

For immediate release

10 September 2013

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

Preliminary Results for the Year Ended 30 June 2013

Abcam plc (AIM: ABC), a global leader in the supply of protein research tools, is pleased to announce its preliminary results for the year ended 30 June 2013.

Highlights

- Reported revenue increased by 24.9% to £122.2m (2012: £97.8m), representing 25.8% on a constant currency basis
- Underlying constant currency revenue growth estimated at 11.8%, including the unaudited, pre-acquisition revenues of businesses acquired during the 2012 financial year
- Adjusted operating profit* increased by 20.6% to £46.5m (2012: £38.6m)
- Adjusted diluted EPS* increased by 12.7% to 17.57p (2012: 15.59p)
- Closing cash and term deposits of £38.3m (2012: £17.5m), with no bank debt outstanding
- The integration of the Epitomics International Inc ("Epitomics") business is continuing well and, with the exception of revenue from the former Epitomics business in China, we have now completed our plans to move catalogue sales to the Abcam platform
- Number of products on the catalogue grew by 31.5% to 121,558 (2012: 92,456)
- Proposed 17.0% increase in final dividend to 5.10p (2012: 4.36p) giving a 16.4% increase in the total dividend for the year
- Trading since the year end has been in line with the Board's expectations

* Excluding £3.3m of acquisition-related intangible amortisation costs and £0.4m of one-off charges associated with the integration of Epitomics which was acquired in April 2012 and, in the case of EPS, the related tax effect.

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

"Despite pressures on research funding, which remain a feature of our marketplace, we are pleased to report another excellent year of growth in sales, profits and dividends. Our business performed well and the commercialisation of the RabMAb® technology which we acquired last year is well underway. The pace of scientific discovery in protein interactions in health and disease is accelerating and the opportunities open to the Company are more abundant than at any time previously".

"We remain committed to our goal of becoming the world's leading supplier of life science research tools."

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Notes for editors**About Abcam plc**

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

Abcam is committed to providing scientists with access to the correct reagents and tools for their research. The Company's catalogue currently comprises almost 125,000 products and is continually evolving to meet customer needs. The range offered includes primary and secondary antibodies, proteins, peptides, lysates, biochemicals, immunoassays and other kits. Abcam products are supported with detailed, up-to-date and unbiased data on our website.

Headquartered in Cambridge, UK, Abcam has eight global subsidiary offices and ships to over 100 countries. The Company was founded in 1998, and now employs over 700 people. Abcam is quoted on the AIM market of the London Stock Exchange (AIM: ABC).

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

Chairman's Statement

We have a strong business model which has been bolstered by the addition of the RabMAb® technology. I am pleased to report on another successful year for Abcam.

The year to 30 June 2013 was a transformational one for Abcam in that it included the first full year contributions from our acquisitions in the 2012 financial year of Epitomics and Ascent Scientific, which contributed to our 24.9% reported revenue growth to £122.2m.

We have frequently cautioned that we expected Western markets to remain challenging during the year as governments address fiscal deficits. That was certainly the case, particularly in the US which represents our largest market. Despite this we achieved underlying constant currency revenue growth (as defined in the CEO review) of an estimated 11.8% and adjusted operating profit of £46.5m, before costs incurred during the year of £3.3m relating to the amortisation of the intangible assets arising on acquisitions, and £0.4m of one-off integration costs.

The breadth and depth of our online catalogue are important business drivers and the enhancement of our product ranges has continued apace. We added a record 29,102 products to our catalogue during the year, which at 30 June 2013 comprised 121,558 products. By volume the main contributor to this growth has been our OEM supplier base but we have also exceeded our targets on new product additions, including RabMAbs®, from our own production facilities.

Our geographical expansion has also continued and we have achieved deeper penetration in Europe, for example through the successful switch to in-house channels of revenues that were previously generated by Epitomics through third party distributors. In China we have seen the full year effect of the benefits from having our bonded warehouse facility in Beijing.

With such an extensive catalogue and diverse customer base our website and e-commerce capabilities become ever more important tools for our business and we have continued our ongoing programme of investment in these areas.

Dividends

Whilst we continue to look for opportunities to increase shareholder value through external investments, we are committed to sharing the benefits of our strong cash flow directly with shareholders through the distribution of annual dividends. Our policy is to distribute an annual dividend of 40% of adjusted post-tax profit, after adding back costs of acquisition and amortisation of acquisition-related intangibles and one off integration costs.

Consequently, after an interim dividend of 1.94 pence per share which was paid in April 2013, the Directors are recommending a 17.0% increase in the final dividend to 5.10 pence per share. This would make an annual total of 7.04 pence, which is an increase of 16.4% on that paid last year. Subject to shareholder approval at the Annual General Meeting (AGM) in November 2013, the final dividend will be paid on 29 November 2013 to shareholders on the register on 8 November 2013.

Governance and the Board

The composition of our Board is kept under regular review since it is important that its members bring the appropriate skills required to improve the Company's effectiveness and performance. The Board also needs to provide clear leadership and demonstrate the values for which the Company stands.

I am pleased to report that the Board has functioned well in all respects during the year. It has provided knowledgeable and robust challenge and support to the Executive Directors, which has helped ensure that the Company's business strategy is appropriately developed and well delivered.

There was one change to the Board early in the financial year when Professor Tony Kouzarides, a co-founder of the Company, retired at the AGM in October 2012. This was after 14 years of tremendous service during which he played a vital contribution to Abcam's success and for which we again offer him our sincerest thanks.

Looking ahead

We have cautioned for several years that pressures on research funding levels, particularly in our Western markets, are a concern and could impact on our growth. We have also pointed out the strengths of our business which help mitigate this challenge. The success we have achieved in our 2012/13 results demonstrates the

importance of our commitment to listening and responding to our customers' needs, and builds on the excellent work done in the business since it started 15 years ago.

Looking ahead we expect market conditions to remain challenging but we remain confident that we have the capabilities and plans in place for continued success. Trading since the year end has been in line with the Board's expectations.

Abcam's staff command widespread recognition for their knowledge and commitment. It is a privilege to be part of such a team and our thanks go to them once again for another great year.

Mike Redmond

Chairman

9 September 2013

Chief Executive Officer's Review

In 2012/13, Abcam has again performed well in a tough environment, with impressive growth in sales and profits. Our success is a reflection of our continued commitment to provide an outstanding value-added service to our customers.

The original idea for Abcam came to me when as a research scientist I began to appreciate how much the effectiveness and productivity of the work I was doing could be improved if I could access highly validated, relevant antibodies, with top quality customer support. In the early days we experimented with a number of business models but relatively quickly the strategy we are still pursuing 15 years later began to take shape. It continues to evolve but key to our success has been the single-minded pursuit of its core features which are to:-

- Drive hard the addition of relevant information on our products from as many sources as possible so that customers can validate them against their requirements;
- Build strong relationships with the best OEM suppliers of the most relevant products;
- Ensure we are supplying high quality products with world-class service and scientific support to help customers be more successful in their research;
- Complement the addition of products to the catalogue with our own in-house manufacturing capabilities;
- Build the industry leading website through which researchers have easy access to relevant products and associated data, which is gathered and presented in the most innovative and creative ways;
- Identify scientific areas which are of particular interest to our customer base and through the dedicated gathering and presentation of information and the hosting of conferences, seminars and webinars, to provide access to an unparalleled depth of data and the work of key opinion leaders in these areas;
- Add new product ranges which are attractive to our existing customer base, either in the same or adjacent segments in which we operate;
- Focus on understanding customer needs to help guide our product selection and presentation; and
- Extend geographic penetration where possible so that more users have access to our products.

This approach and the continued development of new and innovative ways to improve in each of these areas has served us well and has created a world-class business. The 2012/13 year was no different in that regard and it is very pleasing to see how well our team has executed on our plans and the positive customer reaction we have received.

Geographic market review

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

	Revenue 2012/13 £'000	Revenue 2011/12 £'000	Increase in Reported Revenue	Estimated Underlying Growth Rate*
The Americas	48,711	42,346	15.0%	4.8%
Europe, Middle East & Africa	38,287	33,615	13.9%	12.5%
Japan	12,035	11,229	7.2%	14.2%
Asia Pacific	12,279	8,893	38.1%	27.4%
Reagent product revenue	111,312	96,083	15.8%	10.6%
Non product revenue**	10,894	1,756	520.5%	25.1%
Total reported revenue	122,206	97,839	24.9%	11.8%

* Calculated by taking into account the unaudited, pre-acquisition revenues of businesses acquired during the 2012 financial year and comparing 2012/13 revenues to 2011/12 revenues, in both periods using the exchange rates from 2011/12 for the currencies in which the Group sells.

**Includes custom service, IVD/IHC, royalties and licence income.

The Americas

The US is our largest market and has been our most challenging during the year. After a succession of budget extensions and much political debate, sequestration was finally passed into law on 1 March 2013, to take effect for the period through to 30 September 2013. Under these arrangements the budget for the National Institutes of Health ("NIH"), which is the largest funding body for our US customers, was reduced by 5.5% to \$29.2 billion.

In reality the uncertainty caused by the political discussions about potential cuts has slowed down our growth for some time and the NIH had begun cutting grants earlier in the year. At this point however it is too soon to say what impact sequestration will have over the longer term, nor whether the current discussions about the 2013/14 budget which will be effective from 1 October 2013 will lead to more uncertainty or indeed further cuts. Taken together, we think this means that funding uncertainties look like being a feature of the US market for some time to come.

Elsewhere within The Americas region, the introduction of French language support, dedicated phone-lines and local currency invoicing for Canadian customers has been very successful, as has our change of distribution arrangements in Brazil.

Europe, Middle East & Africa (EMEA)

The German, UK and French markets are the largest within our EMEA region. In each of these markets, and several smaller ones, relationships with former Epitomics distributors were terminated during the year or not renewed, and additional marketing successfully helped drive revenue and margin growth as customers began to order directly from Abcam.

Growth in our main markets was pleasing, whilst we saw the impact of funding pressures in some of the smaller Southern Europe markets, with low or no growth in Italy and Spain. Elsewhere growth was good overall, with notably strong performances in The Netherlands, following the change in distributor we mentioned last year.

Japan

The estimated underlying growth rate (as defined in the table above) for our Japanese business was 14.2% in the year. This was a good performance particularly considering that the comparators were challenging after a very strong performance in the previous year. The Japanese government announced a significant stimulus package in January 2013 that will invest USD11bn into science and technology, including USD240m specifically for stem cell research, although the timescale for this additional expenditure is not yet clear.

The switch from the former Epitomics distributor was also very successfully implemented in Japan.

Asia Pacific

Given the strong funding in the region, particularly in China, Asia Pacific continues to be a market of significant potential for us. We saw strong growth in China which was driven in part by the improvements in delivery times from having our bonded warehouse in Beijing. Looking forward we plan further improvements in customer service and to combine the Abcam and the ex-Epitomics distribution arrangements in China, which are currently operating separately.

Elsewhere in the region growth was also good, notably in Singapore and South Korea.

