and cash bonuses	% of maximum
Threshold	£48.2m–£48.9m	25%
Target	£48.9m–£50.3m	50%
Exceed	£50.3m–£51.7m	75%
Maximum	>£51.7m	100%

Overall out-turn was 75% of the maximum financial element.

Annual Bonus Plan element	Performance
Strategic (33% of total bonus) The strategic goals' performance measures are aligned to the Group's four KPIs: RabMAb primaries revenue growth, non-primaries revenue growth, NPS and market position. Our performance in the year against these KPIs is presented on page 17.	The table below shows each strategic KPI measure, its relative weighting and an indication of the targets.

Strategic measure	Weighting	Threshold	Target	Exceed	Maximum
RabMAb primaries CER revenue growth	13%	16%–19%	19%–20%	20%–22%	>22%
Non-primaries CER revenue growth	7%	26%–28.6%	28.6%–30.5%	30.5%–33%	>33%
NPS	10%	18%–20%	20%–22%	22%–24%	>24%
Market position	3%	Target to maintain #1 position in research primary antibodies as well as to improve market share in at least two other areas.			

Achievement was as follows:

	Threshold	Target	Exceed	Maximum
RabMAb primaries revenue growth				✓
Non-primaries revenue growth	✓			
NPS			✓	
Market position		✓		

Overall out-turn was 71.9% of the maximum strategic element.

Annual Bonus Plan element	Performance
Personal (17% of total bonus)	The personal targets are specific to each individual Executive Director. Out-turns ranged from 6% to 18% of base salary.

Jonathan Milner's pro-rated bonus for the financial year was based on Group financial and strategic measures only, in the proportion 60:40.

Long-term incentives

The values shown in the 2014/15 column in the 'single total figure of remuneration' table relate to those awards for which the performance conditions were tested in the year: the TSR awards which vested on 1 November 2014 and the LTIP awards which will vest on 1 November 2015, based on EPS performance over the three years ended 30 June 2015.

AUDITED INFORMATION continued

a) 2014/15 single total figure of remuneration for Executive Directors continued

Details of individual elements of remuneration continued

Long-term incentives continued

Vesting of the TSR awards was determined as follows, with proportional straight-line vesting between these points, over the three-year period ended on 1 November 2014:

TSR performance compared to comparator group	% of TSR award vesting
Below 50th percentile	0%
At 50th percentile	30%
At or above 75th percentile	100%

The comparator group consisted of the companies making up the FTSE 250. The Company's TSR performance over this three-year period fell below the median of the comparator group and therefore none of the TSR awards vested.

Vesting of the LTIP awards based on EPS performance over the three-year period ended 30 June 2015 was determined as follows, with proportional straight-line vesting between these points:

Annualised, compounded growth in EPS	% of EPS award vesting
Below 10%	0%
At or above 20%	100%

The Company's annualised, compounded unadjusted EPS growth over the three-year performance period ended 30 June 2015 was 11.3%, resulting in 12.7% of the EPS awards vesting.

Under the SIP, £3,600 of Free Shares (2013/14: £3,000) and £1,800 (2013/14: £1,500) of Matching Shares were awarded to each Executive Director in office on the date of grant.

Retirement benefits

The Company operates a flexible benefits scheme under which the Executive Directors are entitled to contributions to be made by the Company on their behalf equivalent to 12% of base salary. Each Executive Director can choose how to spend this contribution amongst the specific benefits available and also has the option to sacrifice an element of base pay to make additional pension contributions into the Company's money purchase pension scheme or to purchase other benefits. As a result of the salary sacrificed and used to purchase additional pension contributions or benefits, the Company's national insurance (NI) liability is reduced and the benefit of this reduction is added as a contribution to each Executive Director's pension fund. This amount is included within the pension-related benefit figures disclosed in the 'single total figure of remuneration' table on page 52.

Where Executive Directors have elected to preserve their current lifetime allowance for pension contributions, meaning that no further pension contributions can be made into their pension schemes, they are entitled to draw a cash supplement or other benefits equivalent to the cost to the Company of their pension entitlement, as adjusted for employer's NI contributions, such that the Company is in no better or worse position. These amounts have been included within the pension-related benefits disclosed in the 'single total figure of remuneration' table on page 52.

b) 2014/15 single total figure of remuneration for the Chairman and NEDs

	Fees	
	2014/15 £000	2013/14 £000
Mike Redmond[1]	**19**	72
Murray Hennessy[2]	**129**	39
Jonathan Milner[3]	**57**	—
Sue Harris[4]	**28**	—
Peter Keen[1]	**14**	45
Anthony Martin	**39**	39
Louise Patten[5]	**50**	13
Michael Ross	**35**	37
Total remuneration	**371**	245

1 Resigned from the Board on 3 November 2014.

2 Murray Hennessy was appointed Chairman on 3 November 2014, having previously served as a Non-Executive Director. His fees disclosed in the table above include the total amount payable to him during the year in respect of each role.

3 Jonathan Milner transferred from CEO to Non-Executive Deputy Chairman on 9 September 2014. The fees in this table are those payable in his non-executive capacity from that date.

4 Sue Harris was appointed to the Board of Directors on 12 December 2014. Her remuneration from this date onwards has been included in the above table.

5 Louise Patten was appointed to the Board of Directors on 27 March 2014. Her remuneration from this date onwards has been included in the comparatives in the above table.

Remuneration report continued

Part 3 – Annual Report on Remuneration continued

AUDITED INFORMATION continued

c) Executive Directors' scheme interests awarded during 2014/15

Executive Director	Type of interest awarded	Award basis	Face value of award £000	% vesting at minimum performance requirements	Performance period	Date of award	Date of vesting
Alan Hirzel Jeff Iliffe Jim Warwick	LTIP	Total of 50% of base salary (less the value of SIP Free and Matching awards)	155 128 128	50%	1 Jul 2014–30 Jun 2017	4 Nov 2014	4 Nov 2017
Alan Hirzel Jeff Iliffe Jim Warwick	SIP – Free Shares	Maximum award as per scheme rules	3 3 3	n/a	n/a	24 Oct 2014	24 Oct 2017
Alan Hirzel Jeff Iliffe Jim Warwick	SIP – Matching Shares	Maximum award as per scheme rules	2 2 2	n/a	n/a	24 Oct 2014	24 Oct 2017
Alan Hirzel Jeff Iliffe Jim Warwick	ABP – deferred share award	Up to 45% of base salary	44 52 52	n/a	n/a	9 Sep 2014	9 Sep 2016

The share prices used to calculate the face value of the LTIP awards and the Free and Matching Shares under the SIP were the mid-market prices on the day prior to award date, being 406 pence for the 4 November 2014 awards and 398 pence for the 24 October 2014 awards. The share price used to calculate the face value of the deferred share awards was the ten dealing day average share price prior to the date of award, being 420.34 pence.

The performance conditions for the 2014 LTIP awards are based on target annualised compound EPS growth over the three-year period ending on 30 June 2017. There will be 50% vesting at 8% compound growth and 100% vesting at 12% growth, with proportionate straight-line vesting between these two figures.

d) Executive Director departure arrangements for Jonathan Milner

As disclosed in last year's Directors' Remuneration Report, Jonathan Milner stepped down as CEO and was appointed as Non-Executive Deputy Chairman on 9 September 2014. In line with the Committee's policy, the Committee considered the overall circumstances of his departure as an Executive Director, as well as performance, contractual obligations and plan rules. In particular, the Committee considered Jonathan's sustained performance and contribution to the Company since its foundation in 1998, the good 2013/14 financial results and confident outlook at the time of departure. The Committee's determinations, which were consistent with the Committee's termination policy, are set out below.

Remuneration element	Description
Payment in lieu of notice	No payment in respect of salary or benefits (or compensation in lieu) in respect of any period after 9 September 2014 or compensation for loss of office was made.
Base salary	An annual increase of 2% to base pay, prior to any voluntary waiver, was awarded from 1 July 2014, in line with increases for the other Executive Directors.
Retirement and other benefits	The Committee determined that it would be appropriate to maintain his benefits package until his date of departure.
ABP	Jonathan was entitled to a pro-rata cash bonus payment for the period 1 July 2014–9 September 2014, whilst the deferred share element relating to 2014/15 will not be granted. Deferred share awards already accrued from previous years will vest on the second anniversary of the date of grant.
LTIP	Unexercised but vested LTIP awards are capable of exercise within twelve months from the date of leaving. Unvested LTIPs will be pro-rated and will be capable of being exercised within twelve months from their normal release dates, subject to performance measures.

e) Payments to past Directors

There have been no payments to former Directors during the year.

AUDITED INFORMATION continued

f) Directors' shareholdings and share interests

The Committee introduced a shareholding guideline of two times salary for all Executive Directors from the date of the 2014 AGM. This level is to be built up over a period ending on the later of the fifth anniversary of appointment or the fifth anniversary of introduction of the policy. The extent to which each Executive Director has met the shareholding guideline as at 30 June 2015 is shown in the table below:

	Beneficial shareholding: Number of shares[1] and as a percentage of salary[2]	Type	Owned outright	Outstanding scheme interests[3,4,5] Unvested, subject to performance measures	Unvested, not subject to performance measures	Vested but unexercised	Total of all share interests and outstanding scheme interests
Executive Directors							
Alan Hirzel	19,205 32%	Shares	19,205	–	–	–	19,205
		CSOP options	–	6,465	–	–	6,465
		LTIP 'A' awards[6]	–	6,465	–	–	6,465
		LTIP 'B' awards	–	56,998	–	–	56,998
		Deferred awards	–	–	10,538	–	10,538
		SIP Free	–	–	1,493	–	1,493
		SIP Matching	–	–	746	–	746
			19,205	**69,928**	**12,777**	**–**	**101,910**
Jeff Iliffe	328,072 656%	Shares	328,072	–	–	–	328,072
		Unapproved options	–	–	–	170,460	170,460
		CSOP options	–	6,465	–	–	6,465
		LTIP 'A' awards[6]	–	6,465	–	–	6,465
		LTIP 'B' awards	–	80,899	–	170,745	251,644
		Deferred awards	–	–	24,715	–	24,715
		SIP Free	–	–	2,280	–	2,280
		SIP Matching	–	–	1,140	–	1,140
			328,072	**93,829**	**28,135**	**341,205**	**791,241**
Jim Warwick	3,006,222 6,008%	Shares	3,006,222	–	–	–	3,006,222
		CSOP options	–	6,465	–	–	6,465
		LTIP 'A' awards[6]	–	6,465	–	–	6,465
		LTIP 'B' awards	–	82,504	–	237,488	319,992
		Deferred awards	–	–	25,384	–	25,384
		SIP Free	–	–	2,280	–	2,280
		SIP Matching	–	–	1,140	–	1,140
			3,006,222	**95,434**	**28,804**	**237,488**	**3,367,948**

1 Interests in shares owned outright at 30 June 2015, including shares held by connected persons.

2 Based on share price of 530 pence at 30 June 2015 and salary at 30 June 2015.

3 Outstanding scheme interests under the LTIP, SIP and ABP (deferred share awards) take the form of rights to receive shares (nil-cost share options or conditional share awards). Outstanding CSOP, unapproved and EMI options take the form of rights to receive shares on payment of the relevant exercise price.

4 Details of each scheme interest held by each Executive Director are set out on the following pages.

5 Outstanding scheme interests under the LTIP for which the performance conditions were not met have been excluded.

6 Part 'A' awards under the LTIP refer to the first £30,000 of LTIP value awarded at the date of grant, for awards prior to 30 June 2014. A corresponding CSOP option was also granted, with an exercise price equal to the share price at the date of grant, and subject to the same performance conditions. In respect of the LTIP Part 'A' award, subject to achievement of the relevant performance conditions, the participant will receive the lower of the number of shares with an aggregate value of £30,000 at the date of release and the number of shares originally subject to the award. Thus, £30,000 of gain will be subject to income tax/NI and any increase in value between the date of grant of the award and the date at which the shares are sold is delivered through the CSOP option and is subject to capital gains tax.

Remuneration report continued

Part 3 – Annual Report on Remuneration continued

AUDITED INFORMATION continued

f) Directors' shareholdings and share interests continued

Non-Executive Directors are not eligible to participate in the Company's share schemes. Their beneficial shareholdings as at 30 June 2015 were as follows:

	Beneficial shareholding	Non-beneficial shareholding	Total shareholding
Murray Hennessy	18,800	—	18,800
Jonathan Milner	23,274,966	28,300	23,303,266
Sue Harris	—	—	—
Anthony Martin	—	—	—
Louise Patten	19,883	—	19,883
Michael Ross	—	—	—

There have been no changes in the interests of the Executive Directors or NEDs between 30 June 2015 and the date of approval of the 2014/15 Annual Report and Accounts, except to note that the 2012/13 deferred share awards vested on 9 September 2015, following completion of the two-year holding period.

Reconciliations of the opening scheme interests to those at the end of the year are provided in the tables below, including grants, awards, exercises and lapses.

Details of scheme interests exercised in the year

Scheme	Type of award	Number of shares	Exercise price pence	Market price on date of exercise pence	Gain on exercise £
Jeff Iliffe					
Abcam plc 2005 plan	EMI	40,000	62.4	402.25	135,940
LTIP 'B'	Unapproved	10,000	0.2	402.25	40,205
		50,000			176,145
Jim Warwick					
LTIP 'B'	Unapproved	60,000	0.2	402.3	241,230

Details of outstanding scheme interests

Abcam plc 2005 Plan (the Plan)

Details of options over 0.2 pence ordinary shares in the Company for Directors who served during the year, all of which had vested before the start of the year, are as follows:

	Number of awards at 30 June 2014	Granted	Exercised	**Number of awards at 30 June 2015**	Exercise price pence	Date from which exercisable	Expiry date
Jeff Iliffe	210,460	—	(40,000)	**170,460**	62.4	8 Nov 2010	7 Nov 2017

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 outperformance 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 Plan. If the target is not met at the third anniversary, then performance 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 170,460 share options outstanding at the end of the year for Jeff Iliffe are unapproved options (subject to income tax and employee's and employer's NI to be paid by the participant).

