



For immediate release

7 September 2010

ABCAM PLC

(‘Abcam’ or ‘the Company’)

Preliminary results for the year ended 30 June 2010

Cambridge, UK: Abcam plc (AIM: ABC), the rapidly growing bioscience company that markets antibodies via its own online catalogue, is pleased to announce its preliminary results for the year ended 30 June 2010.

Highlights

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

Mike Redmond, Chairman of Abcam, said:

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

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Notes for editors

About Abcam plc

Abcam is a producer and distributor of research-grade antibodies and related products, headquartered in Cambridge, United Kingdom, with US offices in Cambridge, Massachusetts, and San Francisco, California, and Far East offices in Tokyo and Hong Kong. Abcam was admitted to AIM in November 2005 and trades under the ticker symbol ABC. The Company produces and distributes its own and third-party products to academic and commercial users throughout the world. Product ordering is available through the Company's website www.abcam.com, where customers are also able to access up-to-date and detailed technical product data sheets. All products are sold under the Abcam brand name and the Company's vision is to build the world's largest online resource of high-quality and commercially viable antibodies. Abcam now has an online catalogue of over 63,000 products, most of which are antibodies, from over 250 suppliers and employs 270 staff.

About antibodies

Antibodies are proteins produced by white blood cells in response to the introduction of a foreign body known as an antigen. Antibodies, which have a wide variety of uses in research, diagnostics and therapeutics, are used by bioscientists in research into disease and into the human genome, where they are used to mark and identify specific cells and other living matter. The number of human antibodies of use in research is potentially greater than one million.

Chairman's Review

For the year ended 30 June 2010

Introduction

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

Financial highlights

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

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

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

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

Dividends

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

Proposed share sub-division

In recent years the market price of the Company's ordinary shares of 1 pence each has risen to a level where the Board believes that it is appropriate to propose the sub-division of each of the existing ordinary shares into five new ordinary shares of 0.2 pence each. This may improve the liquidity and marketability of the ordinary shares of the Company by reducing the market price of an ordinary share and increasing the number of shares in issue. The Board will seek approval from shareholders for the proposed sub-division at the Company's forthcoming AGM in November 2010.

People

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

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

Outlook

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

Mike Redmond

Chairman

6 September 2010

Chief Executive Officer's Review For the year ended 30 June 2010

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

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

Market review

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

We have improved our service offering in Europe during the year. Local language support is now available for extended periods each day to allow better access for researchers to our customer support teams and we are now able to offer same-day receipt and despatch of orders to more customers across Europe. In addition, we have been successful in appointing non-exclusive distributors within certain European countries to enable us to sell to organisations not otherwise accessible to us. Sales to Europe grew by 20.5% to €22.7m (£20.0m) (2009: €18.9m, £16.3m), representing 28.2% of our total sales for the year.

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

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

We opened our sales and marketing office in Hong Kong in July 2009 initially to drive sales in China and Hong Kong, but with the longer-term aim of taking on the management of our distributor network in South East Asia. It has been a very busy year for the team as they have been recruiting staff, appointing distributors in China and improving our delivery capability into China through the selection of a local company to handle the importation of our products. We expect it will take several years to develop our position in the Chinese market to its full potential but we have made good progress in the year as sales to Hong Kong and China grew by 62.2% to HK\$34.3m (£2.8m) (2009: HK\$21.1m, £1.7m), or 3.9% of total sales.

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

Catalogue growth

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

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

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

E-commerce and marketing

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

Chief Executive Officer's Review *For the year ended 30 June 2010*

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

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

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

Our production facility

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

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

Efficiency initiatives and people

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

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

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

Strategic development

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

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

Jonathan Milner

Chief Executive Officer
6 September 2010

Financial Review

For the year ended 30 June 2010

Revenue

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

Gross margin

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

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

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

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

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

Administration and management expenses

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

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

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

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

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

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

Research and development expenditure

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

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

Financial Review

For the year ended 30 June 2010

Profit

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

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

Tax

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

Inventories

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

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

Debtors

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

Creditors

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

Cash flow

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

The short-term deposits are cash deposits held with major UK banks, which had a maturity date of over 3 months when the deposit was made.

EPS

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

Currency exposure

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

Jeff Iliffe

Chief Financial Officer
6 September 2010

Consolidated Income Statement
For the year ended 30 June 2010

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

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2010

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

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

¹ Exchange differences on translation of overseas operations.

² IFRS 2 charge for fair value of share options.

³ Gains and losses recognised on cash flow hedges.

⁴ Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS12. In addition, the current tax deduction arising on exercise of share options in respect of 2008/09 of £383,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the preliminary financial information.