Other lines of revenue

Our custom services business leverages our proprietary RabMAb® technology to provide custom antibody solutions to meet customers' specific requirements. Revenue growth over the period was driven by demand from our established customers and an increasing international presence.

The royalties and licence income comes from certain royalty payments and licence deals with life science tools companies that use aspects of Epitomics's patented RabMAb® technology in the development and manufacture of their own antibodies. These arrangements, which generated revenue of £3.2m in the year, were put in place prior to the acquisition of Epitomics and are not core to our strategy. Consequently growth has been modest in the year and we expect revenue levels from these activities to reduce over time.

The small in vitro diagnostics immunohistochemistry (IVD IHC) arm of the business showed good growth. It uses the RabMAb® technology to generate high quality antibodies for anatomical pathology. During the year our facility in Burlingame, California, received GMP (Good Manufacturing Practice) certification which enables us to manufacture products directly for sale and take full control of the process. The end user market for these products is dominated by the suppliers of the analytical machines several of whom are now customers and are a focus for our business development efforts.

Acquisition integration

A major focus for us during the year has been the integration of the two companies acquired during the 2011/12 financial year.

Ascent Scientific Limited (Ascent, now known as Abcam Bristol) supplies biochemicals to our existing customer base which are complementary to Abcam's catalogue of other protein research tools. During the year the integration initiatives saw further IT development on the website to make biochemical products more accessible for customers and to facilitate the extension of Abcam's OEM strategy to this product range. In the past few months the range has expanded significantly and at 30 June 2013 there was a total of 2,766 biochemical products on the catalogue, which represents growth of over 300% on the figure at the start of the year.

The focus for the integration of the Epitomics business has been initially around the transfer of revenues to the Abcam platform, which involved the transfer of orders previously fulfilled directly by Epitomics and also products previously sold via distributors within Europe. Other initiatives have seen the successful increase in production to 1,450 RabMAbs® in the year, coordination between the teams on new target selection and some exciting work on the new product development, such as working with Abcam Eugene to introduce new kits incorporating RabMAbs®. The commercialisation of the RabMAb® technology is still at an early stage and we have many initiatives planned, targeted on revenue growth, which have the technology at their core.

Running what is now a truly global business brings exciting new challenges and I am delighted with the way in which our teams across the organisation are working together. We work hard on cross-communication, with regular visits from senior staff and global video-conferencing linking each office. This will remain a key priority going forward.

Improvements in our customer service

We continually strive to improve the service we offer customers. The best way to do this is through regular contact and creating as many opportunities as possible to receive feedback on our performance.

In addition to our quarterly customer satisfaction surveys, which give us a broad view of customer experience, in February this year we introduced an online "transactional" feedback facility. This is a way of getting very quick feedback at every interaction point with the customer – taking only a couple of seconds or just one click to do so. This allows us to build a much more granular and immediate feedback mechanism which, in turn, allows us to respond faster and with greater flexibility to customer experiences.

For the transactional feedback, users are invited to rate a particular interaction on a five-point ranking with the option to add some explanatory text. We are receiving over 400 responses a month through this system with around 82% of our customers rating their experience as good or excellent. This method also allows us to give immediate follow up where a customer has had a problem, as well as to give our support staff individual feedback on how they are performing.

Our IT team has also been involved in a number of projects during the year to enable our systems to scale up for growth and improve our visitor experience on the website. Our customers have seen a significant improvement in the search facility on the site which has been redeveloped to enable products to be located more easily and quickly, and our product datasheets have been redesigned for easy access to key information.

With improved customer feedback facilities and more initiatives in the pipeline, we are confident we can build on our already strong position and improve further the levels of service we offer.

Enhancements to our product range

We added over 29,000 products to our on-line catalogue in the year as we broadened our product offering and deepened our coverage in existing areas. Of these products 10,748 were non-RabMAb® primary antibodies as we continue to drive the extension of what is still by far our largest revenue contributing range. In addition the number of RabMAb® branded products passed through the 5,000 product mark, some of which are sourced from our OEM suppliers. We also continued the strategy of significantly increasing our range of protein, peptides and kits, which grew by 87% in number and through the introduction of our OEM strategy to the biochemical field, hugely increased the range of products on offer.

We manufacture many of our own products at our various production facilities. Each of our facilities has met or exceeded its launch targets for the year and together our own produced products now account for 33% of our product revenue (2011/12: 23%). The remainder come from our OEM suppliers and it is through their efforts and our own investment in new IT systems to improve our speed and efficiency in uploading products that we have been able to set new records for the rate of product additions.

We have broken records in the amount of data added to the website and have also made enhancements to our Abreview® system so that researchers can leave reviews of our non-antibody products alongside customer Q&A; all displayed with filter and sort functionality on each product datasheet.

Investment for growth

In my review last year I said that our strategic priorities are to build on our core business, to capitalise on the opportunities from the acquisitions already made, identify new areas to expand into and, if appropriate, pursue further M&A activities. I'm pleased to say these priorities are serving us well.

During the year we have undertaken a great deal of analysis to identify where we see the opportunities for our core business, which we now regard as including the acquisitions we have made. This has identified new areas for organic growth which, for a modest level of investment, have the potential to boost our revenues in the medium and longer term. In particular we see the opportunity to:-

- Enhance the way in which we select protein targets on which to source products;
- Improve customer engagement with a focus on both current and potential new customers; and
- Improve our marketing by making it more targeted and relevant.

These organic growth initiatives may be supplemented by our M&A and in-licensing strategy where they can create the opportunity to accelerate growth further.

So as to fully capitalise on these opportunities, it is our intention to step up our annual expenditure in areas such as marketing, e-commerce and operational infrastructure, by £3m to £4m per annum. We believe that the returns and higher growth will more than justify the investment made.

Board changes

One of my fellow co-founders of the Company, Professor Tony Kouzarides, retired from the Board at the AGM in October 2012. Everyone at Abcam is enormously grateful to Tony for the tremendous contribution he made during

14 years as a director and we greatly value the support he continues to provide from his laboratory in Cambridge. Without him Abcam would not be the successful company it is today. Thank you Tony.

Summing up

The pace of scientific discovery in protein interactions and their role in health and disease is accelerating. Since Abcam was founded in 1998 and the decoding of the human genome in 2000 there has been a huge increase in scientific knowledge in this area. Abcam has played a central role in contributing to this tremendous gift to humanity, and to the health of future generations. In this golden age of biology our role at the centre of this quest for knowledge is stronger and more important than ever. We are therefore in the fortunate position of having an abundance of growth opportunities to pursue.

Our success would not be possible without the continued and loyal support of all our stakeholders, including investors, suppliers, customers and scientific collaborators. Especially I would like to thank our staff whose dedication, through the provision of high quality tools and support, is unparalleled. Thank you for your contribution to our common purpose and to another successful Abcam year.

Jonathan Milner

Chief Executive Officer
9 September 2013

Financial Review

Revenues of £122.2m were 24.9% ahead of last year and adjusted profit before tax was £46.6m, an increase of 19.4%. Adjusted diluted earnings per share were up by 12.7% to 17.57p.

A focus for the year has been the further integration of the two acquisitions made in 2011/12 and positioning them for future growth.

The acquisitions of Epitomics and Ascent were of different magnitudes with net consideration paid of US\$150.0m and £9.8m respectively, but our approach to the integration of each has been similar. In both cases this involves the transitioning of their catalogue sales to the Abcam platform, using Abcam's extensive market data to select attractive products for their in-house production, scaling up the output of their production facilities and adding relevant data to their products.

Elsewhere in the Group we have continued the programme of investment in our core IT systems, which has made them more robust and has helped drive efficiencies. We have also undertaken a product and market review which has identified many areas which we believe are attractive for further revenue growth.

Strong growth in profitability and cash generation continues to underpin our policy to distribute dividends amounting to 40% of adjusted post tax profits. Consequently the Directors have recommended payment of a total dividend of 7.04 pence per share in respect of 2012/13, representing a 16.4% year-on-year increase.

The following table shows revenues, costs and expenses for the year, which have been adjusted to aid comparison by separately identifying the amortisation of acquisition related intangible assets other than goodwill, other related charges arising from the recent acquisitions and the one-off costs incurred in their integration.

	2012/13			2011/12				
	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Integration costs £000	Reported IFRS income statement £000	Adjusted income statement £000	Acquisition-related intangible amortisation £000	Other acquisition-related charges £000	Reported IFRS income statement £000
Revenue	122,206			122,206	97,839			97,839
Cost of sales	(35,500)			(35,500)	(30,282)			(30,282)
Gross profit	86,706			86,706	67,557			67,557
Gross margin	71.0%			71.0%	69.0%			69.0%

Administration and management expenses	(33,987)	(1,525)	(400)	(35,912)	(25,275)	(436)	(3,397)	(29,108)
R&D expenses	(6,189)	(1,757)	-	(7,946)	(3,686)	(528)		(4,214)
Operating profit	46,530	(3,282)	(400)	42,848	38,596	(964)	(3,397)	34,235
Operating margin	38.1%			35.1%	39.4%			35.0%
Investment income	129			129	500			500
Finance costs	(83)			(83)	(73)			(73)
Profit before tax	46,576	(3,282)	(400)	42,894	39,023	(964)	(3,397)	34,662
Tax	(11,452)	1,258	(42)	(10,236)	(9,630)	374	-	(9,256)
Profit after tax	35,124	(2,024)	(442)	32,658	29,393	(590)	(3,397)	25,406
Basic EPS	17.76p	(1.02)p	(0.22)p	16.52p	15.88p	(0.32)p	(1.84)p	13.72p
Diluted EPS	17.57p	(1.01)p	(0.22)p	16.34p	15.59p	(0.31)p	(1.80)p	13.48p

Revenue

Reported revenue for the year was £122.2m, representing growth of 24.9% over the prior year, which is 25.8% growth on a constant currency basis (assuming exchange rates for the currencies in which the Group sells had remained unchanged from 2011/12). This includes a full year contribution from Epitomics and Abcam Bristol. Taking into account the unaudited revenues of these businesses for the same period last year, we estimate that this represents underlying constant currency growth of approximately 11.8%.

Gross Margin

Gross margin increased to 71.0%, compared with 69.0% in the prior year. 1.8% of the uplift came from the reagents business due to a combination of higher selling prices, product mix and effective cost control. A further 0.5% arose in the Epitomics business and a negative 0.3% from the impact of less favourable exchange rates compared to the prior year.

Administration and management expenses

The acquisition of Abcam Bristol was completed on 12 September 2011 and that of Epitomics on 19 April 2012. For comparison purposes the table below shows the like-for-like analysis of costs excluding the direct expenses from these businesses in both years, and separately identifies the impact of foreign exchange gains and losses, the amortisation of acquisition-related intangibles and one-off integration costs incurred in the year. This shows that like-for-like costs grew by 17.9%, the main movements being:-

- An increase in staff and related expenditure of 10% (£1.4m);
- A market and product review was undertaken in support of Abcam's growth strategy (£1.3m); and
- Marketing costs increased by 18.4% (£0.3m).