AUDITED INFORMATION continued

f) Directors' shareholdings and share interests continued

LTIP and CSOP awards

Details of LTIP and CSOP awards outstanding for Directors who served during the year are as follows:

Name of Director	Type of award	Exercise price pence	Number of awards at 30 June 2014	Awarded[1]	Exercised	Lapsed	**Number of awards at 30 June 2015**	**Number of vested awards at 30 June 2015[2]**
Jonathan Milner	'B' award	0.2	159,986	–	–	(125,748)	**34,238**	**–**
Alan Hirzel	CSOP	464.0	6,465	–	–	–	**6,465**	**–**
	'A' award	0.2	6,465	–	–	–	**6,465**	**–**
	'B' award	0.2	18,639	38,359	–	–	**56,998**	**–**
			31,569	38,359	–	–	**69,928**	**–**
Jeff Iliffe	CSOP	464.0	6,465	–	–	–	**6,465**	**–**
	'A' award	0.2	6,465	–	–	–	**6,465**	**–**
	'B' award	0.2	300,226	31,610	(10,000)	(70,192)	**251,644**	**170,745**
			313,156	31,610	(10,000)	(70,192)	**264,574**	**170,745**
Jim Warwick	CSOP	464.0	6,465	–	–	–	**6,465**	**–**
	'A' award	0.2	6,465	–	–	–	**6,465**	**–**
	'B' award	0.2	409,925	31,610	(60,000)	(61,543)	**319,992**	**237,488**
			422,855	31,610	(60,000)	(61,543)	**332,922**	**237,488**
			927,566	101,579	(70,000)	(257,483)	**701,662**	**408,233**

1 The market price at the date of award for all awards made during the year was 406 pence.

2 These relate to the 2008, 2009 and 2010 awards and are included in the number of awards at 30 June 2014.

Annual Bonus Plan deferred share awards

Deferred share awards made under the ABP which remain outstanding at 30 June 2015 are outlined below:

Executive Directors	ABP shares/ nil-cost options held at 30 June 2014[1]	**Nil-cost options or conditional shares awarded during the year ended 30 June 2015[2]**	Award date	Market price per share at award	Planned vesting date	**Maximum ABP shares/nil-cost options held at 30 June 2015**
Alan Hirzel	–	**10,538**	23 Sep 2014	420.3 pence	23 Sep 2016	**10,538**
Jonathan Milner	17,278	**17,243**				**34,521**
Jeff Iliffe	12,262	**12,453**				**24,715**
Jim Warwick	12,931	**12,453**				**25,384**
	42,471	**52,687**				**95,158**

1 These options relate to the awards made in September 2013 under the ABP for financial year 2012/13, and they vested on 9 September 2015, following satisfactory completion of the two-year holding period.

2 These options relate to the awards made in September 2014 under the ABP for financial year 2013/14.

SIP

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

Free Share awards

Annual awards are made to UK-based staff, with a market value up to the HMRC limit, which in 2014/15 was £3,600 each (2013/14: £3,000). Awards take the form of a conditional entitlement to shares and will vest after three years' continuous employment with the Company.

Partnership and Matching Share awards

All UK-based employees are given the opportunity to invest up to the HMRC limit, which in 2014/15 was £1,800 per annum (2013/14: £1,500), 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.

Remuneration report continued

Part 3 – Annual Report on Remuneration continued

AUDITED INFORMATION continued

f) Directors' shareholdings and share interests continued

SIP continued

Dividend shares

Shares conditionally and beneficially held in the SIP are entitled to earn dividends. These are immediately beneficially owned and can be removed from the SIP by the participant with no penalty.

The following table sets out the shares purchased and awarded under the SIP in respect of each of the Executive Directors during the year.

		Conditionally awarded shares[1]				Beneficially owned shares		
Executive Director	Type of award	Number conditionally awarded as at 30 June 2014	Number conditionally awarded during the year	Number transferred to beneficial ownership during the year	**Number conditionally awarded as at 30 June 2015**	Number beneficially owned as at 30 June 2014	Number purchased/ acquired/ transferred to beneficial ownership during the year	**Number beneficially owned as at 30 June 2015**
Jeff Iliffe and Jim Warwick	Free	2,246	904	(870)	**2,280**	5,769	870	**6,639**
	Partnership	—	—	—	**—**	3,854	452	**4,306**
	Matching	1,124	452	(436)	**1,140**	2,730	436	**3,166**
	Dividend	—	—	—	**—**	906	405	**1,311**
		3,370	1,356	(1,306)	**3,420**	13,259	2,163	**15,422**
Alan Hirzel	Free	589	904	—	**1,493**	—	—	**—**
	Partnership	—	—	—	**—**	294	452	**746**
	Matching	294	452	—	**746**	—	—	**—**
	Dividend	—	—	—	**—**	12	57	**69**
		883	1,356	—	**2,239**	306	509	**815**

1 Conditionally awarded shares are dependent upon three years' continuous employment from the date of award.

		Conditionally awarded shares				Beneficially owned shares			
Executive Director	Type of award	Number conditionally awarded as at 30 June 2014	Number conditionally awarded during the year	Number lapsed during the year	**Number conditionally awarded as at 30 June 2015**	Number beneficially owned as at 30 June 2014	Number purchased/ acquired during the year	Number transferred out of SIP during the year	**Number beneficially owned as at 30 June 2015**
Jonathan Milner	Free	2,246	—	(2,246)	**—**	5,769	—	(5,769)	**—**
	Partnership	—	—	—	**—**	3,854	—	(3,854)	**—**
	Matching	1,124	—	(1,124)	**—**	2,730	—	(2,730)	**—**
	Dividend	—	—	—	**—**	906	91	(997)	**—**
		3,370	—	(3,370)	**—**	13,259	91	(13,350)	**—**

The award/purchase of Free, Matching and Partnership Shares in the year took place on 24 October 2014, at a price of 398 pence per share.

The market price of the ordinary shares at 30 June 2015 was 530 pence and the range during the year was 358.5 pence to 546.0 pence.

Non-Executive appointments at other companies

The following Executive Directors served as NEDs elsewhere and received and retained fees for the period covered by this report as follows:

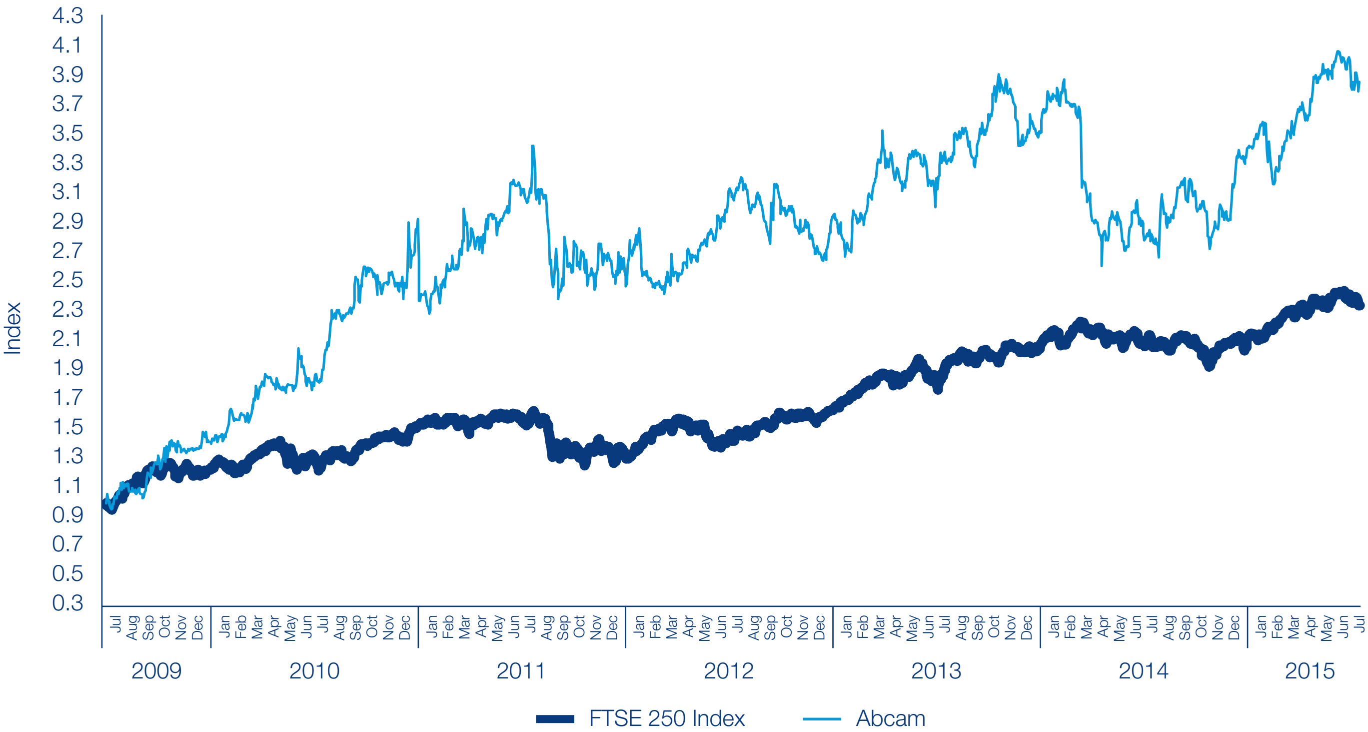
Executive Director	Company	Fees £
Jeff Iliffe	Treatt plc	34,950
Jim Warwick	Quartix Holdings plc	35,000

Jeff Iliffe also serves on the board of trustees of a charity and does not receive fees for this appointment. Jim Warwick also serves on the board of directors for an academy school and Alan Hirzel is a non-executive director of the UK National Citizen Service Trust for which they do not receive fees.

UNAUDITED INFORMATION

g) TSR performance graph

The Company's TSR performance over the previous six years compared to a broad equity market is shown in the graph below. The FTSE 250 Index has been chosen as the comparator index because Abcam would sit within this index if it was a Main Market-listed company and the Committee considers the relatively complex and international nature of this index to be comparable to the Company's business operations where a large proportion of revenues are generated outside the UK.



CEO remuneration

The table below shows the historic total remuneration for the person undertaking the role of CEO:

Financial year		CEO single figure of total remuneration £000	Annual bonus awarded against maximum opportunity	Long-term incentive vesting rates against maximum opportunity
2014/15	Alan Hirzel	685	73.3%	n/a[1]
2013/14	Jonathan Milner	642	56.8%	0%
2012/13	Jonathan Milner	821	71.2%	16.9%
2011/12	Jonathan Milner	739	60.0%	96.3%
2010/11	Jonathan Milner	805	62.7%	100%
2009/10	Jonathan Milner	716	100.0%	n/a

1 Vesting of long-term incentives is measured over a three-year performance period. Since Alan Hirzel has been employed by Abcam for less than three years, no long-term incentives have yet vested.

h) Percentage change in CEO remuneration

Abcam has an international workforce of more than 820. Due to the differing local pay levels across each of our overseas offices, the Committee considers the most meaningful comparator group to be the average remuneration of UK employees.

The following table shows the percentage change in remuneration between the years ended 30 June 2014 and 30 June 2015 for the CEO and this comparator group.

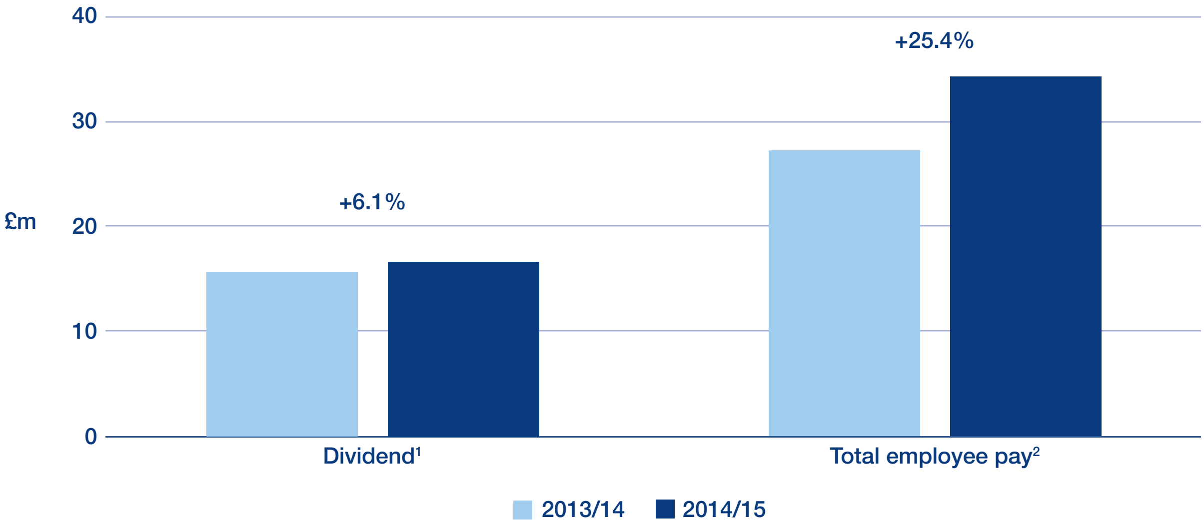
	Salary	Taxable benefits	Annual bonus
CEO percentage change[1]	(15.1)%	(76.3)%	0.3%
Comparator group percentage change[2]	7.0%	7.0%	7.7%

1 Alan Hirzel is paid a lower salary than the previous CEO, resulting in a decrease in salary and taxable benefits being shown in the above table.

2 The comparator group is inclusive of promotions in the period.

Remuneration report continued
Part 3 – Annual Report on Remuneration continued

UNAUDITED INFORMATION continued
i) Relative importance of spend on pay
The graph below shows Abcam's dividend payout increased by 6.1% versus total Group employee pay expenditure increase of 25.4% for the financial years ended 30 June 2015 and 2014.



1 Dividends are the interim and final dividends paid in respect of the financial year ended 30 June 2014 and the interim dividend paid and the final dividend recommended in respect of the financial year ended 30 June 2015.

2 Total employee pay includes bonuses, employer social security, pension contributions, redundancies and share-based charges, as well as pay costs of Firefly in the period since acquisitions.

j) Implementation of Directors' Remuneration Policy in 2015/16
The following sections outline how the Remuneration Policy, as outlined on pages 45–52 will be implemented in 2015/16.

Salary
The Executive Directors proposed that no increase be made to their salaries in the 2015/16 financial year.

	Salary 2014/15 £000	Change	Salary as at 1 July 2015 £000
Alan Hirzel	320	0%	320
Jeff Iliffe	265	0%	265
Jim Warwick	265	0%	265

Annual incentive, deferred bonus and LTIPs
The intention to undertake a full strategic review of the Company's remuneration structure and policies was communicated to shareholders in last year's Annual Report. The review was undertaken in the context of Abcam's evolving strategy and growth aspirations, and against the background of a remuneration structure which has remained largely unchanged for the past six years, during which time the business has grown significantly. Market capitalisation, for example, has grown from around £200m at the beginning of 2009 to over £1bn today. But whilst Abcam is entering a new phase of its development it continues to have an entrepreneurial approach.

The review included consultation with our largest shareholders. The key changes arising from the review were as follows:

- an increase in the LTIP award levels to 125% for the CEO and 100% for other Executive Directors (previously 50% of salary);
- rebalancing of performance measures under the LTIP to provide that 70% of the award continues to be subject to stretching EPS targets, with 30% based on strategic KPIs which are critical to the delivery of the Company's growth strategy;
- introduction of holding periods. At least 50% of the award for Executive Directors will be subject to an additional holding period of one and two years. For the CEO's award a larger proportion (60%) will be subject to the additional holding period, with 20% of the award having a holding period of three years, taking his time horizon to six years;
- threshold vesting (for both the EPS and the strategic measures portions of the LTIP award) will be decreased from 50% of maximum to 25% of maximum; and
- the introduction of clawback to the LTIP.