Consolidated Balance Sheet
At 30 June 2010

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

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

They were signed on its behalf by:

Jeff Iliffe
Director

Company Balance Sheet
At 30 June 2010

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

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

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated Cash Flow Statement
For the year ended 30 June 2010

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

Company Cash Flow Statement
For the year ended 30 June 2010

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

Company Statement of Comprehensive Income
For the year ended 30 June 2010

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

Company Statement of Changes in Equity
For the year ended 30 June 2010

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

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

¹ IFRS 2 charge for fair value of share options.

² Gains and losses recognised on cash flow hedges.

³ Portion of deferred tax asset arising on outstanding share options and share options exercised and not taken to profit and loss in accordance with IAS12. In addition, the current tax deduction arising on exercise of share options in respect of 2008/09 of £383,000 has been reclassified from the deferred tax reserve to retained earnings in order to aid better understanding of the preliminary financial information.

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

1. General information

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

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

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

2. Adoption of new and revised standards

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

Standards affecting presentation and disclosure

IAS 1 (revised 2007)
Presentation of Financial Statements

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

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

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

Standards affecting the reported results and financial position

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

Amendment to IAS 38
Intangible Assets

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

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

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

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Standards not affecting the reported results or the financial position

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

IAS 23 (revised 2007) <i>Borrowing Costs</i>	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on this preliminary financial information because it has always been the Group's accounting policy to capitalise borrowing costs incurred on qualifying assets.
Amendments to IAS 32 <i>Financial Instruments: Presentation</i> and IAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met. This has had no impact in the current or prior financial year.
Amendments to IAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.
IFRS 3 (revised 2008) <i>Business combinations</i>	The revision introduces several changes which have a significant impact on the accounting for business combinations and the costs associated with them.
Amendments to IFRIC 9 and IAS 39 <i>Embedded derivatives</i>	The amendments serve to clarify that on reclassification of a financial asset out of the 'at fair value through profit or loss' category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements.

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

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

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

3. Significant accounting policies

Basis of accounting

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30 June 2010 or 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

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

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

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Basis of consolidation

The consolidated preliminary financial information incorporates the preliminary financial information of the Company and entities controlled by the Company made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

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

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

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

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

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

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

Leasing

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

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

Foreign currencies

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

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

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

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

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

Retirement benefit costs

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

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Taxation

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

Intangible assets

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

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

Payments made to acquire software and distribution rights from third parties are capitalised at cost and amortised on a straight-line basis over their estimated minimum useful lives. The minimum useful life is determined to be three years in the case of software, and the term of the deal in the case of distribution rights, which can extend up to 10 years.

Impairment of tangible and intangible assets

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

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

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

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Investments

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

Inventories

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

Financial instruments

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

Trade and other receivables

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

Cash and cash equivalents

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

Financial liabilities and equity

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

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

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

Derivative financial instruments

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

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

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 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.

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Cash flow hedges

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

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

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

Share-based payments

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

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

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

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

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

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

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

Own shares

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Impairment of intangibles

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

Notes to the Consolidated Preliminary Financial Information

For the year ended 30 June 2010

Fair value of derivatives and other financial instruments

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

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

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

5. Income statement for the Company

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

6. Revenue

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

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

7. Operating segments

Products and services from which reportable segments derive their revenues

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

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

Geographical information

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

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

Notes to the Consolidated Preliminary Financial Information For the year ended 30 June 2010

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

8. Profit for the year

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

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

9. Auditors' remuneration

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

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

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

10. Staff costs

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

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

Their aggregate remuneration comprised:

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

11. Investment revenue

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

12. Operating lease arrangements

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

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

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

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

13. Tax

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

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in this preliminary financial information in accordance with IAS 10, as it is a non-adjusting event occurring after the reporting period.

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

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

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

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

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

14. Dividends

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

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

15. Earnings per share

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

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

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

16. Intangible assets

Group

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

Company

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

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

17. Property, plant and equipment

Group

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

Company

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

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

18. Investments

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

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

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

Analysis of changes in investments:

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

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

19. Inventories

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

20. Financial assets

Trade and other receivables

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

Trade receivables

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

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

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

Ageing of past due but not impaired receivables:

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

Movement in the allowance for doubtful debts:

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

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

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

Ageing of impaired receivables:

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

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

21. Derivative financial instruments

Group and Company: 30 June 2010

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

Group and Company: 30 June 2009

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

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

Notes to the Consolidated Preliminary Financial Information
For the year ended 30 June 2010

22. Deferred tax

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

Group

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

Company

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

At the balance sheet date, there are no aggregate temporary differences associated with undistributed earnings of subsidiaries for which a deferred tax liability has not been recognised (2009: £1,210,000). No liability was recognised in the prior year in respect of these differences because the Group was in a position to control the timing of the reversal of temporary differences and it was probable that such differences would not reverse in the foreseeable future. No temporary differences exist in the current year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

23. Other financial liabilities

Trade and other payables

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

Notes to the Consolidated Preliminary Financial Information For the year ended 30 June 2010

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

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

24. Financial instruments

Capital risk management

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

Significant accounting policies

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

Categories of financial instruments

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

¹ Financial liabilities at amortised cost within trade and other payables consist of trade payables, intercompany payables, other taxes and other payables.