There was also an increase of £0.5m in the amount credited back to profit and loss from production related activities.

	2012/13 £000	2011/12 £000	Reported increase	Like-for- like increase*
Total administration and management expenses	34,934	25,155	38.9%	17.9%
As % of revenue	28.6%	25.7%		
Foreign exchange (gain)/loss	(947)	120		
Integration costs	400	-		
Acquisition-related intangible amortisation	1,525	436		
Other acquisition-related charges	-	3,397		
Total reported administration and management expenses	35,912	29,108	23.4%	4.5%

*excluding costs directly from Abcam Bristol and Epitomics

Research and development expenditure

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

Overall R&D expenditure increased by 88.6% in the year to £7.9m (2011/12: £4.2m) reflecting the first full year of ownership of Abcam Bristol and Epitomics. £4.8m was incurred in our acquired entities, Abcam Eugene, Abcam Bristol and Epitomics, reflecting our strategy to invest in these businesses and in particular in new product development. In Cambridge UK, R&D costs were £1.3m. The amortisation of the acquisition-related intangibles attributed to patents and technological know-how are also classified as R&D expenditure, amounting to £1.8m in the year (2011/12 £0.5m).

The output of this investment is reflected in the number of new product launches which saw a 14% increase from own manufactured products from Abcam Bristol and a 62% increase in new RabMAbs® from Epitomics in China. The work in Cambridge UK contributed to the first new conjugated secondary antibody product range, whilst a significant portion of the output of Abcam Eugene was dedicated to the development of a new Elisa kit range due for launch later this year.

Operating profit and expenses

As a consequence of the additional investment made in the year the adjusted operating margin reduced slightly to 38.1% (2011/12: 39.4%).

Earnings and tax

The adjusted profit before tax in 2012/13 was £46.6m, the effective tax rate on which was 24.6% (2011/12: 24.7%), reflecting the benefit of announced changes to the UK corporation tax rate and tax efficiencies arising from a Group reorganisation, which were offset by the impact of higher foreign tax rates and a reduction in R&D tax credits due to the Group now being treated by the UK tax authorities as a large company rather than an SME.

After taking into account the deferred tax impact of acquisition-related intangible amortisation and one-off integration costs of £0.4m, the reported effective tax rate was 23.9% (2011/12: 26.7%).

Adjusted basic earnings per share (EPS) increased by 11.8% to 17.76 pence per share and adjusted diluted EPS by 12.7% to 17.57 pence. The basic weighted average number of shares in issue during the period was 197.7m (2011/12: 185.1m), reflecting the full year effect of shares issued on the acquisitions made during 2011/12 and shares issued on the exercise of share options.

Balance sheet and cash flow

Goodwill and intangibles

Goodwill at 30 June 2013 was £82.0m compared with £82.4m at 30 June 2012. The decrease in goodwill is due to a credit of £1.4m resulting from fair value adjustments made to the assets acquired in the Epitomics and Ascent acquisitions, which was offset by a foreign exchange adjustment of £1.0m. Following the acquisitions of Mitosciences, Ascent and Epitomics there has been considerable change in the way these entities are structured and integrated within the group. These changes have resulted in discrete information available for an individual entity not reflecting the true substance of the performance of that entity and the value being added. Therefore it is not possible to accurately assess the fair value in use of the acquired entities as separate identifiable cash-generating units (CGUs) as such the goodwill has been reallocated to a single CGU, being the Abcam group. Goodwill is not amortised under IFRS but is subject to impairment review on at least an annual basis. During the year the Directors performed the review which involved making various assumptions regarding the future performance of the business. After considering various scenarios that could reasonably occur, the Directors concluded that no impairment was required. For more details, please see note 12 to the preliminary financial information.

Other intangible assets at 30 June 2013 were £33.1m, compared with £34.3m at 30 June 2012. The movement primarily reflects amortisation of the intangible assets and the additions to capitalised software costs from the

project to invest in our core IT systems which is described in more detail below. Fair value adjustments totalling £1.0m were also made during the year in respect of intangible assets from the Epitomics acquisition. Further analysis can be found in note 13 to the preliminary financial information. Other intangible assets are amortised through the income statement over their estimated useful lives, and the amortisation of acquisition-related intangible assets has been added back in arriving at adjusted profit, as outlined above.

Capital expenditure

Additions of tangible and intangible assets amounted to £7.3m (2011/12: £3.0m) reflecting major items as follows:

- Further stages of an investment in our core IT systems and website (£3.2m). This investment supports the delivery of Abcam's next stage of growth and includes the capitalisation of internal salary costs of £0.4m;
- During the year £3.8m was transferred from assets under construction to software costs reflecting the roll out of completed phases of the project;
- Development of new hybridomas by Epitomics (£1.3m), with a further £0.4m having been incurred on hybridomas under construction; and
- Investment in laboratory equipment (£1.3m).

Cash flow

	2012/13 £000	2011/12 £000
EBITDA	48,676	36,953
Integration costs	400	-
Acquisition costs	-	3,397
Adjusted EBITDA	49,076	40,350
Add back non-cash movements	1,292	1,351
Changes in working capital	1,420	(3,998)
Cash generated by operations	51,788	37,703
As a percentage of revenue	42.4%	38.5%
Pre-acquisition non-trading liabilities	-	(2,094)
Acquisition-related costs	-	(3,055)
Integration costs	(400)	-
Capex and disposals	(7,215)	(2,831)
Interest and taxation	(11,839)	(7,506)
Dividends and share issues	(11,790)	(9,528)
Purchase of investments	42	(50,961)
Net cash inflow/(outflow)	20,586	(38,272)
Opening cash and term deposits	17,480	55,569
Foreign exchange movements	245	183
Closing cash and term deposits	38,311	17,480

We maintained strong cash generation in the year. Cash generated by operations was £51.8m, or 42.4% of Group revenue (2011/12: £37.7m, 38.5% of revenue).

Following a high working capital outflow in the previous year, the inflow in 2012/13 mainly reflects payables increasing by £3.6m due to an unusually high level of creditors and accruals at the year-end, offset by an increase in inventories of £1.3m and receivable balances increasing by 9% reflecting increased sales activity and a marginal increase in debtor days to 34.5 (2011/12: 34.0).

Overall, including foreign exchange movements, the Group reported a net cash inflow of £20.8m (2011/12: outflow of £38.1m). The main reason for the change is due to there being no cash outflows on acquisitions in 2012/13 compared with the £51m net outflow on acquisitions in 2011/12. Higher outflows on capital expenditure, taxation and dividends reflect the increase in the size of the business.

Net cash and term deposits at the year-end totalled £38.3m compared with £17.5m at the end of 2011/12 and there is no bank debt on the balance sheet.

Looking ahead

It is pleasing that the Group reported good growth in 2012/13 whilst going through a period of significant change as we worked on the integration of the former Epitomics and Ascent businesses.

The review of our business which we undertook this year has identified several new opportunities to boost our growth. These organic initiatives require investment in areas such as marketing, e-commerce and operational infrastructure which will begin this year. We expect to see the benefits from this investment in increases in revenues in the medium to longer term and believe that the returns will more than justify the investment made.

We will of course continue to manage the Group on a prudent basis, control our costs tightly, maintain sound financial controls and ensure we have scalable systems to support our growth.

Jeff Iliffe

Chief Financial Officer
9 September 2013

Consolidated income statement

For the year ended 30 June 2013

	Notes	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Continuing operations			
Revenue	5	122,206	97,839
Cost of sales		(35,500)	(30,282)
Gross profit		86,706	67,557
Administration and management expenses excluding share-based payments charge		(34,701)	(27,738)
Share-based payments charge	28	(1,211)	(1,370)
Total administration and management expenses		(35,912)	(29,108)
R&D expenses excluding share-based payments charge		(7,766)	(4,028)
Share-based payments charge	28	(180)	(186)
Total R&D expenses		(7,946)	(4,214)
Operating profit		42,848	34,235
Investment revenue	9	129	500
Finance costs	9	(83)	(73)
Profit before tax		42,894	34,662
Taxation	10	(10,236)	(9,256)
Profit for the year attributable to shareholders	6	32,658	25,406
Earnings per share from continuing operations			
Basic	11	16.52p	13.72p
Diluted	11	16.34p	13.48p
Adjusted diluted	11	17.57p	15.59p

Reconciliation of adjusted financial measures

For the year ended 30 June 2013

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Operating profit	42,848	34,235
Integration costs	400	—
Acquisition costs	—	3,397
Amortisation of acquisition-related intangible assets	3,282	964
Operating profit (adjusted)	46,530	38,596

Consolidated statement of comprehensive income

for the year ended 30 June 2013

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Profit for the year	32,658	25,406
Reserve movements on cash flow hedges	(2,244)	1,528
Exchange differences on translation of foreign operations	1,510	507

Tax relating to components of other comprehensive income	539	(611)
Other comprehensive income for the year	(195)	1,424
Total comprehensive income for the year	32,463	26,830

Balance sheets

At 30 June 2013

	Notes	Consolidated		Parent company	
		30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Non-current assets					
Goodwill	12	81,954	82,356	—	—
Intangible assets	13	33,107	34,297	4,361	1,284
Property, plant and equipment	14	7,501	5,763	1,565	1,571
Investments	15	—	—	95,840	123,112
Deferred tax asset	16	5,011	4,401	2,395	2,413
Loan receivable	19	—	—	44,175	—
Derivative financial instruments	21	29	204	29	204
		127,602	127,021	148,365	128,584
Current assets					
Inventories	17	15,330	15,414	15,630	13,539
Trade and other receivables	18	17,440	14,286	15,062	11,204
Cash and cash equivalents		35,388	14,037	25,295	8,005
Term deposits		2,923	3,443	1,000	1,000
Available-for-sale asset	20	703	679	—	—
Derivative financial instruments	21	531	883	531	883
		72,315	48,742	57,518	34,631
Total assets		199,917	175,763	205,883	163,215
Current liabilities					
Trade and other payables	22	(14,317)	(10,726)	(13,314)	(13,074)
Current tax liabilities		(2,325)	(3,791)	(4,716)	(3,850)
Derivative financial instruments	21	(1,339)	(86)	(1,339)	(86)
		(17,981)	(14,603)	(19,369)	(17,010)
Net current assets		54,334	34,139	38,149	17,621
Non-current liabilities					
Deferred tax liability	16	(11,284)	(12,937)	—	—
Derivative financial instruments	21	(375)	(10)	(375)	(10)
		(11,659)	(12,947)	(375)	(10)
Total liabilities		(29,640)	(27,550)	(19,744)	(17,020)
Net assets		170,277	148,213	186,139	146,195
Equity					
Share capital	24	399	397	399	397
Share premium account	24	72,908	71,813	72,908	71,813
Own shares	24	(1,872)	(1,586)	(1,872)	(1,586)
Translation reserve	24	2,203	746	—	—
Share-based payments reserve	24	5,893	4,449	5,370	4,386
Hedging reserve	24	(1,048)	671	(1,048)	671
Deferred tax reserve	24	1,252	2,017	1,022	1,787
Retained earnings		90,542	69,706	109,360	68,727
Total equity attributable to shareholders		170,277	148,213	186,139	146,195

The preliminary financial information of Abcam plc, registered number 3509322, were approved by the Board of Directors and authorised for issue on 9 September 2013.