UNAUDITED INFORMATION continued

j) Implementation of Directors' Remuneration Policy in 2015/16 continued

Annual incentive, deferred bonus and LTIPs continued

The overall performance framework for 2015/16 is as follows:

	Maximum % of salary	2015/16 measures	Weighting
Annual Bonus Plan	150%, of which 30% is deferred into shares	Profit growth	50%
		Strategic targets	33%
		Personal objectives	17%
Long Term Incentive Plan	125% for CEO 100% for other Executive Directors	Three-year EPS growth	70%
		Three-year strategic targets	30%

The strategic targets for the ABP and LTIPs are measurable and quantifiable and aligned with the Group's KPIs as set out on page 17.

The EPS growth targets for the forthcoming LTIP award will be 8% growth per annum for threshold vesting and 12% growth per annum for maximum vesting. These targets are considered to be appropriately stretching and incentivising in the context of our business strategy.

The strategic targets for the forthcoming LTIP award will be based on:

- CER growth in revenue from the RabMAb primary antibody range;
- CER growth in revenue from non-primary antibody products;
- Net Promoter Score (NPS) – Abcam's vision is to be the brand most recommended by life science researchers; and
- market position – relative market position in each of the main markets in which we operate.

The Annual Bonus Plan targets and the strategic targets for the LTIP will not be disclosed in advance as they are deemed by the Committee to be commercially sensitive. The nature of these targets relies upon the use of internal budgets and strategic plans which would be inappropriate to disclose ahead of time. Appropriate retrospective disclosure of targets will be provided when these are no longer considered commercially sensitive.

The Committee introduced a cross-underpin to the Annual Bonus Plan. At the Committee's discretion, vesting may be restricted if any of the three performance elements (financial, strategic or personal) show serious underperformance, or if the Committee determines that there has been underperformance on the part of an Executive Director in his role.

Pension

The Company retains its policy of contributing 12% of base salary (prior to any voluntary waivers) into each Executive Director's pension scheme. This figure may be amended from time to time in accordance with benchmarking reviews against current market practice.

Non-Executive Directors

Murray Hennessy was appointed as Chairman on 3 November 2014 and his fee level was set at £150,000 per annum.

There will be no increase in NED fees for 2015/16. During 2015/16 the Company intends to put in place fee arrangements for all NEDs where a portion of fees will be delivered as a fixed number of Abcam shares.

k) Remuneration Committee

The Committee advises the Board on overall remuneration policy. It also determines, on behalf of the Board, and with the benefit of advice from external consultants, the People and Organisational Development Director and other members of the human resources department, the remuneration of the Executive Directors and proposes a fee for the Chairman of the Board of Directors.

The Committee formulates and applies the policy with consideration to the prevailing economic climate in the major economies in which the Group operates. It also observes the spirit of the Group's core values which cultivate responsible leadership in the external and internal social environment. Consequently the Committee closely considers the Company's performance in building both shareholder value and a secure future for all stakeholders.

The Committee currently comprises three NEDs, each of whom the Company deems to be independent: Louise Patten (Chairman), Sue Harris and Anthony Martin. Sue Harris was appointed to the Committee on joining the Board on 12 December 2014. Murray Hennessy resigned from the Committee on the same date.

The Company's Chairman, CFO and Company Secretary attend the Committee meetings by invitation and assist the Committee in its deliberations, except when issues relating to their own compensation are discussed. No Director is involved in deciding his own remuneration.

Remuneration report continued

Part 3 – Annual Report on Remuneration continued

UNAUDITED INFORMATION continued

k) Remuneration Committee continued

No member of the Committee has any personal financial interest, other than as a shareholder, in the matters to be decided by the Committee. The three independent members of the Committee have no conflicts of interest arising from cross-directorships. Members of the Committee have no day-to-day involvement in the running of the Company. The Committee met four times during the year. Details of attendance can be found in the Corporate Governance Report (see page 33).

While it is the Committee's responsibility to exercise independent judgement, the Committee does request advice from management and professional advisors, so as to be informed given the internal and external environment.

External advisors to the Committee

The following table sets out the details of external advisors who provided material assistance to the Committee during the year in its consideration of matters related to Directors' remuneration:

Advisors	Appointment and selection	Other services provided to the Company	Fees for Committee assistance
Deloitte LLP (Deloitte)	Appointed by the Committee to provide ongoing advice to the Committee on various matters including the structure of incentive pay and executive salary and incentives benchmarking review	None	£53,395

Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that advice received from Deloitte during the year was objective and independent.

During the year, the Committee also sought input from the Chief Financial Officer (Jeff Iliffe), the Chief Operating Officer (Jim Warwick) and the People and Organisational Development Director (Jane Cooke) on various subjects including the remuneration of senior management.

Statement of voting at general meeting

The table below shows the voting outcome at the November 2014 AGM for the approval of the 2013/14 Remuneration Report and the Remuneration Policy as laid out in the 2013/14 Annual Report:

	Votes for		Votes against			
	Number	%	Number	%	Votes total	Votes withheld
Remuneration Policy	121,921,731	98.6%	1,784,370	1.4%	123,706,104	—
Remuneration Report	123,253,834	99.6%	452,270	0.4%	123,706,104	—

The Committee believes the 98.6% and 99.6% votes, respectively, in favour of the Remuneration Policy and the Remuneration Report show very strong shareholder support for the Group's remuneration arrangements.

Approval

Approved by the Board and signed on its behalf by:

Louise Patten

Louise Patten
Remuneration Committee Chairman
11 September 2015

Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 30 June 2015.

Pages 1–67 inclusive (together with the sections of the Annual Report incorporated by reference) consist of a Directors' Report that has been drawn up and presented in accordance with and in reliance upon applicable English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

The following additional disclosures to be included in the Directors' Report are made in compliance with the Companies Act 2006, the Disclosure and Transparency Rules which the Company has voluntarily chosen to apply and the UK Corporate Governance Code 2012.

Likely future developments

The outlook for the business and likely future developments are outlined in the Our Markets, Our CEO, Our Strategic Priorities and the Operational Review sections of the Strategic Report on pages 8–16 and are incorporated in the Directors' Report by cross-reference.

Post-balance sheet events

There have been no important events affecting the Company or Group since the year end.

Research and development activities

A description of the Group's R&D activities is given in the Finance Review on page 26 and is incorporated in the Directors' Report by cross-reference.

Dividends

The Directors recommend a final dividend of 5.92 pence (2013/14: 5.62 pence) per ordinary share to be paid on 4 December 2015 to shareholders on the register on 13 November 2015. Together with the interim dividend of 2.29 pence per share paid on 17 April 2015, this makes a combined dividend for the year of 8.21 pence (2013/14: 7.75 pence), representing an increase of 5.9%.

Disabled employees

Abcam is an equal opportunities employer and ensures that applications for employment from people with disabilities and other under-represented groups are given full and fair consideration. Such individuals are given the same training, development and job opportunities as other employees. Every effort is also made to retrain and support employees who have a disability during their employment, including flexible working to assist their re-entry into the workplace and making alternative suitable provisions.

Financial instruments

The Group's financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the Group's exposure to price risk, credit risk, liquidity risk and cash flow risk, are given in note 26 to the financial statements.

Information on the principal risks and uncertainties and how they are managed by the Group is included in the Strategic Report on pages 18–21.

Control and share 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 note 24. 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.

Other than specific lock-ins and orderly marketing provisions negotiated with vendors in connection with acquisitions made by 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 Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 27. Shares held by the Abcam Employee Share Benefit Trust abstain from voting.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Agreements affected by a change of control

The agreements affected by change of control are outlined in the Remuneration Report on page 51.

Other than some OEM supplier agreements that have an option to be terminated, the Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

Major interests in shares

On 31 August 2015, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the voting rights as a shareholder of the Company as set out below (excluding Directors' interests, which are set out on page 57).

Fund manager	Number of ordinary shares held	Percentage of issued share capital
T Rowe Price International Inc	21,114,612	10.5%
Baillie Gifford & Co Ltd	17,044,930	8.5%
Select Equity Group Inc	11,653,457	5.8%
Wasatch Advisors Inc	10,368,532	5.2%
Standard Life Investments Ltd	7,811,371	3.9%

Directors' report continued

Purchase of own shares

At the end of the year, the Directors had authority, under the shareholders' resolutions of 3 November 2014, to purchase through the market 20,000,000 of the Company's ordinary shares, provided that:

(i) the amount paid for each share (exclusive of expenses) shall not be more than the higher of: (1) 5% above the average market value for the five business days before the date on which the contract for the purchase is made; and (2) an amount equal to the higher of the price of the last independent trade and current independent bid as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange or less than 0.2 pence per share; and

(ii) the authority expires at the conclusion of the AGM of the Company to be held on 5 November 2015.

No shares were purchased under the above authority during the year under review.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are as shown in the table on page 33.

Re-election of Directors

In accordance with best practice as set out in the Code, all Directors should retire and stand for election at the first AGM following their appointment to the Board, followed by annual re-election by shareholders thereafter. At the AGM to be held on 5 November 2015, Sue Harris will retire and stand for election, this being the first AGM following her appointment to the Board. All other Directors will retire and offer themselves for re-election, in line with best practice.

Brief biographical descriptions of the Directors are set out on pages 28–29.

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 election or re-election of all Directors.

The beneficial and non-beneficial interests of the Directors in the Company's ordinary shares of 0.2 pence are disclosed in the Remuneration Report.

Appointment of Directors

Abcam shareholders may by ordinary resolution appoint any person to be a Director. Abcam must have not less than three and no more than twelve Directors holding office at all times. Abcam may by ordinary resolution from time to time vary the minimum and/or maximum number of Directors.

The Directors may appoint a Director to fill a vacancy or as an additional Director to hold office until the next AGM, who shall then be eligible for election.

Articles of Association

Abcam's Articles of Association may be amended only by a special resolution at a general meeting of shareholders.

Powers of Directors

Abcam's Articles of Association confer the following powers on the Directors:

- to manage the business of the Group;
- to establish any local boards or agencies for managing any of the affairs of the Group;
- to appoint any attorney of the Company;
- to authorise all payments and other negotiable or transferable instruments, and all receipts for moneys paid to the Company;
- to establish any schemes or funds for providing pensions, annuities, sickness or compassionate allowance, life assurance benefits, donations, gratuities or other benefits for employees and to make contributions out of the Company's money to such schemes or funds;
- to support any institutions, associations, clubs, funds or trusts calculated to be for the benefit of employees;
- to sanction the exercise of any power conferred upon the Company by section 247 of the Companies Act 2006;
- to make payments to charities; and
- to restrict the borrowings of the Group to an amount not exceeding three times the 'adjusted capital and reserves' as defined within the Articles of Association.

Qualifying third party indemnity provisions

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

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance Report on pages 32–36 of these financial statements. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as set out on pages 1–26 and reviewed the Group forecasts and budgets as well as the Group's principal risks and uncertainties as set out on pages 18–21.

The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing its financial statements.

Annual General Meeting (AGM)

The AGM will be held at 330 Cambridge Science Park, Milton Road, Cambridge CB4 0FL, UK, on 5 November 2015 at 10.30am. A presentation will be made at this meeting outlining recent developments in the business. All voting at the meeting will be conducted on a poll where every shareholder present in person or by proxy will have one vote for each share of which they are the owner. The Group will convey the results of the poll on the website after the AGM. Shareholders are invited to submit written questions in advance of the meeting. Questions should be sent to The Company Secretary, Abcam plc, 330 Science Park, Milton Road, Cambridge CB4 0FL, UK.

A resolution to re-appoint PricewaterhouseCoopers LLP as independent auditor to the Group will be proposed at the AGM. Details of other resolutions to be proposed at the meeting are set out in the Circular and Notice of AGM 2015, which will be made available to all shareholders together with a proxy card.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the biographies on pages 28–29, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report on pages 65–67 and the Our Financials and Our Risks sections on pages 18–26 of the Strategic Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Each Director in office at the date the Directors' Report is approved confirms that:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

On behalf of the Board

Murray Hennessy
Chairman

Suzanne Smith
Chief Legal Officer and Company Secretary
11 September 2015

Financial statements

Independent auditor's report

to the members of Abcam plc

Report on the financial statements

Our opinion

In our opinion:

- Abcam plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2015 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Abcam plc's financial statements comprise:

- the consolidated and company balance sheets as at 30 June 2015;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information; and
- the reconciliation of consolidated adjusted financial measures for the year then ended.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts (the Annual Report), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Our audit approach

Overview

- Overall group materiality: £2,305,000 (2014: £2,178,000) which represents 5% of profit before tax.
- We conducted audits of the complete financial information of Abcam plc and Abcam Inc.
- We performed specified procedures over certain account balances and transaction classes at other Group companies, including procedures at the Group's operations in China.
- With the exception of the specified procedures performed in China, which were performed by a component auditor, the Group engagement team performed all of the audit procedures.
- Taken together the Group companies over which we performed our audit work accounted for 85% of the Group's revenues and 85% of the Group's net assets.
- The following were areas of focus for our audit:
  - Accounting for the acquisition of Firefly BioWorks Inc.
  - Costing of inventory manufactured in-house and hybridomas included within property, plant and equipment.
  - Inventory provisioning.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent auditor's report continued
to the members of Abcam plc

The scope of our audit and our areas of focus continued

Area of focus	How our audit addressed the area of focus
Acquisition of Firefly BioWorks Inc During the year the Group acquired Firefly BioWorks Inc (Firefly) for consideration of £17,557,000 (see notes 4 and 29 of the financial statements and page 39 of the Audit and Risk Committee Report). The Directors performed a purchase price allocation exercise that involved fair valuing the assets and liabilities acquired, including separately identifiable intangible assets. This valuation involved significant judgement and the Directors used external valuation experts in its calculation. In order to test the valuation of intangible assets, we focused on the reasonableness of the assumptions used and judgements taken as part of the valuation exercise. Furthermore, the Directors determined that the acquisition of Firefly did not give rise to an additional cash-generating unit (CGU), and goodwill resulting from the acquisition was allocated to the CGU for the existing Abcam business. Accordingly, we also focused our work on the Directors' assessment that assets within Firefly do not generate cash flows independently of the rest of the group, and therefore that there is no separate CGU for the purposes of testing goodwill for impairment.	With the assistance of our internal valuation experts, we assessed and challenged the assumptions used and judgements taken in determining the fair value of the acquired intangibles, being software and patents, technology and know-how. In particular: • we considered whether it was appropriate that all of the patents, technology and know-how should be treated as a single asset. Given that the underlying patents and licences are all related to the underlying platform technology and are inextricably linked we considered this approach to be appropriate; and • we challenged the external valuation experts on the timing of the peak and subsequent decline (attrition) of the assumed cash flows arising from the technology and how they considered the impact of the key patent expiry dates for the attrition profile. Attrition is assumed prior to patent expiry which is consistent with management's experience of other products. We considered the approach appropriate. Whilst recognising that valuing such assets is inherently judgemental, we determined that the assumptions used and judgements taken by management were reasonable. We agreed the consideration paid to the share purchase agreement and bank statements. We found no material exceptions in our testing. We evaluated the Directors' assessment that Firefly does not constitute an additional CGU by considering whether the assets within Firefly generate cash inflows largely independently of the cash inflows from the existing Abcam business. We found no exceptions in our testing.
Costing of inventory manufactured in-house and hybridomas included within property, plant and equipment The Group capitalises within property, plant and equipment (PPE) costs arising from the production of hybridoma cells, which are used to generate antibodies that the Group sells. During the year, £2,144,000 was capitalised as part of the total additions to hybridomas and assays and hybridomas under construction of £2,907,000 (see note 14 and page 39 of the Audit and Risk Committee Report). The costs incurred both in producing the hybridomas (held in PPE) and in harvesting the antibodies (held in inventory) include a labour and overhead allocation. This allocation is capitalised into PPE and inventory on the basis of the proportion of batches that pass internal quality tests. No allocation is capitalised for the batches that do not pass the tests, and the labour and overhead element is instead written off in the income statement. The nature of the manufacturing process is such that there are fluctuations in the proportion of batches of hybridomas and antibodies that pass quality tests, meaning that the total labour and overhead absorbed into PPE and inventory varies. The relevant calculations are also done manually, so that it required significant audit effort for us to test that the correct amounts of labour and overhead cost had been capitalised.	We evaluated whether appropriate costs had been capitalised as inventory and property, plant and equipment, including checking, on a sample basis, the labour costs capitalised. We agreed, on a sample basis, the timesheet records used to allocate labour costs to the underlying system and similarly, for the quality test results, we agreed a sample back to the underlying test results. We found no material exceptions in our testing. We also checked the mathematical accuracy of the calculations (taking into account the proportion of batches passing quality tests) and that only reasonable categories of overheads were absorbed into inventory and capitalised as property, plant and equipment. We found no material exceptions in our testing.