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

Fair value measurements recognised in the statement of financial position

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

Notes to the Consolidated Preliminary Financial Information For the year ended 30 June 2010

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

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

Risk in relation to the use of financial instruments

Credit risk

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

The standard payment terms for receivables other than intra-group balances are 30 days. Any variation in these terms requires authorisation by senior management. Year-end debtor days are 32.6 days (2009: 32.0 days). All overdue debts are provided for where collectability is considered doubtful or the value of the debt is impaired. Objective evidence of impairment could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 32.6 days, as well as observable changes in international or local economic conditions.

The standard payment terms for intra-group receivables are 45 days. There is not considered to be any risk of impairment of these receivables unless the financial assets of the entity holding the corresponding liability are impaired. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Funds are split between at least two institutions.

Market risk

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

Foreign currency risk management

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

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

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

Foreign currency sensitivity analysis

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

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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. Eight per cent represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and forward exchange contracts and adjusts their translation at the period end for an 8% change in foreign currency rates. A positive number indicates an increase in profit or equity.

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

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

Forward exchange contracts

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

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

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

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

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

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

Liquidity risk management

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

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

The Group and Company hold cash deposits at call or with a maturity of up to 12 months. At 30 June 2010, the average maturity of balances was 146 days (2009: 47 days) of fixed rate deposits not sensitive to changes in interest rates.

Sufficient funds are readily available to the Company to meet operational requirements.

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

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Liquidity and interest risk tables – financial liabilities

All balances are capital and do not include accrued interest.

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2010					
Trade payables	—	(2,535)	(14)	(6)	(2,555)
Accruals and deferred income	—	(2,982)	(266)	(622)	(3,870)
		(5,517)	(280)	(628)	(6,425)

Company					
2010					
Trade payables	—	(2,264)	(10)	(4)	(2,278)
Accruals and deferred income	—	(2,680)	(179)	(333)	(3,192)
		(4,944)	(189)	(337)	(5,470)

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2009					
Trade payables	—	(1,604)	(82)	(17)	(1,703)
Accruals and deferred income	—	(3,725)	(196)	(682)	(4,603)
		(5,329)	(278)	(699)	(6,306)

Company					
2009					
Trade payables	—	(1,403)	(82)	(17)	(1,502)
Accruals and deferred income	—	(3,367)	(133)	(628)	(4,128)
		(4,770)	(215)	(645)	(5,630)

Interest rate risk sensitivity analysis

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

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

25. Share capital

Group and Company

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

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

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

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

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

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

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

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

26. Share premium

Group and Company

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

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

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27. Own shares

Group and Company

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

This balance represents the cost of 107,458 shares in Abcam plc (2009: 65,094) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the various share-based compensation plans. See note 30 for further details of these schemes.

28. Retained earnings and other reserves

Group

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

1 Exchange differences on translation of overseas operations.

2 IFRS 2 charge for fair value of share options.

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

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

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

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Company

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

1 IFRS 2 charge for fair value of share options.

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

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

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

29. Note to the cash flow statement

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

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

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30. Share-based payments

Equity-settled share option scheme

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

The vesting period for grants under the SAYE scheme is either three years or five years, as selected by the employee at the date of grant. Those options with performance criteria vest when the criteria are met. The vesting period for all other options is from one to three years. If the options remain unexercised after a period of 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

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

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

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

Summary of all schemes, excluding SIP and LTIP

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

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

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

Enterprise management incentive (EMI) scheme

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

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

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Unapproved share option scheme

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

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

Abcam Inc share scheme

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

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

SAYE scheme

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

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

The Abcam 2005 share option scheme

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

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The Abcam CSOP

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

Fair value calculation

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

EMI scheme

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

Unapproved scheme

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

SAYE scheme

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

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

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

Share Incentive Plan

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

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

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

The Group recognised a total expense of £195,000 (2009: £68,000) related to Matching and Free Share awards in the year.

Long-Term Incentive Plan

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

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

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

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

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

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

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

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

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

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

31. Retirement benefit schemes

Defined contribution schemes

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

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

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

32. Related party transactions

Remuneration of key personnel

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

Group and Company

	30 June 2010 £000	30 June 2009 £000
Short-term employee benefits and fees	1,279	1,078
Share-based compensation charge	276	153
	1,558	1,231

Notes to the Consolidated Preliminary Financial Information For the year ended 30 June 2010

Directors' transactions

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

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

Company transactions with its subsidiaries

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

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

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

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