They were signed on its behalf by:

Jeff Iliffe
Director

Consolidated statement of changes in equity

For the year ended 30 June 2013

	Share capital £000	Share premium £000	Own shares £000	Translation reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2012	397	71,813	(1,586)	746	4,449	671	2,017	69,706	148,213
Profit for the year	—	—	—	—	—	—	—	32,658	32,658
Exchange differences on translation of foreign operations	—	—	—	1,457	53	—	—	—	1,510
Movements on cash flow hedges	—	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	—	525	(765)	779	539
Total comprehensive income for the year	—	—	—	1,457	53	(1,719)	(765)	33,437	32,463
Issue of share capital	2	1,095	(381)	—	—	—	—	—	716
Own shares disposed of on release of shares	—	—	95	—	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	—	1,391	—	—	—	1,391
Payment of dividends	—	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	72,908	(1,872)	2,203	5,893	(1,048)	1,252	90,542	170,277

	Share capital £000	Share premium £000	Own shares £000	Translation Reserve ¹ £000	Share-based payments reserve ² £000	Hedging reserve ³ £000	Deferred tax reserve ⁴ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2011	364	15,400	(1,165)	251	2,881	(477)	2,636	54,030	73,920
Profit for the year	—	—	—	—	—	—	—	25,406	25,406
Exchange differences on translation of foreign operations	—	—	—	495	12	—	—	—	507
Movements on cash flow hedges	—	—	—	—	—	1,528	—	—	1,528
Tax relating to components of other comprehensive income	—	—	—	—	—	(380)	(619)	388	(611)
Total comprehensive income for the year	—	—	—	495	12	1,148	(619)	25,794	26,830
Issue of share capital	33	56,413	(478)	—	—	—	—	—	55,968
Own shares disposed of on release of shares	—	—	57	—	—	—	—	(57)	—
Credit to equity for share-based payments	—	—	—	—	1,556	—	—	—	1,556
Payment of dividends	—	—	—	—	—	—	—	(10,061)	(10,061)
Balance as at 30 June 2012	397	71,813	(1,586)	746	4,449	671	2,017	69,706	148,213

1 Exchange differences on translation of overseas operations.

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

3 Gains and losses recognised on cash flow hedges.

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

Company statement of changes in equity

For the year ended 30 June 2013

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2012	397	71,813	(1,586)	4,386	671	1,787	68,727	146,195
Profit for the year*	—	—	—	—	—	—	52,524	52,524
Movements on cash flow hedges	—	—	—	—	(2,244)	—	—	(2,244)
Tax relating to components of other comprehensive income	—	—	—	—	525	(765)	710	470
Total comprehensive income for the year	—	—	—	—	(1,719)	(765)	53,234	50,750
Issue of share capital	2	1,095	(381)	—	—	—	—	716
Own shares disposed of on exercise of share options	—	—	95	—	—	—	(95)	—
Credit to equity for share-based payments	—	—	—	984	—	—	—	984
Payment of dividends	—	—	—	—	—	—	(12,506)	(12,506)
Balance as at 30 June 2013	399	72,908	(1,872)	5,370	(1,048)	1,022	109,360	186,139

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

	Share capital £000	Share premium £000	Own shares £000	Share-based payments reserve ¹ £000	Hedging reserve ² £000	Deferred tax reserve ³ £000	Retained earnings £000	Total equity £000
Balance as at 1 July 2011	364	15,400	(1,165)	2,877	(477)	2,089	53,987	73,075
Profit for the year	—	—	—	—	—	—	24,501	24,501
Share-based payments charge recognised on behalf of subsidiaries	—	—	—	129	—	—	—	129
Movements on cash flow hedges	—	—	—	—	1,528	—	—	1,528
Tax relating to components of other comprehensive income	—	—	—	—	(380)	(302)	357	(325)
Total comprehensive income for the year	—	—	—	129	1,148	(302)	24,858	25,833
Issue of share capital	33	56,413	(478)	—	—	—	—	55,968
Own shares disposed of on exercise of share options	—	—	57	—	—	—	(57)	—
Credit to equity for share-based payments	—	—	—	1,380	—	—	—	1,380
Payment of dividends	—	—	—	—	—	—	(10,061)	(10,061)
Balance as at 30 June 2012	397	71,813	(1,586)	4,386	671	1,787	68,727	146,195

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

2 Gains and losses recognised on cash flow hedges.

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

Cash flow statements

For the year ended 30 June 2013

	Notes	Consolidated		Parent company	
		30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Operating profit for the year		42,848	34,235	40,221	29,275
Adjustments for:					
Depreciation of property, plant and equipment	14	1,990	1,474	871	1,064
Amortisation of intangible assets	13	3,838	1,244	774	312
Decrease in provisions		—	5	—	5
Change in fair value of derivatives outstanding at year end		(99)	(210)	(99)	(210)
Share-based payments charge	28	1,391	1,556	984	1,381
Operating cash flows before movements in working capital		49,968	38,304	42,751	31,827
Decrease/(increase) in inventories		1,288	(2,048)	(2,091)	(3,066)
Increase in receivables		(4,493)	(736)	(4,718)	(413)
Increase/(decrease) in payables		4,625	(2,966)	(280)	5,389
Cash generated by operations		51,388	32,554	35,662	33,737
Income taxes paid		(11,872)	(8,017)	(8,574)	(6,577)
Finance costs paid		(82)	(73)	(200)	(117)
Net cash inflow from operating activities		39,434	24,464	26,888	27,043
Investing activities					
Investment income		115	584	68	570
Proceeds on disposal of property, plant and equipment		8	—	—	—
Purchase of property, plant and equipment		(3,675)	(1,890)	(963)	(554)
Purchase of intangible assets		(3,548)	(941)	(3,513)	(921)
Acquisition of subsidiaries, net of cash and term deposits acquired	26	42	(50,961)	42	(63,507)
Dividends received		—	—	6,558	2,323
Net cash used in investing activities		(7,058)	(53,208)	2,192	(62,089)
Financing activities					
Dividends paid	25	(12,506)	(10,061)	(12,506)	(10,061)
Proceeds on issue of shares		716	533	716	533
Decrease in term deposits		520	20,194	—	22,637
Net cash (used in)/arising from financing activities		(11,270)	10,666	(11,790)	13,109
Net increase/(decrease) in cash and cash equivalents		21,106	(18,078)	17,290	(21,937)
Cash and cash equivalents at beginning of year		14,037	31,932	8,005	29,942
Effect of foreign exchange rates		245	183	—	—
Cash and cash equivalents at end of year		35,388	14,037	25,295	8,005

Notes to the preliminary financial information

For the year ended 30 June 2013

1. General information

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

The Group is a producer and distributor of high-quality research-grade antibodies and associated protein research tools. The Group operates through its ultimate parent company Abcam plc and through its wholly owned subsidiaries Abcam Inc,

Abcam KK, Abcam (Hong Kong) Limited, Ascent Scientific Limited, Epitomics Inc, Epitomics (Hangzhou) Biotechnology Co., Limited and MitoSciences Inc, allowing it to serve a global customer base of over 100 countries.

2. Adoption of new and revised standards

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

Standards affecting the preliminary financial information

Amendments to IAS 1 Presentation of financial statements

The amendment increases the required level of disclosure within the statement of comprehensive income.

Standards not affecting the reported results nor the financial position

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

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (amended)	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IAS 19 (revised)	Employee Benefits
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities

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

3. Significant accounting policies

Basis of accounting

The preliminary financial information has been prepared in accordance with IFRSs adopted by the European Union and therefore the Group preliminary financial information comply with Article 4 of the EU IAS Regulation.

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

Basis of consolidation

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

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

Business combinations

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

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

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

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

Goodwill

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

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

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

Revenue recognition

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

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

Custom service revenue is recognised proportionately when the outcome of each discreet stage of the contract can be estimated reliably and is then based on the stage of completion of the contract activity at the balance sheet date. Where the outcome cannot be estimated reliably, revenue is recognised to the extent of costs incurred where it is probable these will be recovered. In instances where it is probable that the costs will be in excess of the contract revenue, the expected loss is recognised as an expense immediately.

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

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

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

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

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

Leasing

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

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

Foreign currencies

The individual preliminary financial information of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated 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 are translated at the monthly exchange rates during the period and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences arising on the translation of the opening net assets and results of operations are classified as equity and recognised in the Group's foreign currency translation reserve.

Retirement benefit costs

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

Taxation

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

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

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

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

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

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

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

Property, plant and equipment

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

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

Office equipment, fixtures and fittings	20% per annum
Laboratory equipment	20% per annum
Computer equipment	33% per annum
Hybridomas	12.5% per annum
Motor vehicles	20% 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 including internally generated intangible assets is recognised as an asset if and only if it meets the recognition criteria set out in IAS 38 Intangible Assets.

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

Impairment of tangible and intangible assets excluding goodwill

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

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

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

Investments

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

Inventories

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

Financial instruments

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

Available-for-sale financial assets

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

Trade and other receivables

Trade receivables are 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.

Term deposits

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

Financial liabilities and equity

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

Trade payables

Trade payables are measured at amortised cost.

Equity instruments

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

Derivative financial instruments

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

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

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

Hedge accounting

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

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

Cash flow hedges

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

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

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

Share-based payments

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

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

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

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

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

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

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

Own shares

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

4. Critical accounting judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Impairment of intangibles

As part of the business combinations the Group acquired the following intangible assets: licence fees, customer relationships, patents, trade names, technology and know-how. Further to this the Group capitalises IT development costs relating to the rebuilding of the Group's IT core systems, since these costs meet the recognition criteria of IAS 38. The Group reviews the carrying amount of all intangible assets held at each balance sheet date and no impairment was considered necessary for these assets.

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis or more frequently when there are indications of possible impairment. The impairment review requires a value in use calculation of the cash-generating units to which the goodwill is allocated. In estimating the value in use, management is required to make an estimate of the expected future cash flows attributable to the cash-generating unit and to choose an appropriate discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 30 June 2013 was £81,954,000 (2012: £82,356,000). Further details are given in note 12.