The scope of our audit and our areas of focus continued

Area of focus	How our audit addressed the area of focus
Inventory provisioning The Group had inventory of £19,803,000 as at 30 June 2015. Inventory principally comprises antibodies and reagents that bear a natural risk of obsolescence. Furthermore, owing to the low incremental cost of in-house production of antibodies, the Group often produces surplus inventories that are at risk of expiring before a sale can be achieved (see note 4 and page 39 of the Audit and Risk Committee Report). For new products, the Directors apply a fixed percentage against the inventory levels held at the year end, unless they believe that no provision is required due to the nature of the product being an extension to an existing product in the range. For all other products the Directors calculate a specific provision for obsolescence by comparing inventories on hand at year end with forecast sales volumes on a product by product basis, providing fully against inventories regarded as surplus. There is therefore judgement in the valuation of inventories, owing to the estimation uncertainty that exists around future sales forecasts.	We understood and assessed the methodology utilised to estimate the Group's inventory provision and checked that the calculation of the provision was mathematically accurate and in accordance with accounting standards. We found no material exceptions in our testing. For new products, against which the Directors had not recorded a provision, we assessed management's rationale as to why no provision was required. This inventory relates to derivative products of existing successful antibodies and is largely supported by sales forecasts for the coming year. In addition we also considered the outcome of estimates made in the previous year in relation to similar products where no provision had been made. We found no material exceptions in our testing. For the other products, we assessed the reasonableness of the Directors' future sales forecasts by considering whether projected levels of sales growth were supported by historic trends or specific factors relevant to the product in question. We considered both the risk of under and overstatement of the inventory provisions. We found no material exceptions in our testing. We also performed sensitivity analysis on the forecast future sales. Having ascertained the change that would be required to materially affect the determined provision, we assessed that the likelihood of such a change was low.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the group, the accounting processes and controls, and the industry in which the group operates.

The group financial statements are a consolidation of 13 reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Abcam plc and Abcam Inc. reporting units, which accounted for 70% of the Group's revenue and 80% of the Group's expenses. We also performed audit procedures over goodwill and other tangible assets, as well as certain account balances and transaction classes that we regarded as material to the Group at three further reporting units.

All audit work in respect of the Group financial statements was performed by the Group engagement team, other than specified procedures over the Chinese operations, which were performed by a component auditor.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality
£2,305,000 (2014: £2,178,000).

How we determined it
5% of profit before tax, consistent with the prior year.

Rationale for benchmark applied
We have applied this benchmark, a generally accepted audit practice, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee and Risk that we would report to them misstatements identified during our audit above £115,000 (2014: £108,900) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

The directors have voluntarily complied with Listing Rule 9.8.6(R)(3) of the Financial Conduct Authority and provided a statement in relation to going concern, set out on page 66, required for companies with a premium listing on the London Stock Exchange.

The directors have requested that we review the statement on going concern as if the company were a premium listed company. We have nothing to report having performed our review.

As noted in the directors' statement, the directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the group and company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the group's and company's ability to continue as a going concern.

Independent auditor's report continued
to the members of Abcam plc

Other required reporting
Consistency of other information

Companies Act 2006 opinion	
In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.	
ISAs (UK & Ireland) reporting	
The Directors have chosen to voluntarily comply with the UK Corporate Governance Code (the Code) as if the company were a premium listed company. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
Information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group and company acquired in the course of performing our audit; or • otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the directors on page 67, in accordance with provision C.1.1 of the Code, that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the group's and company's performance, business model and strategy is materially inconsistent with our knowledge of the group and company acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on pages 37–39, as required by provision C.3.8 of the Code, describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Other voluntary reporting
Matter on which we have agreed to report by exception
Corporate governance statement
The company voluntarily prepares a corporate governance statement in accordance with the provisions of the UK Corporate Governance Code. The directors have requested that we review the parts of the Corporate Governance Statement relating to the company's compliance with the ten provisions of the UK Corporate Governance Code specified for auditor review by the Listing Rules of the Financial Conduct Authority as if the company were a premium listed company. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 67, 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 and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
11 September 2015

Consolidated income statement

For the year ended 30 June 2015

	Notes	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Revenue	5	**144,033**	127,954
Cost of sales		**(42,507)**	(37,569)
Gross profit		**101,526**	90,385
Administration and management expenses		**(45,880)**	(37,018)
Research and development expenses		**(9,919)**	(10,054)
Operating profit		**45,727**	43,313
Finance income	9	**372**	238
Profit before tax		**46,099**	43,551
Taxation	10	**(8,715)**	(9,506)
Profit for the year attributable to the owners of the parent	6	**37,384**	34,045
Earnings per share			
Basic	11	**18.69p**	17.12p
Diluted	11	**18.57p**	17.02p

Consolidated statement of comprehensive income
For the year ended 30 June 2015

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Profit for the year	**37,384**	34,045
Items that may be reclassified to profit or loss		
Movement on cash flow hedges	**1,068**	2,491
Exchange differences on translation of foreign operations	**7,583**	(11,116)
Tax relating to components of other comprehensive income	**(203)**	(550)
Other comprehensive income/(expense) for the year	**8,448**	(9,175)
Total comprehensive income for the year	**45,832**	24,870

Reconciliation of consolidated adjusted financial measures
For the year ended 30 June 2015

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Profit before tax	**46,099**	43,551
Acquisition costs	**335**	—
Integration costs	**24**	—
Amortisation of acquisition-related intangible assets	**3,118**	3,265
Adjusted profit before tax	**49,576**	46,816

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Operating profit	**45,727**	43,313
Acquisition costs	**335**	—
Integration costs	**24**	—
Amortisation of acquisition-related intangible assets	**3,118**	3,265
Adjusted operating profit	**49,204**	46,578
Adjusted operating margin[1]	**34.2%**	36.4%

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

Balance sheets

At 30 June 2015

		Consolidated		Company	
	Notes	**30 June 2015 £000**	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Non-current assets					
Goodwill	12	**86,998**	73,549	**7,658**	—
Intangible assets	13	**44,815**	30,176	**5,381**	5,836
Property, plant and equipment	14	**12,451**	8,502	**6,728**	3,835
Investments	15	**—**	—	**88,306**	96,147
Deferred tax asset	16	**3,300**	2,258	**898**	485
Loan receivable	19	**—**	—	**60,503**	39,133
Term deposits		**1,636**	1,000	**1,000**	1,000
Derivative financial instruments	21	**224**	180	**224**	180
		149,424	115,665	**170,698**	146,616
Current assets					
Inventories	17	**19,803**	14,753	**17,090**	13,321
Trade and other receivables	18	**19,727**	17,843	**21,906**	13,248
Cash and cash equivalents		**57,059**	55,278	**49,931**	49,013
Term deposits		**—**	584	**—**	—
Available-for-sale asset	20	**678**	623	**—**	—
Derivative financial instruments	21	**3,255**	1,848	**3,255**	1,848
		100,522	90,929	**92,182**	77,430
Total assets		**249,946**	206,594	**262,880**	224,046
Current liabilities					
Trade and other payables	22	**(15,508)**	(14,036)	**(24,312)**	(16,526)
Current tax liabilities		**(4,813)**	(2,782)	**(5,987)**	(4,145)
Derivative financial instruments	21	**(737)**	(14)	**(737)**	(14)
		(21,058)	(16,832)	**(31,036)**	(20,685)
Net current assets		**79,464**	74,097	**61,146**	56,745
Non-current liabilities					
Deferred tax liability	16	**(14,779)**	(8,841)	**(119)**	—
Derivative financial instruments	21	**(5)**	(21)	**(5)**	(21)
		(14,784)	(8,862)	**(124)**	(21)
Total liabilities		**(35,842)**	(25,694)	**(31,160)**	(20,706)
Net assets		**214,104**	180,900	**231,720**	203,340
Equity					
Share capital	24	**402**	401	**402**	401
Share premium account	24	**19,522**	17,692	**19,522**	17,692
Merger reserve	24	**56,513**	56,513	**56,513**	56,513
Own shares	24	**(2,812)**	(2,143)	**(2,812)**	(2,143)
Translation reserve	24	**(1,266)**	(8,718)	**—**	—
Share-based payments reserve	24	**8,319**	6,441	**7,860**	6,113
Hedging reserve	24	**1,758**	893	**1,758**	893
Tax reserve	24	**585**	(98)	**562**	(121)
Retained earnings		**131,083**	109,919	**147,915**	123,992
Total equity attributable to the owners of the parent		**214,104**	180,900	**231,720**	203,340

The financial statements on pages 74–112 of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 11 September 2015.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated statement of changes in equity

For the year ended 30 June 2015

	Share capital £000	Share premium account £000	Merger reserve £000	Own shares £000	Translation reserve[1] £000	Share-based payments reserve[2] £000	Hedging reserve[3] £000	Tax reserve[4] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2014	401	17,692	56,513	(2,143)	(8,718)	6,441	893	(98)	109,919	180,900
Profit for the year	—	—	—	—	—	—	—	—	37,384	37,384
Exchange differences on translation of foreign operations	—	—	—	—	7,452	131	—	—	—	7,583
Movements on cash flow hedges	—	—	—	—	—	—	1,068	—	—	1,068
Tax relating to components of other comprehensive income	—	—	—	—	—	—	(203)	—	—	(203)
Total comprehensive income for the year	—	—	—	—	7,452	131	865	—	37,384	45,832
Issue of share capital	1	1,830	—	(1,001)	—	—	—	—	—	830
Own shares disposed of on release of shares	—	—	—	332	—	—	—	—	(332)	—
Credit to equity for share-based payments	—	—	—	—	—	1,747	—	683	—	2,430
Payment of dividends	—	—	—	—	—	—	—	—	(15,888)	(15,888)
Balance as at 30 June 2015	**402**	**19,522**	**56,513**	**(2,812)**	**(1,266)**	**8,319**	**1,758**	**585**	**131,083**	**214,104**

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

1 Exchange differences on translation of overseas operations.

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

3 Gains and losses recognised on cash flow hedges.

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

Company statement of changes in equity

For the year ended 30 June 2015

	Share capital £000	Share premium £000	Merger reserve £000	Own shares £000	Share-based payments reserve[1] £000	Hedging reserve[2] £000	Tax reserve[3] £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2014	401	17,692	56,513	(2,143)	6,113	893	(121)	123,992	203,340
Profit for the year	—	—	—	—	—	—	—	40,372	40,372
Movements on cash flow hedges	—	—	—	—	—	1,068	—	—	1,068
Tax relating to components of other comprehensive income	—	—	—	—	—	(203)	—	—	(203)
Total comprehensive income for the year	—	—	—	—	—	865	—	40,372	41,237
Issue of share capital	1	1,830	—	(1,001)	—	—	—	—	830
Own shares disposed of on exercise of share options	—	—	—	332	—	—	—	(332)	—
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	—	529	—	—	—	529
Credit to equity for share-based payments	—	—	—	—	1,218	—	683	—	1,901
Arising on transfer of trade from subsidiary (note 30)	—	—	—	—	—	—	—	(229)	(229)
Payment of dividends	—	—	—	—	—	—	—	(15,888)	(15,888)
Balance as at 30 June 2015	**402**	**19,522**	**56,513**	**(2,812)**	**7,860**	**1,758**	**562**	**147,915**	**231,720**

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

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

2 Gains and losses recognised on cash flow hedges.

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

Cash flow statements

For the year ended 30 June 2015

		Consolidated		Company	
	Notes	30 June 2015 £000	30 June 2014 £000	30 June 2015 £000	30 June 2014 £000
Profit before tax		**46,099**	43,551	**50,349**	37,840
Finance income		**(372)**	(238)	**(4,110)**	(3,361)
Finance costs		**—**	—	**—**	22
Operating profit for the year		**45,727**	43,313	**46,239**	34,501
Adjustments for:					
Depreciation of property, plant and equipment	14	**2,934**	1,882	**1,312**	852
Amortisation of intangible assets	13	**5,104**	4,831	**2,004**	1,767
Impairment loss on intangible assets	13	**—**	454	**—**	454
Change in fair value of derivatives outstanding at year end		**325**	(655)	**326**	(655)
Share-based payments charge	27	**1,891**	941	**1,217**	634
Non-cash foreign currency gains		**375**	—	**—**	—
Operating cash flows before movements in working capital		**56,356**	50,766	**51,098**	37,553
(Increase)/decrease in inventories		**(4,071)**	252	**(2,173)**	2,309
(Increase)/decrease in receivables		**(4,646)**	(280)	**(30,598)**	6,575
Increase in payables		**1,249**	508	**5,500**	1,719
Cash generated by operations		**48,888**	51,246	**23,827**	48,156
Income taxes paid		**(8,676)**	(9,948)	**(7,999)**	(8,926)
Net cash inflow from operating activities		**40,212**	41,298	**15,828**	39,230
Investing activities					
Investment income		**202**	231	**4,110**	3,318
Purchase of property, plant and equipment		**(6,501)**	(3,828)	**(4,070)**	(1,500)
Purchase of intangible assets		**(978)**	(3,647)	**(948)**	(3,492)
Acquisition of subsidiaries, net of cash and term deposits acquired	29	**(17,333)**	—	**—**	—
Acquisition of trade from subsidiary, net of cash acquired		**—**	—	**54**	—
Decrease in term deposits		**—**	1,187	**—**	—
Net cash used in investing activities		**(24,610)**	(6,057)	**(854)**	(1,674)
Financing activities					
Dividends paid	25	**(15,888)**	(14,455)	**(15,888)**	(14,455)
Proceeds on issue of shares		**1,832**	617	**1,832**	617
Net cash used in financing activities		**(14,056)**	(13,838)	**(14,056)**	(13,838)
Net increase in cash and cash equivalents		**1,546**	21,403	**918**	23,718
Cash and cash equivalents at beginning of year		**55,278**	35,388	**49,013**	25,295
Effect of foreign exchange rates		**235**	(1,513)	**—**	—
Cash and cash equivalents at end of year		**57,059**	55,278	**49,931**	49,013

Reconciliation to total cash and cash equivalents and term deposits

	Consolidated		Company	
	30 June 2015 £000	30 June 2014 £000	30 June 2015 £000	30 June 2014 £000
Cash and cash equivalents	**57,059**	55,278	**49,931**	49,013
Term deposits (non-current)	**1,636**	1,000	**1,000**	1,000
Term deposits (current)	**—**	584	**—**	—
Total cash and cash equivalents and term deposits	**58,695**	56,862	**50,931**	50,013

Notes to the financial statements

For the year ended 30 June 2015

1. General information

Abcam plc (the Company) is incorporated and domiciled 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 Company is a public limited company which is listed on the London Stock Exchange Alternative Investment Market.