Fair value of derivatives and other financial instruments

As described in note 27, the Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Valuation of own manufactured inventory

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

Provision for slow moving or defective inventory

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

5. Operating segments

Products and services from which reportable segments derive their revenues

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

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

Geographical information

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

	Revenue		Non-current assets	
	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000	As at 30 June 2013 £000	As at 30 June 2012 £000
US	53,399	40,750	32,937	34,901
Japan	12,594	11,304	109	159
Germany	8,393	7,368	—	—
UK	8,314	7,098	88,483	86,587

China	6,544	4,623	1,010	736
Other countries	32,962	26,696	23	33
	122,206	97,839	122,562	122,416

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

6. Profit for the year

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

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Foreign exchange differences arising on financial instruments at fair value through profit or loss	(99)	(210)
Other net foreign exchange losses	1,046	335
R&D expenditure (including amortisation as detailed below)	7,946	4,214
Operating lease rentals – land and buildings	23 2,180	1,362
Depreciation of property, plant and equipment	14 1,990	1,474
Amortisation of intangible assets included within administration and management expenses	13 556	280
Amortisation of acquisition related intangible assets included within administration and management expenses	13 1,525	436
Amortisation of acquisition related intangible assets included within R&D expenditure	13 1,757	528
Cost of inventories recognised as an expense	33,411	29,381
Write down of inventories recognised as an expense	2,088	882
Staff costs	8 24,864	18,105
Impairment loss recognised on trade receivables	18 20	4
Auditor's remuneration	7 293	586

7. Auditor's remuneration

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

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	96	93
Fees payable in relation to acquisition-related audit services	10	17
Fees payable to the Company's auditor for other services to the Group		
– the audit of the Company's subsidiaries pursuant to legislation	4	3
Total audit fees	110	113
– Audit-related assurance services*	20	20
– Taxation compliance services	65	23
– Corporate finance services	—	374
– Other taxation advisory services	98	56
Total non-audit fees	183	473
Total auditor's remuneration	293	586

*This relates to the interim review.

Details on the Company's policy on the use of the auditor for non-audit services are set out in the Audit Committee Report. During the prior year, the auditor was used for due diligence work as this was considered most beneficial to the Group due to the auditor's established knowledge and experience of the Group's activities. The auditor's independence and objectivity was

safeguarded through the use of separate engagement teams. No services were provided pursuant to contingent fee arrangements.

The Company purchased services to the value of £35,000 (2012: £26,000) provided by Cambridge Network Limited and its subsidiaries, a not-for-profit organisation. This is disclosed due to the audit partner also being a director of the Cambridge Network Limited. Consistent with the not-for-profit status, neither the audit partner nor Deloitte receives any remuneration in relation to this arrangement.

8. Employees and remuneration

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

	Group		Company	
	Year ended 30 June 2013 Number	Year ended 30 June 2012 Number	Year ended 30 June 2013 Number	Year ended 30 June 2012 Number
Management, administrative, marketing and distribution	400	309	187	171
Laboratory	290	96	42	41
	690	405	229	212

Their aggregate remuneration comprised:

	Group		Company	
	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Wages and salaries	20,007	14,157	9,504	8,402
Social security costs	2,431	1,443	803	625
Pension costs	1,035	949	819	769
Charge in respect of share options and awards granted	1,391	1,556	983	1,381
Total staff costs	24,864	18,105	12,109	11,177
Staff costs capitalised*	(434)	(65)	(394)	(65)
Net staff costs	24,430	18,040	11,715	11,112

* £434,000 (2012: £65,000) relates to Group staff costs directly attributable to the rebuild of the IT core systems being capitalised as part of an internally generated intangible asset under IAS 38 (see note 13).

9. Net finance income

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Interest on cash and term deposits	129	500
Facility fees	(83)	(37)
Interest on borrowings	—	(36)
Net finance income	46	427

10. Taxation

	Note	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Current tax		10,084	9,741
Deferred tax	16	152	(485)

UK corporation tax is calculated at 23.75% (2012: 25.5%) 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 2012 which provided for a reduction in the main rate of UK corporation tax to 23% effective from 1 April 2013 was substantively enacted in July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The UK Government also announced a further reduction in the main rate of corporation tax to 21% effective 1 April 2014 and has proposed a further reduction of 1% by 1 April 2015. These further tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in this preliminary financial information.

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

The impact of the rate reduction to 21%, which will be reflected in the next reporting period, is estimated to reduce the UK deferred tax asset and liability provided at 30 June 2013 by £232,000 and £29,000 respectively.

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

	Year ended 30 June 2013 £000	Year ended 30 June 2013 %	Year ended 30 June 2012 £000	Year ended 30 June 2012 %
Profit before tax	42,894		34,662	
Tax at the UK corporation tax rate of 23.75% (2012: 25.5%)	10,188	23.8	8,839	25.5
Effect of different tax rates of subsidiaries operating in different jurisdictions	502	1.2	423	1.2
Tax effect of expenses that are not deductible in determining taxable profit	254	0.6	904	2.6
Additional relief in relation to overseas entities	(442)	(1.0)	—	—
R&D tax credit uplift	(369)	(0.9)	(713)	(2.1)
Prior year adjustments	93	0.2	(219)	(0.6)
Effect of difference between closing deferred tax rate and current tax rate	10	—	22	0.1
Tax expense and effective rate for the year	10,236	23.9	9,256	26.7

11. Earnings per share

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

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Earnings		
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent company	32,658	25,406
Number of shares		
Weighted average number of ordinary shares for the purposes of basic EPS	197,743,410	185,131,455
Effect of dilutive potential ordinary shares:		
– share options	2,176,531	3,383,068
Weighted average number of ordinary shares for the purposes of diluted EPS	199,919,941	188,514,523

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment for the weighted average shares in issue to reflect the effect of all dilutive potential ordinary shares. The number of dilutive potential ordinary shares is derived from the number of share-based options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year or where it is considered non-market performance conditions will not be met resulting in the options not vesting.

Adjusted earnings per share

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

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Earnings for the purposes of basic and diluted EPS being net profit attributable to equity holders of the parent	32,658	25,406
Integration costs	400	—
Acquisition costs	—	3,397
Amortisation of associated intangible assets	3,282	964
Tax effect of adjusting items	(1,216)	(374)
Profit after tax excluding acquisition costs and amortisation of associated intangible assets	35,124	29,393

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

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

	Year ended 30 June 2013	Year ended 30 June 2012
Adjusted basic EPS	17.76p	15.88p
Adjusted diluted EPS	17.57p	15.59p

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

12. Goodwill

	£000
Cost	
At 1 July 2011	2,062
Recognised on acquisition of subsidiaries	80,067
Fair value adjustments during measurement period	227
At 1 July 2012	82,356
Fair value adjustments during measurement period	(1,367)
Exchange differences	965
At 30 June 2013	81,954
Accumulated impairment losses	
At 1 July 2011, 1 July 2012 and 30 June 2013	—
Carrying amount	
At 30 June 2012	82,356
At 30 June 2013	81,954

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

	Carrying value 1 July 2012 £000	Fair value adjustments £000	Exchange differences* £000	Transfer to single CGU £000	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Cash-generating unit						
Goodwill relating to the MitoSciences CGU	2,289	—	151	(2,440)	—	2,289
Goodwill relating to the Ascent Scientific CGU (note 26)	7,589	69	—	(7,658)	—	7,589
Goodwill relating to the Epitomics CGU (note 26)	72,478	(1,436)	814	(71,856)	—	72,478
Goodwill relating to the Abcam group CGU	—	—	—	81,954	81,954	—
	82,356	(1,367)	965	—	81,954	82,356

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

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

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

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

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

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

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

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

13. Intangible assets

Group

	Up front licence fees £000	Distribution rights £000	Software £000	Contract based £000	Assets under construction £000	Customer relationships £000	Patents, technology and know-how £000	Trade names £000	Total £000
Cost									
At 1 July 2011	387	1,393	250	1,666	—	—	—	—	3,696
Additions	47	81	117	—	773	—	—	—	1,018
Acquisition of subsidiaries	9	—	13	1,901	—	5,455	22,812	2,236	32,426
At 1 July 2012	443	1,474	380	3,567	773	5,455	22,812	2,236	37,140
Fair value adjustments	—	—	—	(115)	—	(665)	8	(214)	(986)
Additions	59	258	73	—	3,248	—	—	—	3,638
Transfer to asset in use	—	—	3,803	—	(3,803)	—	—	—	—
Disposals	(5)	—	(15)	—	—	—	—	—	(20)
Exchange differences	—	—	3	—	—	—	—	—	3
At 30 June 2013	497	1,732	4,244	3,452	218	4,790	22,820	2,022	39,775
Amortisation and impairment									
At 1 July 2011	293	1,127	168	11	—	—	—	—	1,599
Charge for the year	64	147	69	255	—	134	528	47	1,244
At 1 July 2012	357	1,274	237	266	—	134	528	47	2,843
Charge for the year	63	66	427	775	—	497	1,757	253	3,838
Disposals	—	—	(15)	—	—	—	—	—	(15)
Exchange differences	—	—	2	—	—	—	—	—	2
At 30 June 2013	420	1,340	651	1,041	—	631	2,285	300	6,668
Carrying amount									

At 30 June 2012	86	200	143	3,301	773	5,321	22,284	2,189	34,297
At 30 June 2013	77	392	3,593	2,411	218	4,159	20,535	1,722	33,107

Company

	Up front licence fees £000	Distribution rights £000	Software £000	Assets under construction £000	Total £000
Cost					
At 1 July 2011	387	1,393	240	—	2,020
Additions	47	244	98	773	1,162
At 1 July 2012	434	1,637	338	773	3,182
Additions	59	490	54	3,248	3,851
Transfer to asset in use	—	—	3,803	(3,803)	—
At 30 June 2013	493	2,127	4,195	218	7,033
Amortisation and impairment					
At 1 July 2011	293	1,127	166	—	1,586
Charge for the year	63	187	62	—	312
At 1 July 2012	356	1,314	228	—	1,898
Charge for the year	63	303	408	—	774
At 30 June 2013	419	1,617	636	—	2,672
Carrying amount					
At 30 June 2012	78	323	110	773	1,284
At 30 June 2013	74	510	3,559	218	4,361

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

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

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

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

Patents, technology and know-how relates to the acquired RabMAb[®] technology as part of the Epitomics business. The remaining amortisation period is 14 years being the remaining term of the primary patent.

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

14. Property, plant and equipment

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Hybridomas under construction £000	Motor vehicles £000	Total £000
Cost							
At 1 July 2011	1,201	6,207	1,600	184	—	—	9,192
Additions	307	962	423	211	115	—	2,018
Acquisition of subsidiary	46	732	208	984	604	94	2,668

Exchange differences	7	22	20	25	16	2	92
Disposals	(2)	(9)	(14)	—	—	—	(25)
At 1 July 2012	1,559	7,914	2,237	1,404	735	96	13,945
Additions	329	1,274	238	1,343	437	52	3,673
Exchange differences	—	113	28	40	25	8	214
Disposals	(122)	(36)	(7)	—	(35)	—	(200)
At 30 June 2013	1,766	9,265	2,496	2,787	1,162	156	17,632
Accumulated depreciation							
At 1 July 2011	892	4,809	925	85	—	—	6,711
Charge for the year	231	817	341	83	—	2	1,474
Exchange differences	4	2	16	—	—	—	22
Eliminated on disposals	(2)	(9)	(14)	—	—	—	(25)
At 1 July 2012	1,125	5,619	1,268	168	—	2	8,182
Charge for the year	277	933	456	305	—	19	1,990
Exchange differences	1	71	35	10	—	3	120
Eliminated on disposals	(119)	(36)	(6)	—	—	—	(161)
At 30 June 2013	1,284	6,587	1,753	483	—	24	10,131
Carrying amount							
At 30 June 2012	434	2,295	969	1,236	735	94	5,763
At 30 June 2013	482	2,678	743	2,304	1,162	132	7,501

Company

	Computer equipment £000	Laboratory equipment £000	Office equipment, fixtures and fittings £000	Hybridomas £000	Total £000
Cost					
At 1 July 2011	893	5,665	952	184	7,694
Additions	211	328	50	39	628
Disposals	—	(3)	(9)	—	(12)
At 1 July 2012	1,104	5,990	993	223	8,310
Additions	234	491	81	61	867
Disposals	(47)	(1)	—	—	(48)
At 30 June 2013	1,291	6,480	1,074	284	9,129
Accumulated depreciation					
At 1 July 2011	658	4,472	472	85	5,687
Charge for the year	166	633	211	54	1,064
Eliminated on disposals	—	(3)	(9)	—	(12)
At 1 July 2012	824	5,102	674	139	6,739
Charge for the year	189	400	216	66	871
Eliminated on disposals	(45)	(1)	—	—	(46)
At 30 June 2013	968	5,501	890	205	7,564
Carrying amount					
At 30 June 2012	280	888	319	84	1,571
At 30 June 2013	323	979	184	79	1,565

15. Investments in subsidiaries

The Company's subsidiaries at 30 June 2013 are:

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

Analysis of changes in investments

	Note	£000
At 1 July 2011		4,041
Additions		129
Addition relating to acquisition of subsidiaries	26	118,942
At 1 July 2012		123,112
Transfer of shares in subsidiary undertakings		(113,102)
Purchase of shares in subsidiary undertaking		85,872
Fair value adjustment to acquired subsidiary	26	(42)
At 30 June 2013		95,840

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

In consideration for the shares of US subsidiaries, Abcam plc received total consideration of £127.1m made up of shares in Group companies of £85.9m and intra-group receivables of \$63m (see note 19).

Investments are held at cost less provision for impairment.

16. Deferred tax assets and liabilities

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 periods.

Group

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2011	(117)	167	3,164	(135)	3,079
Acquisition of subsidiaries	(601)	—	—	(10,341)	(10,942)
(Charge)/credit to income	(120)	—	229	376	485
Fair value adjustments (note 26)	—	—	—	(233)	(233)

Charge to equity	—	(380)	(619)	—	(999)
Exchange differences	(20)	—	2	92	74
At 30 June 2012	(858)	(213)	2,776	(10,241)	(8,536)
(Charge)/credit to income	(520)	—	227	141	(152)
Fair value adjustments (note 26)	26	—	—	2,624	2,650
Credit/(charge) to equity	—	525	(841)	—	(316)
Exchange differences	(44)	—	—	125	81
At 30 June 2013	(1,396)	312	2,162	(7,351)	(6,273)

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

	30 June 2013 £000	30 June 2012 £000	30 June 2011 £000
Deferred tax assets	5,011	4,401	3,509
Deferred tax liabilities	(11,284)	(12,937)	(430)
	(6,273)	(8,536)	3,079

The deferred tax liability of £11,284,000 (2012: £12,937,000) has been recognised in relation to the acquired intangible assets as a result of the acquisitions. Amounts released from this liability during the period were £1,259,000 (2012: £374,000), representing the decrease of the deferred tax liability in line with amortisation charged against the carrying value of the associated intangible assets. A further £394,000 relates to the deferred tax movement arising from a fair value adjustment to acquired intangible assets (see note 26).

Company

	Accelerated tax depreciation £000	Cash flow hedges £000	Share-based payment £000	Other timing differences £000	Total £000
At 30 June 2011	(62)	167	2,516	35	2,656
Credit/(charge) to income	113	—	331	(5)	439
Charge to equity	—	(380)	(302)	—	(682)
At 30 June 2012	51	(213)	2,545	30	2,413
(Charge)/credit to income	(9)	—	226	5	222
Credit/(charge) to equity	—	525	(765)	—	(240)
At 30 June 2013	42	312	2,006	35	2,395

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 (2012: £nil). No temporary differences exist in the current year as a result of a change to the UK tax legislation which largely exempts dividends from UK tax if received on or after 1 July 2009. The Directors believe that all dividends to be paid by the Company's subsidiaries will meet the criteria for exemption from UK tax.

17. Inventories

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Raw materials	1,113	497	—	—
Work in progress	739	621	—	—
Finished goods	13,478	14,296	15,630	13,539
	15,330	15,414	15,630	13,539

18. Financial assets
Trade and other receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Amounts receivable for the sale of goods	11,886	10,478	3,900	3,051
Allowance for doubtful debts	(411)	(433)	(140)	(101)
	11,475	10,045	3,760	2,950
Amounts owed by subsidiary undertakings	—	—	9,413	6,278
Other debtors	4,578	2,701	1,139	1,198
Prepayments	1,387	1,540	750	778
	17,440	14,286	15,062	11,204

Trade receivables

The average credit period taken for sales is 34.5 days (2012: 34.0 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 to offset against any amounts owed to the counterparty.

Ageing of past due but not impaired receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
0 to 30 days overdue	2,532	1,721	877	454
30 to 60 days overdue	277	467	31	41
	2,809	2,188	908	495

Movement in the allowance for doubtful debts

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Balance at the beginning of the year	(433)	(323)	(101)	(124)
Acquisition of subsidiaries	—	(106)	—	—
Impairment (losses)/gains recognised through income statement	(20)	(4)	(44)	17
Exchange differences on translation of foreign operations	4	(3)	—	—
Amounts written off as uncollectable	66	25	5	10
Amounts recovered during the year	(28)	(22)	—	(4)
Balance at the end of the year	(411)	(433)	(140)	(101)

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

Ageing of impaired receivables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
0 to 30 days overdue	81	94	23	16
30 to 60 days overdue	201	178	77	51
60 to 90 days overdue	78	89	20	21
More than 90 days overdue	51	72	20	13
	411	433	140	101

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

19. Loan receivable

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Amount owed by subsidiary undertaking	—	—	44,175	—

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

20. Available-for-sale financial asset

	30 June 2013 £000	30 June 2012 £000
Shares	703	679

As part of the Epitomics acquisition (see note 26) the Group acquired a 13% interest in Plexbio Co., Limited (Plexbio), a privately owned biotechnology company headquartered in Taiwan. Plexbio was established to research, develop and manufacture In Vitro Diagnostic (IVD) kits.

21. Derivative financial instruments

Group and Company: 30 June 2013

Current	Non-current
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	Asset £000	Liability £000	Asset £000	Liability £000	Total £000
Derivatives that are designated and effective as hedging instruments carried at fair value					
Forward exchange contracts	145	(1,160)	29	(375)	(1,361)
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	386	(179)	—	—	207
	531	(1,339)	29	(375)	(1,154)

Group and Company: 30 June 2012

	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	708	(20)	204	(10)	882
Derivatives carried at fair value through profit and loss (FVTPL)					
Forward exchange contracts that are not designated in hedge accounting relationships	175	(66)	—	—	109
	883	(86)	204	(10)	991

Further details of derivative financial instruments are provided in note 27.

22. Other financial liabilities

Trade and other payables

	Group		Company	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Amounts falling due within one year				
Trade payables	4,812	4,148	3,930	3,175
Amounts owed to subsidiary undertakings	—	—	4,579	1,373
Borrowings owed to subsidiary undertakings	—	—	—	5,059
Accruals and deferred income	7,579	5,665	4,501	3,193
Other taxes and social security	1,239	333	295	274
Other creditors	687	580	9	—
	14,317	10,726	13,314	13,074

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. At 30 June 2013, the Group had an average of 32 days of purchases (2012: 34 days) outstanding in trade payables (excluding accruals and deferred income). Most suppliers do not charge interest for the first 60 days of the invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timetable. The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23. Commitments

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Minimum lease payments under operating leases recognised as an expense in the year:		
– land and buildings	2,180	1,362

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 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Within one year	2,251	2,208	833	833
In the second to fifth years inclusive	6,227	5,554	3,180	1,272
After five years	23	70	—	—
	8,501	7,832	4,013	2,105

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 charge in 2013/14 on these operating leases is expected to be £2.3m for the Group and £0.8m for the Company.

24. Capital and Reserves

Share capital

Group and Company

	30 June 2013 £000	30 June 2011 £000
Issued and fully paid:		
199,378,377 (2012: 198,211,177) ordinary shares of 0.2 pence each	399	397

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

	2013 Number	2013 £000	2012 £000
Balance at beginning of year	198,211,177	397	364
Issue of share capital	1,167,200	2	33
Balance at end of year	199,378,377	399	397

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

Share premium

Group and Company

	£000
Balance at 1 July 2011	15,400
Premium arising on issue of equity shares	56,413
Balance at 1 July 2012	71,813
Premium arising on issue of equity shares	1,095
Balance at 30 June 2013	72,908

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

Own shares

Group and Company

	£000
Balance at 1 July 2012	(1,586)
Acquired in the period	(381)
Disposed of on exercise of options	95
Balance at 30 June 2013	(1,872)

This balance represents the cost of 786,145 shares with a nominal value of £1,572 in Abcam plc (2012: 866,435) which were issued by the Company at market value and held by the Abcam Employee Share Benefit Trust. These shares are held in order to satisfy the Free Shares and Matching Shares elements of the SIP. See note 28 for further details of this scheme.

Reserves

Translation reserve

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

Share based payment reserve

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

Hedging reserve

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

Deferred tax reserve

The deferred tax reserve comprises the portion of the deferred tax arising on outstanding share options exercised and not taken to the profit and loss in accordance with IFRS 12.

25. Dividends

	Year ended 30 June 2013 £000	Year ended 30 June 2012 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 June 2012 of 4.36 pence (2011: 3.80 pence) per share	8,650	6,958
Interim dividend for the year ended 30 June 2013 of 1.94 pence (2012: 1.69 pence) per share	3,856	3,103
Total distributions to equity holders in the period	12,506	10,061
Proposed final dividend for the year ended 30 June 2013 of 5.10 pence (2012: 4.36 pence) per share	10,168	8,642

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.

26. Acquisition of subsidiaries

There were no acquisitions made during the year ended 30 June 2013. Details of prior year acquisitions and their final reported values at their respective acquisition dates are given below.

Details of prior year acquisitions

Epitomics Inc

On 19 April 2012, the Company acquired 100% of the issued share capital of Epitomics Inc (Epitomics) for total consideration of US\$170.0m (£108.9m). Total consideration comprised US\$92.5m (£57.5m) cash and 14,498,923 Abcam plc ordinary shares of 0.2 pence with a value of US\$77.5m based upon the average of the high and low trading prices of Abcam ordinary shares on the Alternative Investment Market of the London Stock Exchange for the five trading days ending on 2 March 2012, being the date of execution of the Merger Agreement and a fair value of £51.4m based on the closing share price on the date of acquisition in accordance with IFRS 3.