The Company and its subsidiaries (together the Group) produce and distribute high-quality research-grade antibodies and associated protein research tools. The Group operates through its ultimate parent company Abcam plc and through a channel of wholly owned manufacturing and distribution subsidiaries mainly based in the US and Asia Pacific, which allows it to serve a global customer base of over 100 countries. A list of all subsidiaries is contained in note 15.

2. Changes in accounting policy and disclosures

New standards, amendments and interpretations adopted by the Group

In the current year, the Group has adopted the following new and revised standards, amendments and Interpretations which have been assessed as having no financial or disclosure impact on the numbers presented:

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements (as revised in 2011)*

IFRS 11 *Joint Arrangements* and IAS 28 *Investment in Associates and Joint Ventures (as revised in 2011)*

IFRS 12 *Disclosure of Interests in Other Entities*

IAS 19 *Employee Benefits: Defined Benefit Plans (Amendment)*

IAS 32 *Offsetting Financial Assets and Financial Liabilities (Amendment)*

IAS 36 *Impairment of Assets (Amendment)*

IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting (Amendment)*

IFRIC 21 *Levies (Interpretation on IAS 37 Provisions, Contingent Liabilities and Contingent Assets recognition criteria)*

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective, and have not been applied in preparing these financial statements:

		Effective for accounting periods beginning on or after
IFRS 9	*Financial Instruments* classification and measurement requirements replacing IAS 39	1 January 2018
IFRS 10 (amendment)	*Consolidated Financial Statements* addresses inconsistency with IAS 28	1 January 2016
IFRS 11 (amendment)	*Joint Arrangements* on acquisition of an interest in a joint operation	1 January 2016
IFRS 14	*Regulatory Deferral Accounts* recognition of amounts related to rate regulation	1 January 2016
IFRS 15	*Revenue from Contracts with Customers* improvement to the financial reporting of revenue	1 January 2017
IAS 1 (amendment)	*Presentation of Financial Statements* disclosure initiative	1 January 2016
IAS 16 (amendment)	*Property, Plant and Equipment* regarding bearer plants	1 January 2016
IAS 27 (revised)	*Separate Financial Statements* on using the equity method to account for investments	1 January 2016
IAS 28 (amended)	*Investments in Associates and Joint Ventures* consolidation exception for investment entities	1 January 2016
IAS 38 (amendment)	*Intangible Assets* clarification of acceptable depreciation and amortisation methods	1 January 2016

The standards and interpretations above have not been applied in preparing these financial statements and the Directors do not expect that their adoption in future periods will have a material impact on the financial statements of the Group.

3. Significant accounting policies

Basis of preparation

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

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

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the statements for the year ended 30 June 2014 except where disclosed otherwise in this note.

3. Significant accounting policies continued

Going concern

The Group meets its day-to-day working capital requirements from the cash surpluses generated as a result of normal trading. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the limits of its available resources.

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 its consolidated financial statements.

Basis of consolidation

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

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

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value at the date of exchange of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

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

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

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

Goodwill

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

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

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

Revenue and income recognition

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

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

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

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

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

Notes to the financial statements continued

For the year ended 30 June 2015

3. Significant accounting policies continued

Revenue and income recognition continued

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

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

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

Leasing

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

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

Foreign currencies

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

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

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

- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/ hedge accounting).

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

Retirement benefit costs

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

Taxation

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

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

Where the current tax deduction in respect of share option exercises exceeds the share option accounting charge for the period, the excess is recorded in the tax reserve rather than the income statement.

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

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

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

The Group's liability for deferred tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date 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.

3. Significant accounting policies continued

Property, plant and equipment

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

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

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

Intangible assets

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

Upfront licence fees	Three years
Distribution rights	One to ten years
Software	One to five years
Contract based	Term of contract
Customer relationships	Seven to ten years
Patents, technology and know-how	Five to 15 years
Trade names	Eight years

Patents, technology and know-how assets are only amortised once the development is complete and meaningful revenue is being derived from identified assets; until this point the asset is deemed to be in progress.

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

Impairment of tangible and intangible assets excluding goodwill

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

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

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

Inventories

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

Financial instruments

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

Available-for-sale financial assets

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

Trade and other receivables

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

Notes to the financial statements continued

For the year ended 30 June 2015

3. Significant accounting policies continued

Cash and cash equivalents

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

Term deposits

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

Financial liabilities and equity

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

Trade payables

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

Equity instruments

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

Derivative financial instruments

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

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

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

Hedge accounting

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

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. 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 other comprehensive income at that time remains in other comprehensive income 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 other comprehensive income is recognised immediately in profit or loss.

Share-based payments

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

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

The grant date fair value of options issued under the Group’s share option schemes is measured by the use of the Monte Carlo Simulation.

The grant date fair value of the awards under the Group’s LTIP is measured by the use of the Monte Carlo Simulation for the TSR portion and the Black Scholes Model for the EPS portion.

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

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

3. Significant accounting policies continued

Share-based payments continued

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

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

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

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

Own shares

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Valuation and impairment of intangibles

As part of the business combinations the Group has undertaken in the current and previous years, it has acquired the following types of intangible assets: licence fees, customer relationships, patents, trade names, technology and know-how. The Group obtains a third party valuation for any newly acquired intangible assets to ascertain the initial fair value and identifies a suitable useful life with reference to the third party guidance and the lives attributed to previous similar intangibles. In addition to the acquired intangibles, the Group capitalises IT development costs relating to the rebuilding of the Group's IT core systems, since these costs meet the recognition criteria of IAS 38. The Group reviews the carrying amount of all intangible assets held at each balance sheet date and considers these in line with the remaining usefulness to the Group. No impairments have been deemed necessary in the current year on any of the asset classifications (2014: £454,000).

Impairment of goodwill and determination of cash-generating units

The Group determines whether goodwill is impaired on at least an annual basis or more frequently when there are indications of possible impairment. The impairment review requires a value in use calculation of the cash-generating units to which the goodwill is allocated. It has been determined that the Group has one cash-generating unit; there have been no organisational or operational changes in the current year that would indicate additional cash-generating units should be recognised. In estimating the value in use, management is required to make an estimate of the expected future cash flows attributable to the cash-generating unit and to choose an appropriate discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2015 was £86,998,000 (2014: £73,549,000). Further details are given in note 12.

Property, plant and equipment and intangible assets carrying value

Property, plant and equipment and intangible assets (excluding goodwill) represent 22.9% (2014: 18.7%) of the Group's total assets; estimates and assumptions made may have a material impact on their carrying value and related depreciation and amortisation charge. See note 13 'Intangible assets' and note 14 'Property, plant and equipment' for further details.

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

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

Notes to the financial statements continued

For the year ended 30 June 2015

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

Provision for slow moving or defective inventory continued

Should forecast sales (incorporating the projected growth rates) differ from those estimated by management, both the level of provision against existing inventory and the rates of provision applied to inventory in future periods would need to be revised. If the projected unit sales growth on each product category increased by 5% the provision required would reduce by less than 0.2%. If the projected unit sales growth on each product category decreased by 5% the provision required would increase by less than 0.3%. If no growth was factored in across all product categories, the maximum impact that would result would be a £0.2m increase in the provision.

Provisions for income taxes

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

5. Operating segments

Products and services from which reportable segments derive their revenues

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

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

Geographical information

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

	Revenue		Non-current assets	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000	**As at 30 June 2015 £000**	As at 30 June 2014 £000
US	**62,332**	55,210	**123,103**	92,493
Japan	**11,282**	11,462	**55**	71
Germany	**8,627**	9,350	**—**	—
UK	**10,316**	9,400	**19,796**	19,622
China	**13,077**	7,315	**1,976**	1,032
Other countries	**38,399**	35,217	**2**	9
	144,033	127,954	**144,932**	113,227

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.

Revenue by type is shown below:

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Product revenue	**135,382**	117,990
Non-product revenue[1]	**8,651**	9,964
Total reported revenue	**144,033**	127,954

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

6. Profit for the year

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

	Notes	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss		**325**	(655)
Other net foreign exchange differences		**(108)**	(1,004)
R&D expenditure (including amortisation as detailed below)		**9,919**	10,054
Operating lease rentals – land and buildings	23	**2,822**	2,600
Depreciation of property, plant and equipment	14	**2,934**	1,882
Amortisation of intangible assets included within administration and management expenses	13	**1,986**	1,566
Amortisation of acquisition-related intangible assets included within administration and management expenses	13	**1,445**	1,517
Impairment loss on intangible assets	13	**—**	454
Amortisation of acquisition-related intangible assets included within R&D expenditure	13	**1,673**	1,748
Cost of inventories recognised as an expense		**35,175**	35,872
Write down of inventories recognised as an expense		**1,262**	1,697
Staff costs	8	**33,410**	26,239
Impairment loss recognised on trade receivables	18	**67**	101
Auditor's remuneration	7	**229**	138

7. Auditor remuneration

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

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Fees payable to the Company's auditor for the audit of the parent company and the consolidation	**119**	95
Total audit fees	**119**	95
– Audit-related assurance services[1]	**20**	20
– Audit of the Company's subsidiaries pursuant to legislation	**10**	10
– Services relating to corporate finance transactions	**80**	—
– Other services	**—**	13
Total other services fees	**110**	43
Total auditor remuneration	**229**	138

1 This relates to the interim review.

Details of the Company's policy on the use of the auditor for non-audit services are set out in the Audit and Risk Committee Report. During the year the auditor was used for due diligence work as this was considered beneficial to the Group due to the auditor's established knowledge and experience of the Group's activities. No services were provided pursuant to contingent fee arrangements.

8. Employees and remuneration

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

	Group	
	Year ended 30 June 2015 Number	Year ended 30 June 2014 Number
Management, administrative, marketing and distribution	**492**	437
Laboratory	**290**	297
	782	734

Notes to the financial statements continued

For the year ended 30 June 2015

8. Employees and remuneration continued

Their aggregate remuneration comprised:

	Group	
	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Wages and salaries	27,018	21,644
Social security costs	3,286	3,231
Other pension costs	1,689	1,207
Charge in respect of share options and awards granted	1,891	941
Total staff costs	33,884	27,023
Staff costs capitalised[1]	(474)	(784)
Net staff costs	33,410	26,239

1 £474,000 (2014: £784,000) relates to Group staff costs directly attributable to the rebuild of the IT core systems being capitalised as part of an internally generated intangible asset under IAS 38 (see note 13).

The remuneration of the Directors is set out in the Directors' Remuneration Report on pages 42–64.

9. Finance income

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Interest on cash and term deposits	372	238
Finance income	372	238

10. Taxation

	Note	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Current tax		10,347	9,984
Deferred tax	16	(1,632)	(478)
		8,715	9,506

UK corporation tax is calculated at 20.75% (2014: 22.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The Finance Act 2015, which received Royal Assent on 26 March 2015, states that this rate will not change for financial year 2016. Deferred tax has been calculated accordingly in these financial statements.

In the budget of 8 July 2015, the Chancellor of the Exchequer announced tax rate changes, which, if enacted in the proposed manner, will have an effect on the Company's future tax position. These additional changes will reduce the standard rate of UK corporation tax from 20% to 19% from 1 April 2017, and 18% from 1 April 2020. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements. The effect of these announced reductions is not likely to be material.

The above changes to the rate of corporation tax will impact the amount of future cash tax payments to be made by the Company.

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

	Year ended 30 June 2015 £000	Year ended 30 June 2015 %	Year ended 30 June 2014 £000	Year ended 30 June 2014 %
Profit before tax	46,099		43,551	
Tax at the UK corporation tax rate of 20.75% (2014: 22.5%)	9,566	20.8	9,799	22.5
Adjusted in respect of foreign tax rates	891	1.9	563	1.3
Tax effect of expenses that are not deductible in determining taxable profit	262	0.6	322	0.7
Additional relief in relation to overseas entities	(1,266)	(2.8)	(778)	(1.8)
R&D tax credit uplift	(383)	(0.8)	(479)	(1.1)
Adjustments in respect of prior year	(324)	(0.7)	52	0.1
Effect of difference between closing deferred tax rate and current tax rate	(31)	(0.1)	27	0.1
Tax expense and effective rate for the year	8,715	18.9	9,506	21.8

11. Earnings per share

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

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to owners of the parent	**37,384**	34,045

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	**199,978,991**	198,858,251
Effect of dilutive potential ordinary shares:		
– Share options	**1,298,477**	1,159,930
Weighted average number of ordinary shares for the purposes of diluted EPS	**201,277,468**	200,018,181

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

Adjusted earnings per share

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

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Earnings for the purposes of basic and diluted EPS being net profit attributable to the owners of the parent	**37,384**	34,045
Acquisition costs	**335**	—
Integration costs	**24**	—
Amortisation of acquisition-related intangible assets	**3,118**	3,265
Tax effect of adjusting items	**(1,084)**	(1,191)
Profit after tax excluding integration costs and amortisation of acquisition-related intangible assets	**39,777**	36,119

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

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

	Year ended 30 June 2015	Year ended 30 June 2014
Adjusted basic EPS	**19.89p**	18.16p
Adjusted diluted EPS	**19.76p**	18.06p

The adjusted EPS information is provided to allow a clear method for year-on-year comparison.

Notes to the financial statements continued

For the year ended 30 June 2015

12. Goodwill

	Group £000	Company £000
Cost		
At 1 July 2013	81,954	—
Exchange differences	(8,405)	—
At 1 July 2014	73,549	—
Acquired on acquisition of subsidiary (note 29)	8,013	—
Acquired on transfer of trade from subsidiary (note 30)	—	7,658
Exchange differences	5,436	—
At 30 June 2015	**86,998**	**7,658**
Accumulated impairment losses		
At 1 July 2013, 1 July 2014 and **30 June 2015**	**—**	**—**
Carrying amount		
At 30 June 2013	81,954	—
At 30 June 2014	73,549	—
At 30 June 2015	**86,998**	**7,658**

Group goodwill acquired in the year relates to the acquisition of Firefly BioWorks Inc on 23 January 2015. Note 29 contains further details of the transaction and resulting financial impact on the Group.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The Directors consider there to be one CGU. Acquisitions are immediately integrated into the Group's operations and product portfolio and therefore any discrete financial information which is available for an individual entity within the Group does not reflect the true substance of the performance of that entity and the value being added, which has meant it is not possible to accurately assess the value in use of acquired entities. There have been no changes to the Group organisation during the interim period which would require a re-allocation of the goodwill balance.

The Abcam Group CGU is tested for impairment on a Group-wide basis using the future forecast cash flows arising from the Abcam business as a whole.

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

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

Management has projected cash flows based on financial forecasts over a period of five years. No growth rate has been used in the extrapolation of cash flows beyond the five years. A discount rate of 7.5% has been estimated using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

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

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

Company goodwill

The goodwill acquired in the year on the Company balance sheet has arisen from the transfer of trade and assets from Ascent Scientific Ltd, a subsidiary undertaking. Note 30 contains further details of the transaction.

The Company goodwill is tested for impairment on an annual basis or more frequently if there are any indications that the goodwill might be impaired. The forecast cash flows arising in the Company have been projected using the same key assumptions as used for the Group testing.

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

13. Intangible assets

Group

	Upfront licence fees £000	Distribution rights £000	Software £000	Contract based £000	Assets under construction £000	Customer relationships £000	Patents, technology and know-how £000	Trade names £000	Total £000
Cost									
At 1 July 2013	497	1,732	4,244	3,452	218	4,790	22,820	2,022	39,775
Additions	47	229	175	—	3,306	106	—	—	3,863
Transfer to asset in use	—	—	3,324	—	(3,324)	—	—	—	—
Disposals	(19)	(868)	(543)	—	—	—	—	—	(1,430)
Exchange differences	—	—	(8)	(200)	—	(262)	(1,261)	(121)	(1,852)
At 1 July 2014	525	1,093	7,192	3,252	200	4,634	21,559	1,901	40,356
Additions	2	4	85	—	890	—	—	—	981
Transfer to asset in use	—	—	887	—	(887)	—	—	—	—
Acquisition of subsidiary (note 29)	—	—	615	—	—	—	17,089	—	17,704
Exchange differences	—	—	(20)	280	—	371	977	167	1,775
At 30 June 2015	**527**	**1,097**	**8,759**	**3,532**	**203**	**5,005**	**39,625**	**2,068**	**60,816**
Accumulated amortisation									
At 1 July 2013	420	1,340	651	1,041	—	631	2,285	300	6,668
Charge for the year	56	152	1,353	771	—	500	1,748	251	4,831
Impairment	—	—	454	—	—	—	—	—	454
Disposals	(2)	(867)	(543)	—	—	—	—	—	(1,412)
Exchange differences	—	—	(2)	(100)	—	(55)	(173)	(31)	(361)
At 1 July 2014	474	625	1,913	1,712	—	1,076	3,860	520	10,180
Charge for the year	40	384	1,806	462	—	482	1,673	257	5,104
Exchange differences	—	—	—	187	—	116	367	47	717
At 30 June 2015	**514**	**1,009**	**3,719**	**2,361**	**—**	**1,674**	**5,900**	**824**	**16,001**
Carrying amount									
At 30 June 2014	51	468	5,279	1,540	200	3,558	17,699	1,381	30,176
At 30 June 2015	**13**	**88**	**5,040**	**1,171**	**203**	**3,331**	**33,725**	**1,244**	**44,815**

Notes to the financial statements continued

For the year ended 30 June 2015

13. Intangible assets continued

Company

	Upfront licence fees £000	Distribution rights £000	Software £000	Assets under Construction £000	Customer relationships £000	Patents, technology and know-how £000	Total £000
Cost							
At 1 July 2013	493	2,127	4,195	218	—	—	7,033
Additions	47	229	127	3,306	—	—	3,709
Transfer to asset in use	—	—	3,324	(3,324)	—	—	—
Disposals	(15)	(868)	(543)	—	—	—	(1,426)
At 1 July 2014	525	1,488	7,103	200	—	—	9,316
Additions	1	1	55	890	—	—	947
Acquired on trade transfer from subsidiary (note 30)	—	—	—	—	190	412	602
Transfer to asset in use	—	—	887	(887)	—	—	—
At 30 June 2015	**526**	**1,489**	**8,045**	**203**	**190**	**412**	**10,865**
Accumulated amortisation and impairment							
At 1 July 2013	419	1,617	636	—	—	—	2,672
Charge for the year	55	381	1,331	—	—	—	1,767
Impairment	—	—	454	—	—	—	454
Disposals	(2)	(868)	(543)	—	—	—	(1,413)
At 1 July 2014	472	1,130	1,878	—	—	—	3,480
Charge for the year	40	270	1,694	—	—	—	2,004
At 30 June 2015	**512**	**1,400**	**3,572**	**—**	**—**	**—**	**5,484**
Carrying amount							
At 30 June 2014	53	358	5,225	200	—	—	5,836
At 30 June 2015	**14**	**89**	**4,473**	**203**	**190**	**412**	**5,381**

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

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

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

Customer relationships mainly relates to access to new customers as part of the Epitomics acquisition, namely in the reagents and services business. The remaining amortisation period is seven years in line with the history of the business. Customer relationships in the Company balance sheet have been acquired as part of the trade transfer of Ascent Bioscience and represent access to new customers in the biochemical industry. The remaining amortisation period is two years.

Patents, technology and know-how relates to acquired technology as part of the Group's acquisitions: RabMAb® technology as part of the Epitomics business with a remaining amortisation period of twelve years, being the remaining term of the primary patent; and multiplex and complex assay technology as part of the newly acquired Firefly BioWorks business. This is currently held as in-progress research and development and consequently amortisation will not begin until a fully marketable product utilising the technology is established. The amortisation period will then be the remaining term on the primary patent, which is currently 15 years.

Trade names relate to RabMAb® and Epitomics. The remaining amortisation period is five years.

14. Property, plant and equipment

Group

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas and assays £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2013	1,766	9,265	2,496	2,787	1,162	156	17,632
Additions	332	710	768	1,468	257	6	3,541
Transfer to asset in use	—	—	—	342	(342)	—	—
Disposals	(176)	(301)	(63)	—	—	(5)	(545)
Exchange differences	(57)	(307)	(197)	(284)	(133)	(19)	(997)
At 1 July 2014	1,865	9,367	3,004	4,313	944	138	19,631
Additions	643	2,049	1,077	2,148	759	—	6,676
Transfer to asset in use	—	—	—	325	(325)	—	—
Disposals	(109)	(65)	(6)	—	—	—	(180)
Exchange differences	30	210	102	99	—	12	453
At 30 June 2015	**2,429**	**11,561**	**4,177**	**6,885**	**1,378**	**150**	**26,580**
Accumulated depreciation							
At 1 July 2013	1,284	6,587	1,753	483	—	24	10,131
Charge for the year	312	762	476	312	—	20	1,882
Disposals	(175)	(284)	(60)	—	—	(5)	(524)
Exchange differences	(40)	(143)	(120)	(52)	—	(5)	(360)
At 1 July 2014	1,381	6,922	2,049	743	—	34	11,129
Charge for the year	385	1,192	481	860	—	16	2,934
Disposals	(109)	(63)	(6)	—	—	—	(178)
Exchange differences	15	98	73	54	—	4	244
At 30 June 2015	**1,672**	**8,149**	**2,597**	**1,657**	**—**	**54**	**14,129**
Carrying amount							
At 30 June 2014	484	2,445	955	3,570	944	104	8,502
At 30 June 2015	**757**	**3,412**	**1,580**	**5,228**	**1,378**	**96**	**12,451**

Notes to the financial statements continued

For the year ended 30 June 2015

14. Property, plant and equipment continued

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas and assays £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2013	1,291	6,480	1,074	284	—	—	9,129
Additions	198	456	289	1,242	945	6	3,136
Disposals	(161)	(250)	(25)	—	—	—	(436)
At 1 July 2014	1,328	6,686	1,338	1,526	945	6	11,829
Additions	394	1,090	90	1,905	592	—	4,071
Transfer to asset in use	—	—	—	291	(291)	—	—
Acquired on trade transfer from subsidiary (note 30)	8	111	15	—	—	—	134
Disposals	(71)	(1)	—	—	—	—	(72)
At 30 June 2015	**1,659**	**7,886**	**1,443**	**3,722**	**1,246**	**6**	**15,962**
Accumulated depreciation							
At 1 July 2013	968	5,501	890	205	—	—	7,564
Charge for the year	210	379	149	113	—	1	852
Disposals	(161)	(236)	(25)	—	—	—	(422)
At 1 July 2014	1,017	5,644	1,014	318	—	1	7,994
Charge for the year	250	561	141	358	—	2	1,312
Disposals	(71)	(1)	—	—	—	—	(72)
At 30 June 2015	**1,196**	**6,204**	**1,155**	**676**	**—**	**3**	**9,234**
Carrying amount							
At 30 June 2014	311	1,042	324	1,208	945	5	3,835
At 30 June 2015	**463**	**1,682**	**288**	**3,046**	**1,246**	**3**	**6,728**

15. Investments

The Company's direct and indirect subsidiaries at 30 June 2015 were:

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

15. Investments continued

Analysis of changes in investments

	£000
At 1 July 2013	95,840
Capital contribution[1]	307
At 30 June 2014	96,147
Capital contribution[1]	529
Reduction of investment value on transfer of trade to parent (note 30)	(8,370)
At 30 June 2015	**88,306**

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

On 30 June 2015 the Company acquired the trade and assets of Ascent Scientific Ltd (Ascent), a subsidiary undertaking. The investment held on the Company balance sheet at the date of transfer was £10,127,000, representing the assessed fair value of the net assets at the date of acquisition to the Abcam Group. As a result of the transfer the holding value of the investment is not deemed by the Directors to be representative of the remaining value left in the entity post-transfer due to any economic benefits being transferred into the Company. Consequently the investment value has been reduced down to £1,757,000, the remaining book value of assets and liabilities in Ascent, to more accurately reflect the subsidiary's value. The transferred economic benefit is represented by the new Company goodwill (see note 12). There is no overall economic loss to the Group.

16. Deferred tax assets and liabilities

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

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Acquired intangible assets £000	Other temporary differences £000	Total £000
At 30 June 2013	(1,396)	312	2,162	(11,284)	3,933	(6,273)
Credit/(charge) to income	658	—	85	1,191	(1,456)	478
Charge to equity	—	(550)	(1,350)	—	—	(1,900)
Exchange differences	125	—	—	1,252	(265)	1,112
At 30 June 2014	(613)	(238)	897	(8,841)	2,212	(6,583)
(Charge)/credit to income	(608)	—	62	1,079	1,099	1,632
Acquisition of subsidiary	—	—	—	(6,607)	—	(6,607)
(Charge)/credit to equity	—	(203)	623	—	—	420
Exchange differences	(56)	—	—	(410)	125	(341)
At 30 June 2015	**(1,277)**	**(441)**	**1,582**	**(14,779)**	**3,436**	**(11,479)**

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

	30 June 2015 £000	30 June 2014 £000
Deferred tax assets	**3,300**	2,258
Deferred tax liabilities	**(14,779)**	(8,841)
	(11,479)	(6,583)

The deferred tax liability of £14,779,000 (2014: £8,841,000) has been recognised in relation to the acquired intangible assets as a result of the acquisitions. Amounts released from this liability during the year were £1,079,000 (2014: £1,191,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets.

Notes to the financial statements continued

For the year ended 30 June 2015

16. Deferred tax assets and liabilities continued

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Acquired intangible assets £000	Other temporary differences £000	Total £000
At 30 June 2013	42	312	2,006	—	35	2,395
Charge to income	(70)	—	—	—	(147)	(217)
Charge to equity	—	(550)	(1,143)	—	—	(1,693)
At 30 June 2014	(28)	(238)	863	—	(112)	485
(Charge)/credit to income	(259)	—	95	—	157	(7)
Acquisition (note 30)	—	—	—	(119)	—	(119)
(Charge)/credit to equity	—	(203)	623	—	—	420
At 30 June 2015	**(287)**	**(441)**	**1,581**	**(119)**	**45**	**779**

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 (2014: £nil). No temporary differences exist in the current year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

17. Inventories

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Raw materials	**1,487**	834	**—**	—
Work in progress	**1,845**	1,079	**—**	—
Finished goods	**16,471**	12,840	**17,090**	13,321
	19,803	14,753	**17,090**	13,321

On 30 June 2015, the Company acquired finished goods with a book value of £1,596,000 from Ascent Scientific Ltd, one of its subsidiaries, as part of a transfer of trade and assets; this is included within the closing Company balance. The transaction is detailed in note 30.

18. Financial assets

Trade and other receivables

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Amounts receivable for the sale of goods	**13,791**	12,620	**3,964**	4,124
Allowance for doubtful debts	**(565)**	(479)	**(137)**	(196)
	13,226	12,141	**3,827**	3,928
Amounts owed by subsidiary undertakings	**—**	—	**14,467**	7,689
Other debtors	**4,119**	2,386	**2,399**	754
Prepayments	**2,382**	3,316	**1,213**	877
	19,727	17,843	**21,906**	13,248

Trade receivables

The average credit period taken for sales is 32.5 days (2014: 35.3 days). No interest has been charged on the receivables. Trade receivables are provided for based on estimated irrecoverable amounts determined by reference to past default experience. The Group and Company have provided fully for all receivables over 90 days past due because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable. Trade receivables between 30 days and 90 days are provided for based on estimated irrecoverable amounts from the sale of goods determined by reference to past default experience.

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

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

18. Financial assets continued

Trade receivables continued

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
0 to 30 days overdue	**2,689**	2,281	**599**	632
30 to 60 days overdue	**524**	332	**52**	12
	3,213	2,613	**651**	644

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Balance at the beginning of the year	**(479)**	(411)	**(196)**	(140)
Impairment losses (recognised)/released through the income statement	**(67)**	(101)	**59**	(56)
Exchange differences on translation of foreign operations	**(19)**	33	**—**	—
Balance at the end of the year	**(565)**	(479)	**(137)**	(196)

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

Ageing of impaired receivables

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
0 to 30 days overdue	**265**	163	**79**	66
30 to 60 days overdue	**16**	164	**1**	75
60 to 90 days overdue	**186**	116	**14**	32
More than 90 days overdue	**98**	36	**43**	23
	565	479	**137**	196

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

19. Loan receivable

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Amount owed by subsidiary undertaking	**—**	—	**60,503**	39,133

The amount owed to the Company represents three interest-bearing loans due from Abcam US Group Holdings Inc, a subsidiary undertaking.