Epitomics, based in the USA, with operations in China, is focused on the development, production and distribution of monoclonal antibodies (RabMAbs[®]). It has three core business units: reagents (antibodies), custom antibodies and in vitro diagnostics immunohistochemistry (IVD IHC). The reagents (antibodies) business unit develops and distributes RabMAbs[®] for academic and pharmaceutical research applications. The custom antibodies business unit develops RabMAbs[®] to address customers' specific needs where catalogue antibodies are not suitable and provides solutions for research and diagnostic applications. The IVD business unit provides RabMAbs[®] primarily for clinical diagnosis and prognosis of certain cancers including colon, prostate, ovarian and lymphoma. Additionally, Epitomics generates income from certain royalty payments and licence deals that it has with life science tools companies that pay to utilise aspects of Epitomics's patented RabMAB[®] technology in the development and manufacture of their own antibodies.

Epitomics represents a highly compelling strategic fit for the Group and supports the Company's vision of becoming the world's leading life science research tools company. The acquisition provides the Group with extensive know-how in RabMAB[®] technology and will help to diversify the Group's product offering and customer base. Epitomics also provides the Group with a

custom antibody service offering and a high quality entry-point to the IVD IHC market. The Group intends to leverage its existing customer base and strong global marketing and distribution expertise with Epitomics's RabMAb[®] products, technology and product pipeline.

The table below summarises the consideration paid for Epitomics as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed. In accordance with IFRS 3 (revised), the Company has considered all pertinent factors in relation to information obtained after the acquisition date which would affect the provisional values reported. During the permitted measurement period of one year from the acquisition date, adjustments have been made to the provisional values and these are summarised in the table below:

	Provisional values reported £000	Fair value adjustments £000	Final values £000
Recognised amounts of identifiable assets acquired and liabilities assumed			
Non-current assets			
Intangible assets	30,184	(986)	29,198
Property, plant and equipment	2,532	—	2,532
Deferred tax asset	1,023	1,483	2,506
Current assets			
Available-for-sale investment	662	—	662
Inventories	2,109	(507)	1,602
Trade and other receivables	3,230	—	3,230
Current tax prepaid	502	68	570
Cash and cash equivalents	7,800	—	7,800
Term deposits	4,647	—	4,647
Deferred tax asset	683	773	1,456
Current liabilities			
Trade and other payables	(4,843)	211	(4,632)
Non-current liabilities			
Deferred tax liability	(12,065)	394	(11,671)
Total identifiable net assets	36,464	1,436	37,900
Goodwill	72,478	(1,436)	71,042
Total consideration	108,942	—	108,942
Settled by:			
Cash	57,507	—	57,507
Equity instruments (14,498,923 ordinary shares of Abcam plc)	51,435	—	51,435
Total consideration transferred	108,942	—	108,942
Net cash outflow arising on acquisition			
Cash consideration	57,507	—	57,507
Less: cash, cash equivalent balances and term deposits acquired	(12,447)	—	(12,447)
	45,060	—	45,060

The goodwill of £71,042,000 arising from the acquisition represents the acquired product pipeline opportunities, a highly knowledgeable workforce and the going concern value to perpetuity relating to the identified intangible assets with assumed finite useful lives. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totalling £3,213,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2012. No further acquisition-related costs have been incurred since the year ended 30 June 2012.

The fair value of trade and other receivables is £3,230,000 which includes trade receivables with a fair value of £2,176,000 and a gross contractual value of £2,245,000, of which £69,000 is expected to be uncollectable.

During the period from the date of acquisition to 30 June 2012, Epitomics contributed £3,246,000 to the Group's revenue from sales to third parties and a profit of £496,000 to the Group's profit before tax, after amortisation of intangibles of £476,000.

If Epitomics had been consolidated from 1 July 2011, unaudited Group revenues for the year ended 30 June 2012 would have been £110,468,000 and unaudited Group profit before tax would have been £34,584,000, after amortisation of intangibles of £3,356,000.

Ascent Scientific Limited

On 12 September 2011, the Company acquired 100% of the issued share capital of Ascent Scientific Limited (Ascent) for total consideration of £10m. Total consideration comprised £6m cash and 1,157,481 Abcam plc ordinary shares of 0.2p each, with a total fair value of £4m being derived from the rolling 25 day average price of 345.58p per share terminating three trading days prior to completion.

Ascent, a UK-based company, focuses on building a range of high quality biochemicals for use by scientific researchers for modulating the function of proteins. The acquisition further extends the Group's product portfolio and is in line with the strategy of becoming the world's leading life science research tools company.

The table below summarises the consideration paid for Ascent as well as the amounts recognised at the acquisition date of the assets acquired and liabilities assumed. In accordance with IFRS 3 (revised), the Company has considered all pertinent factors in relation to information obtained after the acquisition date which would affect the provisional values reported. During the permitted measurement period of one year from the acquisition date, adjustments have been made to the provisional values and these are summarised in the table below:

	Provisional values reported £000	Fair value adjustments £000	Final values £000
Recognised amounts of identifiable assets acquired and liabilities assumed			
Non-current assets			
Intangible assets	2,241	—	2,241
Property, plant and equipment	136	—	136
Current assets			
Inventories	511	(50)	461
Trade and other receivables	263	—	263
Cash and cash equivalents	199	—	199
Current liabilities			
Trade and other payables	(189)	(83)	(272)
Current tax liabilities	(67)	22	(45)
Borrowings	(14)	—	(14)
Non-current liabilities			
Borrowings	(86)	—	(86)
Deferred tax liability	(583)	—	(583)
Total identifiable net assets	2,411	(111)	2,300
Goodwill	7,589	69	7,658
Total consideration	10,000	(42)	9,958
Settled by:			
Cash	6,000	(42)	5,958
Equity instruments (1,157,481 ordinary shares of Abcam plc)	4,000	—	4,000
Total consideration transferred	10,000	(42)	9,958
Net cash outflow arising on acquisition			
Cash consideration	6,000	(42)	5,958
Less: cash and cash equivalent balances acquired, net of borrowings	(99)	—	(99)
	5,901	(42)	5,859

The goodwill of £7,658,000 arising from the acquisition represents the acquired product pipeline opportunities, expanded customer base and a highly knowledgeable workforce. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs totalling £146,000 are included within administrative expenses in the consolidated income statement for the year ended 30 June 2012. No further acquisition-related costs have been since the year ended 30 June 2012.

The fair value of trade and other receivables is £263,000 which includes trade receivables with a fair value of £131,000 and a gross contractual value of £168,000, of which £37,000 is expected to be uncollectable.

During the period from the date of acquisition to 30 June 2012, Ascent contributed £1,373,000 to the Group's revenue from sales to third parties and a profit of £18,000 to the Group's profit before tax, after amortisation of intangibles of £360,000.

If Ascent had been consolidated from 1 July 2011, unaudited Group revenues for the year ended 30 June 2012 would have been £98,127,000 and unaudited Group profit before tax would have been £34,573,000, after amortisation of intangibles of £1,047,000.

27. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to the 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 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Financial assets				
Loans and receivables				
Amounts owed by subsidiary undertakings	—	—	53,588	6,278
Trade receivables	11,475	10,045	3,760	2,950
VAT recoverable (included in other debtors)	1,171	1,244	1,092	1,171
	12,646	11,289	58,440	10,399
Cash and cash equivalents				
Cash and cash equivalents and term deposits	38,311	17,480	26,295	9,005
Loans and receivables (including cash and cash equivalents)	50,957	28,769	84,735	19,404
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables*	(6,738)	(5,061)	(4,234)	(3,449)
Current tax liabilities	(2,325)	(3,791)	(4,716)	(3,850)
Amortised cost	(9,063)	(8,852)	(8,950)	(7,299)

* 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 balance sheet

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

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

The 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 34.5 days (2012: 34.0 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 34.5 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 major financial institutions. Funds are split between at least two institutions. The carrying amount best represents the maximum exposure to credit risk.

Market risk

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	30 June 2013 £000	30 June 2012 £000	30 June 2013 £000	30 June 2012 £000
Euros	(247)	(243)	7,020	2,400
US dollars	(5,758)	(3,455)	11,813	13,114
Japanese yen	(33)	(77)	3,146	2,229
Hong Kong dollars	—	—	84	34
	(6,038)	(3,775)	22,063	17,777

Foreign currency sensitivity analysis

The Group's principal functional currency is sterling. The Group is mainly exposed to US dollars, euros and Japanese Yen.

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

	Yen currency impact		Euro currency impact		US dollar currency impact	
	2013 £000	2012 £000	2013 £000	2012 £000	2013 £000	2012 £000
Effect of an 8% strengthening in relevant exchange rate on:						
Profit or loss	231	35	501	—	448	45

Other equity	631	535	1,840	1,289	2,182	1,266
Effect of an 8% weakening in relevant exchange rate on:						
Profit or loss	(271)	(42)	(589)	—	(685)	(53)
Other equity	(741)	(628)	(2,160)	(1,513)	(2,402)	(1,486)

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

Forward exchange contracts

It is the policy of the Group to enter into forward exchange contracts to manage the risk associated with anticipated sales transactions out to 15 months within 30% to 95% of the exposure generated. Upon maturity of a forward exchange contract, the Group may enter into a new contract designated as a separate hedging relationship.

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

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

Outstanding contracts	Average rate 30 June 2013	Foreign currency 30 June 2013 000	Contract value 30 June 2013 £000	Fair value 30 June 2013 £000
Sell US dollars				
Less than 3 months	1.57	\$7,590	4,846	(151)
3 to 6 months	1.55	\$10,290	6,620	(159)
7 to 12 months	1.55	\$21,050	13,546	(331)
13 to 15 months	1.55	\$10,800	6,951	(173)
	1.56	\$49,730	31,963	(814)
Sell euros				
Less than 3 months	1.20	€5,725	4,786	(118)
3 to 6 months	1.19	€6,750	5,668	(121)
7 to 12 months	1.19	€13,500	11,328	(267)
13 to 15 months	1.19	€6,750	5,653	(154)
	1.19	€32,725	27,435	(660)
Sell yen				
Less than 3 months	126.21	¥298,645	2,366	384
3 to 6 months	151.32	¥306,890	2,028	(11)
7 to 12 months	151.29	¥639,420	4,226	(34)
13 to 15 months	150.92	¥333,000	2,207	(19)
	145.74	¥1,577,955	10,827	320
Total of outstanding forward contracts			70,225	(1,154)

Outstanding contracts	Average rate 30 June 2012	Foreign currency 30 June 2012 000	Contract value 30 June 2012 £000	Fair value 30 June 2012 £000
Sell US dollars				
Less than 3 months	1.58	\$5,977	3,780	(29)
3 to 6 months	1.56	\$6,050	3,879	23
7 to 12 months	1.56	\$12,400	7,951	43
13 to 15 months	1.56	\$6,350	4,071	20

	1.56	\$30,777	19,681	57
Sell euros				
Less than 3 months	1.16	€4,758	4,091	243
3 to 6 months	1.19	€4,825	4,050	143
7 to 12 months	1.19	€9,925	8,340	284
13 to 15 months	1.19	€5,075	4,258	129
	1.19	€24,583	20,739	799
Sell yen				
Less than 3 months	128.26	¥209,486	1,633	(42)
3 to 6 months	121.79	¥215,350	1,768	42
7 to 12 months	121.42	¥448,700	3,696	89
13 to 15 months	121.03	¥233,575	1,930	46
	122.65	¥1,107,111	9,027	135
Total of outstanding forward contracts			49,447	991

At 30 June 2013, the fair value of contracts held as cash flow hedges is an asset of £207,000 (2012: asset of £883,000). 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 five years. At 30 June 2013, the average maturity of balances was 693 days (2012: 856 days) of fixed rate deposits not sensitive to changes in interest rates. Sufficient funds are readily available to the Company to meet operational requirements.