				Book value	
	Principal $000	Repayment date	Interest rate	**30 June 2015 £000**	30 June 2014 £000
Term loan 1	33,000	20 December 2017	7.34%	**20,983**	19,274
Term loan 2	34,000	20 December 2019	8.69%	**21,619**	19,859
Bridging loan	28,153	Not applicable	7.30%	**17,901**	—
				60,503	39,133

All of the loans are unsecured. The bridging loan was issued on 22 January 2015 and has no fixed repayment date. It is expected that this loan will be replaced with a formal term loan. Any other changes in the book values of each loan are due to foreign exchange movements.

Notes to the financial statements continued

For the year ended 30 June 2015

20. Available-for-sale financial asset

	30 June 2015 £000	30 June 2014 £000
Shares	**678**	623

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

21. Derivative financial instruments

Group and Company: 30 June 2015

	Current		Non-current		
	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	784	(247)	—	—	537
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	2,471	(490)	224	(5)	2,200
	3,255	(737)	224	(5)	2,737

Group and Company: 30 June 2014

	Current		Non-current		
	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	862	—	—	—	862
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	986	(14)	180	(21)	1,131
	1,848	(14)	180	(21)	1,993

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

22. Trade and other payables

	Group		Company	
	30 June 2015 £000	30 June 2014 £000	30 June 2015 £000	30 June 2014 £000
Amounts falling due within one year				
Trade payables	**4,669**	3,737	**3,638**	3,107
Amounts owed to subsidiary undertakings	**—**	—	**12,327**	7,663
Accruals and deferred income	**8,699**	7,986	**6,655**	5,317
Other taxes and social security	**615**	1,534	**549**	431
Other payables	**1,525**	779	**1,143**	8
	15,508	14,036	**24,312**	16,526

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2015, the Group had an average of 39.3 days of purchases (2014: 32.8 days) outstanding in trade payables (excluding accruals and deferred income). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Commitments

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– Land and buildings	**2,822**	2,600

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 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Within one year	**2,853**	2,458	**959**	1,032
In the second to fifth years inclusive	**4,052**	5,544	**1,855**	2,802
After five years	**528**	—	**—**	—
	7,433	8,002	**2,814**	3,834

The above table reflects the committed cash payments under operating leases, rather than the expected charge to the income statement in the relevant periods. The charge in 2015/16 on these operating leases is expected to be £2.8m for the Group and £0.9m for the Company. At the year end the Group had additional commitments of £1.0m relating to the acquisition of property, plant and equipment and intangible assets (2014: £nil).

24. Capital and reserves

Share capital

Group and Company

	30 June 2015 £000	30 June 2014 £000
Issued and fully paid:		
201,052,039 (2014: 200,446,300) ordinary shares of 0.2 pence each	**402**	401

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

	2015 Number	2015 £000	2014 £000
Balance at beginning of year	**200,446,300**	**401**	399
Issue of share capital	**605,739**	**1**	2
Balance at end of year	**201,052,039**	**402**	401

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

Share premium

Group and Company

	£000
Balance at 1 July 2013	16,395
Premium arising on issue of equity shares	1,297
Balance at 1 July 2014	17,692
Premium arising on issue of equity shares	1,830
Balance at 30 June 2015	**19,522**

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

Notes to the financial statements continued

For the year ended 30 June 2015

24. Capital and reserves continued

Own shares

Group and Company

	£000
Balance at 1 July 2014	(2,143)
Acquired in the year	(1,001)
Disposed of on exercise of options	332
Balance at 30 June 2015	**(2,812)**

This balance represents the cost of 794,549 shares with a nominal value of £1,589 in Abcam plc (2014: 981,901 shares with a nominal value of £1,964) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP. See note 27 for further details of this scheme.

Reserves

Translation reserve

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

Share-based payment reserve

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

Hedging reserve

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

Tax reserve

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

Merger reserve

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

25. Dividends

	Year ended 30 June 2015 £000	Year ended 30 June 2014 £000
Amounts recognised as distributions to the owners of the parent in the year:		
Final dividend for the year ended 30 June 2014 of 5.62 pence (2013: 5.10 pence) per share	**11,287**	10,187
Interim dividend for the year ended 30 June 2015 of 2.29 pence (2014: 2.13 pence) per share	**4,601**	4,268
Total distributions to owners of the parent in the period	**15,888**	14,455
Proposed final dividend for the year ended 30 June 2015 of 5.92 pence (2014: 5.62 pence) per share	**11,902**	11,265

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

26. Financial instruments

Capital risk management

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

Significant accounting policies

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

26. Financial instruments continued

Categories of financial instruments

	Group carrying value		Company carrying value	
	30 June 2015 £000	30 June 2014 £000	30 June 2015 £000	30 June 2014 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	**—**	—	**74,970**	46,822
Trade receivables	**13,226**	12,141	**3,827**	3,928
Other receivables	**1,126**	1,194	**—**	—
Cash and cash equivalents and term deposits	**58,695**	56,862	**50,931**	50,013
Total financial assets	**73,047**	70,197	**129,728**	100,763
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables[1]	**(14,893)**	(12,502)	**(23,763)**	(16,095)
Total financial liabilities	**(14,893)**	(12,502)	**(23,763)**	(16,095)

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

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

Fair value measurements recognised in the balance sheet

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

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

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

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

30 June 2014	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Assets				
Derivative financial instruments	—	2,028	—	2,028
Available-for-sale asset	—	—	623	623
Total assets	—	2,028	623	2,651
Liabilities				
Derivative financial instruments	—	(35)	—	(35)
Total liabilities	—	(35)	—	(35)

There were no transfers between levels during the year.

Notes to the financial statements continued
For the year ended 30 June 2015

26. Financial instruments continued
Fair value measurements recognised in the balance sheet continued
Level 2 derivative financial instruments comprise forward foreign exchange contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market.

The Level 3 available-for-sale asset is an unlisted equity instrument stated at fair value, using the price of the last investment in the entity by a third party, less a discount for illiquidity. The Directors believe that no reasonably foreseeable changes to key assumptions would result in a significant change in fair value.

The Group's finance department performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. It reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

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

The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year-end debtor days are 32.5 days (2014: 35.3 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 32.5 days, as well as observable changes in international or local economic conditions.

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

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

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

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

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

	Liabilities		Assets	
	30 June 2015 £000	30 June 2014 £000	**30 June 2015 £000**	30 June 2014 £000
Euros	**(241)**	(96)	**7,172**	4,893
US Dollars	**(12,969)**	(8,824)	**10,954**	10,942
Japanese Yen	**(21)**	(10)	**3,724**	2,924
Chinese Renminbi	**—**	—	**4,347**	—
Australian Dollars	**—**	—	**816**	—
Hong Kong Dollars	**—**	—	**139**	82
	(13,231)	(8,930)	**27,152**	18,841

26. Financial instruments continued

Foreign currency sensitivity analysis

The Group's principal functional currency is Sterling. The Group is mainly exposed to fluctuations in US Dollars, Euros, Japanese Yen and Chinese Renminbi (RMB) exchange rates.

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

	US Dollar currency impact		Euro currency impact		Yen currency impact		RMB currency impact	
	2015 £000	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Effect of an 8% strengthening of GBP against the relevant currency:								
Income statement	**436**	311	**516**	356	**277**	216	**332**	—
Other comprehensive income	**1,973**	1,996	**1,875**	2,211	**520**	618	**—**	—
Effect of an 8% weakening of GBP against the relevant currency:								
Income statement	**(512)**	(366)	**(606)**	(417)	**(325)**	(254)	**(390)**	—
Other comprehensive income	**(2,315)**	(2,343)	**(2,202)**	(2,593)	**(611)**	(726)	**—**	—

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

Forward exchange contracts

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

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

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

Outstanding contracts	Average rate 30 June 2015	Foreign currency 30 June 2015 000	Contract value 30 June 2015 £000	Fair value 30 June 2015 £000
Sell US Dollars				
Less than 3 months	1.63	$12,600	7,707	(307)
3 to 6 months	1.63	$11,037	6,762	(260)
7 to 12 months	1.56	$18,289	11,738	95
13 to 18 months	1.54	$9,181	5,976	131
	1.59	$51,107	32,183	(341)
Sell Euros				
Less than 3 months	1.23	€7,502	6,100	773
3 to 6 months	1.25	€9,646	7,721	857
7 to 12 months	1.31	€16,197	12,399	761
13 to 18 months	1.36	€6,908	5,094	62
	1.29	€40,253	31,314	2,453
Sell Yen				
Less than 3 months	171.36	¥344,314	2,009	217
3 to 6 months	174.53	¥339,272	1,944	174
7 to 12 months	181.24	¥750,555	4,141	208
13 to 18 months	185.98	¥250,274	1,346	26
	178.43	¥1,684,415	9,440	625
Total of outstanding forward contracts			72,937	2,737

Notes to the financial statements continued

For the year ended 30 June 2015

26. Financial instruments continued

Forward exchange contracts continued

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

At 30 June 2015, the fair value of contracts held as cash flow hedges is an asset of £2,200,000 (2014: asset of £1,131,000). The remaining contracts are not held as cash flow hedges. The loss on the financial assets at fair value through the profit and loss account was £325,000 (2014: gain of £655,000). The gain of £1,068,000 (2014: £2,491,000) recognised through other comprehensive income is the net of fair value gains in the year of £2,125,000 (2014: £1,240,000) and transfers to the income statement of £1,057,000 (2014: £1,251,000 loss).

Liquidity risk management

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

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

The Group and Company hold cash deposits at call or with a maturity of up to five years. At 30 June 2015, the average maturity of balances was 430 days (2014: 805 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

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

Liquidity risk tables – financial liabilities

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

	Less than six months £000	**Between six months and one year £000**	**Total £000**
Group			
2015			
Trade and other payables	**(14,345)**	**(548)**	**(14,893)**
	(14,345)	**(548)**	**(14,893)**
Company			
2015			
Trade and other payables	**(10,948)**	**(479)**	**(11,427)**
Trade payables owed to subsidiary undertakings	**(6,107)**	**—**	**(6,107)**
Loans payable to subsidiary undertakings	**—**	**(6,229)**	**(6,229)**
	(17,055)	**(6,708)**	**(23,763)**

26. Financial instruments continued

Liquidity risk tables – financial liabilities continued

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

Interest rate risk sensitivity analysis

An increase of 0.25% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £144,000 (2014: £119,000) and by the Company of £126,000 (2014: £95,000). A decrease of 0.25% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £144,000 (2014: £119,000) and by the Company of £126,000 (2014: £95,000).

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

27. Share-based payments

Equity-settled share option scheme

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

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

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

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

The Group recorded a total equity-settled share-based payments expense of £1,747,000 in the year (2014: £941,000), of which £1,251,000 (2014: £678,000) was included within administration and management expenses and £496,000 (2014: £263,000) was included within R&D expenses.

Summary of all schemes, excluding SIP, LTIP and deferred share awards

Options outstanding as at 30 June 2015 had an exercise price of between 56 pence and 464 pence (2014: 12.5 pence and 464 pence). The weighted average remaining contractual life is 7.28 years (2014: 7.28 years). The weighted average fair value of the options outstanding at the end of the year was 87.28 pence (2014: 68.37 pence). The Group recorded a total share-based payments expense of £309,000 (2014: £568,000) in the year relating to all schemes excluding the SIP, LTIP and deferred share awards.

	2015			2014		
	Number of share options	**Weighted average exercise price pence**	**Weighted average share price at date of exercise pence**	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**2,035,466**	**331.77**	**–**	2,371,600	260.95	—
Granted during year	**569,094**	**406.00**	**–**	687,945	464.00	—
Forfeited during year	**(95,525)**	**411.50**	**–**	(494,329)	392.32	—
Exercised during year	**(363,954)**	**244.83**	**448.51**	(529,750)	122.80	446.36
Outstanding at end of year	**2,145,081**	**364.60**	**–**	2,035,466	333.63	—
Exercisable at end of year	**741,511**	**250.33**	**–**	660,947	162.95	—

Notes to the financial statements continued

For the year ended 30 June 2015

27. Share-based payments continued

Enterprise Management Incentive (EMI) Scheme

	2015			2014		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**147,495**	**58.89**	**—**	278,710	60.57	—
Exercised during year	**(108,575)**	**58.34**	**422.66**	(131,215)	62.45	465.99
Outstanding at end of year	**38,920**	**60.42**	**—**	147,495	58.89	—
Exercisable at end of year	**38,920**	**60.42**	**—**	147,495	58.89	—

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

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

		2015			2014		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
27 May 2008	27 May 2015	**—**	**—**	**—**	7,900	12.5	1
7 September 2009	7 September 2016	**12,060**	**56.0**	**7**	19,270	56.0	11
8 November 2010	8 November 2017	**26,860**	**62.4**	**17**	120,325	62.4	75
Total		**38,920**		**24**	147,495		87

Unapproved Share Option Plan

	2015			2014		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**170,460**	**62.4**	**—**	376,270	73.45	—
Exercised during year	**—**	**—**	**—**	(205,810)	82.60	426.00
Outstanding at end of year	**170,460**	**62.4**	**—**	170,460	62.40	—
Exercisable at end of year	**170,460**	**62.4**	**—**	170,460	62.40	—

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

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

		2015			2014		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
8 November 2010	8 November 2017	**170,460**	**62.4**	**106**	170,460	62.4	106
Total		**170,460**		**106**	170,460		106

27. Share-based payments continued

The Abcam 2005 Share Option Scheme

	2015			2014		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**1,188,908**	**395.46**	**—**	1,114,907	302.18	—
Granted during year	**489,700**	**406.00**	**—**	558,241	464.00	—
Forfeited during year	**(56,319)**	**418.60**	**—**	(410,597)	396.04	—
Exercised during year	**(147,831)**	**344.72**	**478.82**	(73,643)	187.27	462.98
Outstanding at end of year	**1,474,458**	**403.17**	**—**	1,188,908	352.86	—
Exercisable at end of year	**352,435**	**330.41**	**—**	156,590	242.49	—

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

		2015			2014		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
6 November 2011	6 November 2018	**34,200**	**92.4**	**32**	45,100	92.4	42
9 November 2012	9 November 2019	**25,875**	**180.8**	**47**	28,375	180.8	51
2 December 2013	2 December 2020	**52,788**	**345.0**	**182**	83,115	345.0	287
1 November 2014	1 November 2021	**122,452**	**370.0**	**453**	201,410	370.0	745
1 November 2014	1 November 2022	**117,120**	**385.0**	**451**	149,475	385.0	575
1 November 2015	1 November 2022	**118,998**	**385.0**	**458**	128,559	385.0	495
1 November 2016	1 November 2022	**72,295**	**385.0**	**278**	74,714	385.0	288
25 November 2015	25 November 2023	**204,626**	**464.0**	**949**	211,746	464.0	983
25 November 2016	25 November 2023	**149,517**	**464.0**	**694**	160,472	464.0	745
25 November 2017	25 November 2023	**102,377**	**464.0**	**475**	105,942	464.0	492
4 November 2016	4 November 2024	**221,856**	**406.0**	**901**	—	—	—
4 November 2017	4 November 2024	**141,357**	**406.0**	**574**	—	—	—
4 November 2018	4 November 2024	**110,997**	**406.0**	**451**	—	—	—
Total		**1,474,458**		**5,945**	1,188,908		4,703

The Abcam CSOP

	2015			2014		
	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence	Number of share options	Weighted average exercise price pence	Weighted average share price at date of exercise pence
Outstanding at beginning of year	**528,603**	**359.39**	**—**	601,713	310.46	—
Granted during year	**79,394**	**406.00**	**—**	129,704	464.00	—
Forfeited during year	**(39,206)**	**401.29**	**—**	(83,732)	374.11	—
Exercised during year	**(107,548)**	**295.80**	**432.95**	(119,082)	218.91	449.64
Outstanding at end of year	**461,243**	**378.68**	**—**	528,603	358.68	—
Exercisable at end of year	**179,696**	**312.67**	**—**	186,402	270.40	—

Notes to the financial statements continued

For the year ended 30 June 2015

27. Share-based payments continued

The Abcam CSOP continued

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

		2015			2014		
Vesting date	Expiry date	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000	Number of options outstanding	Exercise price pence	Cash receivable on exercise £000
9 November 2012	9 November 2019	**45,560**	**180.8**	**82**	84,685	180.8	153
2 December 2013	2 December 2020	**67,308**	**345.0**	**232**	101,717	345.0	351
1 November 2014	1 November 2021	**66,828**	**370.0**	**247**	107,520	370.0	398
1 November 2015	1 November 2022	**103,352**	**385.0**	**398**	115,202	385.0	444
25 November 2016	25 November 2023	**109,349**	**464.0**	**507**	119,479	464.0	554
4 November 2017	4 November 2024	**68,846**	**406.0**	**280**	—	—	—
Total		**461,243**		**1,746**	528,603		1,900

Option fair values

The Abcam 2005 Share Option Scheme

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

Grant date	25 November 2013	25 November 2013	25 November 2013	4 November 2014	4 November 2014	4 November 2014
Share price at grant (pence)	464	464	464	406	406	406
Fair value at valuation date (pence)	75	110	115	66	75	97
Exercise price (pence)	464	464	464	406	406	406
Expected volatility	24%	31%	30%	25%	25%	30%
Expected life (years)	5	6	7	5	6	7
Expected dividend yield	1.70%	1.70%	1.70%	1.91%	1.91%	1.91%
Risk-free rate	0.52%	0.89%	1.28%	0.78%	1.10%	1.37%
Employee exercise multiple	2	2	2	2	2	2
Employee exit rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The Abcam CSOP

Grant date	25 November 2013	4 November 2014
Share price at grant (pence)	464	406
Fair value at valuation date (pence)	108	77
Exercise price (pence)	464	406
Expected volatility	31%	25%
Expected life (years)	6	6
Expected dividend yield	1.70	1.91
Risk-free rate	0.89%	1.10%
Employee exercise multiple	2	2
Employee exit rate	0.00%	0.00%

Share Incentive Plan

All UK-based employees are eligible to participate in the SIP whereby employees buy shares in the Company. These shares are called Partnership Shares and are held in trust on behalf of the employee. For every Partnership Share bought by the employee up to a limit of £1,800 per tax year the Company will give the employee one share free of charge (Matching Shares), provided the employee remains employed by the Company for a period of at least three years. The employees must take their shares out of the plan on leaving the Company and will not be entitled to the Matching Shares if they leave within three years of buying the Partnership Shares. In addition, the Company can also award employees up to a maximum of the HMRC approval limit, which during the year was £3,600 of shares (Free Shares) per tax year. There are no vesting conditions attached to the Free Shares, other than being continuously employed by the Company for three years from the date of grant.

27. Share-based payments continued

Option fair values continued

Share Incentive Plan continued

	Number of Free Shares		Number of Matching Shares	
	2015	2014	**2015**	2014
Outstanding at beginning of year	**576,230**	591,272	**159,230**	154,857
Granted during year	**165,318**	109,818	**42,025**	31,168
Forfeited during year	**(40,497)**	(39,156)	**(11,365)**	(5,819)
Released during year	**(129,372)**	(85,704)	**(33,825)**	(20,976)
Outstanding at end of year	**571,679**	576,230	**156,065**	159,230
Exercisable at end of year	**240,245**	268,880	**64,662**	66,261

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 £586,000 (2014: £475,000) in the year relating to Matching and Free Share awards.

Long Term Incentive Plan

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

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

	LTIP awards 2015	LTIP awards 2014
Outstanding at beginning of year	**1,168,872**	1,771,767
Granted during year	**150,333**	190,224
Forfeited during year	**(307,592)**	(338,510)
Exercised during year[1]	**(70,304)**	(454,609)
Outstanding at end of year	**941,309**	1,168,872
Exercisable at end of year	**451,934**	522,307

1 The weighted average sales price for exercises in the year was 402 pence (2014: 435 pence). Of the 70,304 options exercised during the year 304 were exercised in exchange for cash (2014: 6,407).

The aggregates of the fair values of the awards made in the year were £400,767, £109,376 and £28,694, granted on 4 November 2014, 31 March 2015 and 5 May 2015 respectively (2014: £856,137).

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

Grant date	25 November 2013	9 December 2013	4 November 2014	31 March 2015	5 May 2015
Weighted average exercise price (pence)	—	—	—	—	—
Expected volatility	31%	29%	25%	24%	24%
Expected life (years)	3	3	3	3	3
Expected dividend yield	1.70%	1.66%	1.91%	1.63%	1.51%
Risk-free rate	0.87%	0.99%	1.10%	0.95%	0.93%

The Group recognised an expense of £166,000 (2014: a net credit of £102,000) in the year related to performance share awards under the LTIP.

Notes to the financial statements continued

For the year ended 30 June 2015

27. Share-based payments continued

Option fair values continued

Annual Bonus Plan – deferred share award

The Company approved a new component to the Annual Bonus Plan in 2013 whereby a portion of the annual amount awarded to certain senior management would be deferred in shares. The number of deferred shares granted is dependent on certain performance criteria, consisting of a one-year profit target, and achievement of strategic and personal objectives. There is a further two-year compulsory deferral period, at the end of which the deferred share awards will become exercisable subject to continued employment.

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

	Deferred share awards 2015	Deferred share awards 2014
Outstanding at beginning of year	**68,886**	—
Granted during year	**118,229**	72,326
Forfeited during year	**(1,260)**	(3,440)
Exercised during year	**—**	—
Outstanding at end of year	**185,855**	68,886
Exercisable at end of year	**—**	—

The aggregate of the fair values of the awards granted on 8 September 2014 was £509,600 (2014: £290,000).

The estimated fair values of the awards are calculated using the Black Scholes Model due to the grants having performance conditions based on non-market conditions. The inputs into the model for awards granted are as follows:

Grant date	10 September 2013	8 September 2014
Weighted average exercise price (pence)	—	—
Expected volatility	35%	32%
Expected life (years)	3	3
Expected dividend yield	1.32%	1.71%
Risk-free rate	0.40%	0.87%

The Group recognised an expense of £500,800 (2014: a net credit of £225,600) in the year related to deferred share awards under the Annual Bonus Plan.

Cash-settled share option scheme

In addition to the equity-settled schemes the Group operates a cash-settled scheme for certain overseas employees. The total charge for the year was £144,000 (2014: a net credit of £33,000).

28. Retirement benefit schemes

Defined contribution schemes

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

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

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2015 was £1,689,000 (2014: £1,207,000). As at 30 June 2015 contributions of £156,000 (2014: £83,000) due in respect of the current reporting period had not been paid over to the schemes.

29. Business Combinations

Firefly BioWorks Inc

On 23 January 2015 the Group acquired 100% of the share capital of Firefly BioWorks Inc (Firefly), a private company incorporated in the United States specialising in novel assay technologies, for $26.4m. A further payment of $1.6m was made after the acquisition to settle the pre-existing liabilities. As a result of the acquisition, the Group is expected to produce marketable Micro RNA research products, extending the Group's product portfolio in this increasingly important area of research. In addition the Group is expecting to leverage the acquired technology to produce a new series of protein immunoassays.

The goodwill of $12.0m (£8.0m) arising from the acquisition consists largely of the product pipeline opportunities and alternative future uses to be derived from the acquired technology and the value of the highly knowledgeable and skilled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

29. Business Combinations continued

Firefly BioWorks Inc continued

The following table summarises the consideration paid for Firefly and the provisional fair value of the assets acquired and liabilities assumed at the acquisition date:

Recognised amounts of identifiable assets acquired and liabilities assumed	Fair value £000
Non-current assets	
Intangible assets (note 13)	17,704
Current assets	
Cash	224
Trade and other receivables	21
Current liabilities	
Trade and other payables	(1,323)
Non-current liabilities	
Deferred tax liability	(7,082)
Total identifiable assets acquired	9,544
Goodwill	8,013
Total consideration	17,557

Consideration at 23 January 2015	£000
Cash	17,557
Total consideration transferred	17,557
Cash and cash equivalents acquired	(224)
Net cash outflow arising on acquisition	17,333

Acquisition-related expenses totalling £335,000 are included within administrative expenses in the Consolidated income statement for the year ended 30 June 2015.

The fair value of the acquired identifiable intangible assets consists of £17,088,800 in-progress R&D and £615,600 of software. The values have been formally assessed by a third party valuation expert. A related deferred tax liability has also been recognised. The book value has been deemed by management to equate to the fair value for the remaining balance sheet accounts.

During the period from the date of acquisition to the balance sheet date, Firefly contributed £151,000 to the Group's revenue from sales to third parties and a loss before tax of £1,033,000 over the same period.

Had Firefly been consolidated from 1 July 2014, the consolidated income statement would show pro forma revenue of £144,122,000 and profit before tax of £43,558,000.

30. Related party transactions

Remuneration of key management personnel

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

Group and Company	30 June 2015 £000	30 June 2014 £000
Short-term employee benefits and fees	**3,778**	3,155
Post-employment benefits	**64**	107
Share-based payments charge	**190**	190
	4,032	3,452

Directors' transactions

Dividends totalling £2,429,438 were paid in the year in respect of ordinary shares held by the Company's Executive and Non-Executive Directors.

During the year the Company made sales to Horizon Discovery Limited, of which Jonathan Milner is a non-executive director, totalling £7,202 (2014: £5,413) and made purchases from Order Dynamics of £60,000 (2014: £nil), of which Michael Ross is an executive director.

Notes to the financial statements continued

For the year ended 30 June 2015

30. Related party transactions continued

Company transactions with its subsidiaries

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

	30 June 2015 £000	30 June 2014 £000
Sales of goods	**76,308**	62,812
Purchase of goods	**(11,887)**	(7,495)
Dividends received	**—**	—
Management fees charged	**(1,004)**	(1,209)
	63,417	54,108

Amounts remaining outstanding at the year end can be seen in the notes to the Company balance sheet.

Ascent Scientific Ltd intra-group trade transfer

During the year the decision was made to hive-up the trade of Ascent Scientific Ltd (Ascent) into Abcam Plc. Consequently on 30 June 2015 the trade and net assets of Ascent were transferred to the Company at their book value.

The cost of the Company's investment in that subsidiary undertaking reflected the fair value of net assets and goodwill assessed at the time of acquisition to the Abcam Group (12 September 2011). As a result of the transfer, the value of the Company's investment in Ascent fell below the amount at which it was stated in the Company's balance sheet.

Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's profit and loss account. However, the Directors consider that, as there has been no overall economic loss to the Company, it would fail to give a true and fair view to charge that diminution to the profit and loss account for the year and it should instead follow predecessor accounting, reallocating the cost to goodwill and the identifiable fair value of net assets transferred. The allocation between assets acquired has been taken with reference to the original values assessed formally at the date Ascent was acquired by the Abcam Group.

The following table summarises the impact of adopting predecessor accounting for the trade transfer on the Company balance sheet:

	Fair value recognised £000
Non-current assets	
Intangible assets (note 13)	602
Property, plant and equipment (note 14)	134
Current assets	
Cash	54
Inventories (note 17)	1,596
Trade and other receivables	96
Current liabilities	
Trade and other payables	(82)
Non-current liabilities	
Deferred tax (note 16)	(119)
Total identifiable assets recognised	2,281
Cash consideration	1,798
Reduction in carrying value of investment (note 15)	8,370
Recognised directly in equity[1]	(229)
Total consideration	9,939
Goodwill recognised	7,658

1 Amounts recognised directly to equity represent the change in the net assets of Ascent since acquisition on 12 September 2011.

The Group financial statements are not affected by this transfer.

31. 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 2015 of £40,372,000 (2014: £29,300,000).

Corporate directory

Registered office
330 Cambridge Science Park
Milton Road
Cambridge CB4 0FL
UK

Websites
www.abcam.com
www.abcamplc.com

Registered number
3509322

Company Secretary
Suzanne Smith

Nominated advisor and joint broker
J.P. Morgan Cazenove
25 Bank Street
London E14 5JP
UK

Joint broker
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET
UK

Auditor
PricewaterhouseCoopers LLP
Chartered Accountants
Abacus House
Castle Park
Cambridge CB3 0AN
UK

Public relations advisor
FTI
200 Aldersgate
London EC1A 4HD
UK

Banker
National Westminster Bank plc
King’s Parade
Cambridge CB2 3PU
UK

Registrar
Capita Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA
UK

Shareholder information

Shareholder enquiries
Any shareholder with enquiries should, in the first instance, contact our registrar, Capita Asset Services, using the address provided in the Corporate Directory.

Share price information
London Stock Exchange Alternative Investment Market (AIM) symbol: ABC

Information on the Company’s share price is available on the Abcam investor relations website at www.abcamplc.com.

Investor relations
330 Cambridge Science Park
Milton Road
Cambridge CB4 0FL
UK

Email: corporate@abcam.com

Phone: +44 (0)1223 696000
Website: www.abcamplc.com

Financial calendar

Financial year end	30 June 2015
Full year results announced	14 September 2015
Annual General Meeting	5 November 2015
Ex-dividend date for final dividend	12 November 2015
Record date for final dividend	13 November 2015
Final dividend payment	4 December 2015

RECYCLED
Paper made from recycled material
FSC® C022913
www.fsc.org

CERTIFIED CARBON NEUTRAL® publication
CarbonNeutral.com

The Group’s commitment to environmental issues is reflected in this Annual Report which has been printed on Cocoon 50% recycled silk which is made from 100% post-consumer fibres, FSC® certified and PCF (Process Chlorine Free). Printed in the UK by Pureprint using their alcofree® and pureprint® environmental printing technology, and vegetable inks were used throughout. Pureprint is a CarbonNeutral® company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

The unavoidable carbon emissions generated during the manufacture and delivery of this document have been reduced to net zero through a verified carbon offsetting project.

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP
Design Portfolio is committed to planting trees for every corporate communications project, in association with Trees for Cities.

Abcam plc
330 Cambridge Science Park
Cambridge CB4 0FL
UK

Email: corporate@abcam.com
Phone: +44 (0)1223 696000
Fax: +44 (0)1223 215215