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

Liquidity and interest risk tables – financial liabilities

All balances are capital and do not include accrued interest.

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2013					
Trade payables	—	(4,562)	(229)	(20)	(4,811)
Accruals and deferred income	—	(2,129)	(3,934)	(1,516)	(7,579)
		(6,691)	(4,163)	(1,536)	(12,390)
Company					
2013					
Trade payables	—	(3,900)	(30)	—	(3,930)
Accruals and deferred income	—	(1,296)	(1,929)	(1,275)	(4,500)
		(5,196)	(1,959)	(1,275)	(8,430)

	Weighted average interest rate %	On demand 1 month £000	1 to 3 months £000	3 months to 1 year £000	Total £000
Group					
2012					
Trade payables	—	(3,948)	(180)	(20)	(4,148)
Accruals and deferred income	—	(2,057)	(1,390)	(2,218)	(5,665)
		(6,005)	(1,570)	(2,238)	(9,813)
Company					
2012					
Trade payables	—	(3,073)	(96)	(6)	(3,175)
Accruals and deferred income	—	(1,202)	(1,185)	(806)	(3,193)
		(4,275)	(1,281)	(812)	(6,368)

Interest rate risk sensitivity analysis

An increase of 0.25% in the average interest rate during the year would have resulted in an increase in interest received by the Group of £70,000 (2012: £91,000) and by the Company of £44,000 (2012: £78,000). A decrease of 0.25% in the average interest rate during the year would have resulted in a reduction in interest received by the Group of £70,000 (2012: £91,000) and by the Company of £44,000 (2012: £78,000). There would have been no effect on equity reserves.

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

28. Share-based payments

Equity-settled share option scheme

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

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

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

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

The Group recorded a total share-based payments expense of £1,391,000 in the year (2012: £1,556,000), of which £1,211,000 (2012: £1,370,000) was included within administration and management expenses and £180,000 (2012: £186,000) was included within R&D expenses.

Summary of all schemes, excluding SIP and LTIP

Options outstanding as at 30 June 2013 had an exercise price of between 5 pence and 385 pence (2012: 5 pence and 370 pence). The weighted average remaining contractual life is 7.16 years (2012: 6.69 years). The weighted average fair value of the options outstanding at the end of the year was 78.02 pence (2012: 57.18 pence). The Group recorded a total share-based payments expense of £573,000 (2012: £310,000) in the year relating to all schemes excluding the SIP and LTIP.

	2013		2012	
	Number of share options	Weighted average exercise	Number of share options	Weighted average exercise price pence

	price pence			
Outstanding at beginning of year	2,618,082	173.35	3,019,754	126.16
Granted during year	796,060	385.00	467,400	370.00
Forfeited during year	(198,625)	293.19	(194,019)	237.63
Exercised during year	(843,917)	93.82	(675,053)	79.97
Outstanding at the end of year	2,371,600	260.95	2,618,082	173.35
Exercisable at end of year	956,369	95.51	1,323,857	63.09

Enterprise Management Incentive (EMI) scheme

	2013		2012	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	359,987	57.29	489,425	56.33
Exercised during year	(81,277)	46.04	(129,438)	53.66
Outstanding at the end of year	278,710	60.57	359,987	57.29
Exercisable at end of year	278,710	60.57	359,987	57.29

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

Unapproved Share Option Plan

	2013		2012	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	746,150	57.95	758,705	58.02
Exercised during year	(369,880)	42.18	(12,555)	62.40
Outstanding at the end of year	376,270	73.45	746,150	57.95
Exercisable at end of year	376,270	73.45	746,150	57.95

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

Abcam Inc share scheme

	2013		2012	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	—	—	26,400	62.40
Exercised during year	—	—	(26,400)	62.40
Outstanding at the end of year	—	—	—	—
Exercisable at end of year	—	—	—	—

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

SAYE scheme

	2013	2012
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	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	10,795	49.80	58,640	46.87
Exercised during year	(10,795)	49.80	(47,845)	46.21
Outstanding at the end of year	—	—	10,795	49.80
Exercisable at end of year	—	—	10,795	49.80

The Abcam 2005 Share Option scheme

	2013		2012	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	842,673	254.88	1,150,248	155.59
Granted during year	652,183	385.00	319,345	370.00
Forfeited during year	(119,661)	346.37	(168,105)	237.65
Exercised during year	(260,288)	141.69	(458,815)	92.40
Outstanding at the end of year	1,114,907	302.18	842,673	254.88
Exercisable at end of year	122,750	118.33	206,925	92.40

The Abcam CSOP

	2013		2012	
	Number of share options	Weighted average exercise price pence	Number of share options	Weighted average exercise price pence
Outstanding at beginning of year	658,477	265.24	536,336	234.98
Granted during year	143,877	385.00	148,055	370.00
Forfeited during year	(78,964)	212.59	(25,914)	237.52
Exercised during year	(121,677)	184.23	—	—
Outstanding at the end of year	601,713	310.46	658,477	265.24
Exercisable at end of year	178,639	180.80	—	—

Fair value calculation

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

EMI scheme

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

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

CSOP

Grant date	09 Nov 2009	02 Dec 2010	01 Nov 2011	01 Nov 2012
Share price at grant (pence)*	182.4	390	370.75	389
Fair value at valuation date (pence)*	57.528	145	119	96
Exercise price (pence)*	180.8	345	370	385
Expected volatility	34%	37%	39%	33%
Expected life (years)	6	6	6	6
Expected dividend yield	1.24	0.62	1.42	1.56
Risk-free rate	3.21%	2.56%	1.50%	0.41%
Employee exercise multiple	2	2	2	2
Employee exit rate	10.00%	10.00%	10.00%	0.00%

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

Unapproved Share Option Plan

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

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

SAYE scheme

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

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

The Abcam 2005 Share Option Scheme

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

Grant date	7 September 2006	8 November 2007	7 May 2008	6 November 2008	9 November 2009	2 December 2010	1 November 2011	1 November 2012
Share price at grant (pence)*	56	62.4	82.6	92.5	180.8	373	370	389

Fair value at valuation date (pence)*	16.8	17.8	24.6	23	57.6	138	119	96
Exercise price (pence)*	56	62.4	82.6	92.4	180.8	345	370	385
Expected volatility	30%	30%	30%	24%	34%	37%	39%	33%
Expected life (years)	3	3.01	3	3	6	6	6	6
Expected dividend yield	1.1%	1.5%	1.5%	0.87%	1.24%	0.62%	1.42%	1.56%
Risk-free rate	4.57%	4.80%	4.79%	3.90%	3.21%	2.56%	1.50%	0.41%
Employee exercise multiple	2	2	2	2	2	2	2	2
Employee exit rate	9.53%	12.00%	12.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

SIP

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

	Number of free shares		Number of matching shares	
	2013	2012	2013	2012
Outstanding at beginning of year	540,330	486,923	130,749	102,696
Granted during year	138,607	133,837	37,374	38,514
Forfeited during year	(32,645)	(27,624)	(5,631)	(5,862)
Released during year	(55,020)	(52,806)	(7,635)	(4,599)
Outstanding at the end of year	591,272	540,330	154,857	130,749
Exercisable at end of year	251,325	163,930	58,450	30,650

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 £561,000 (2012: £404,000) in the year related to matching and free share awards.

LTIP

The Company approved a new LTIP in 2008. To date, vesting of performance share awards made under this scheme to the executive management team have been conditional upon achievement of two separate performance conditions. Full details of these performance conditions are shown in the Directors' Remuneration Report. In 2010, LTIP awards were also made to members of senior management, in addition to the executive management team. Vesting of awards made in 2010 to senior management were conditional on market-based performance criteria and calculated using the Monte Carlo model. Vesting criteria for awards made to senior management from 2011 onwards are aligned with those awarded to the executive management team. The awards made on 9 February 2012 were to senior management and based on specific operating performance conditions over a vesting period of two years. All awards are nil cost options which vest, subject to achievement of the relevant performance conditions, after three years, and can be exercised over the following seven years. Save as permitted in the LTIP rules, awards lapse on an employee leaving the Company.

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

	LTIP awards 2013	LTIP awards 2012
Outstanding at beginning of year	1,887,156	1,612,737
Granted during year	161,044	342,688
Forfeited during year	(58,700)	(38,269)

Exercised during the year	(217,733)	(30,000)
Outstanding at the end of the year	1,771,767	1,887,156
Exercisable at end of year	966,929	739,747

Of the performance share awards granted during the year, 161,044 awards were made on 1 November 2012 (2012: 321,888 on 1 November 2011 and 20,800 on 9 February 2012). The aggregate of the fair values of the awards made on 1 November 2012 is £600,348 (2012: £1,025,000).

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

Grant date	6 and 17 November 2008	9 November 2009*	9 November 2009	2 December 2010	1 November 2011	9 February 2012	1 November 2012
Weighted average exercise price (pence)	—	—	—	—	—	—	—
Expected volatility	24%	34%	34%	37%	39%	38%	33%
Expected life	3 years	4 years	3 years	3 years	3 years	1.6 years	3 years
Expected dividend yield	0.87%	1.24%	1.24%	0.62%	1.42%	1.58%	1.56%
Risk-free rate	3.41%	2.52%	2.03%	1.36%	1.50%	0.39%	0.41%

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

The Group recognised a total expense of £257,000 (2012: £842,000) in the year related to performance share awards under the LTIP.

29. Retirement benefit schemes

Defined contribution schemes

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

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

The total cost charged to the income statement in respect of these schemes during the year ended 30 June 2013 was £977,000 (2012: £949,000). As at 30 June 2013 contributions of £84,000 (2012: £74,000) due in respect of the current reporting period had not been paid over to the schemes.

30. Related party transactions

Remuneration of key personnel

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

Group and Company	30 June 2013 £000	30 June 2012 £000
Short-term employee benefits and fees	2,056	1,842
Share-based payments charge	866	848
	2,922	2,690

Directors' transactions

Under a new product development agreement with a laboratory associated with Tony Kouzarides (a Non-Executive Director of the Company who retired 22 October 2012), Abcam provided products from its catalogue free of charge, with a resale value of

£31,101 (2012: £30,363) and paid £81,411 in royalties (2012: £77,455). £21,466 relating to these royalties was outstanding at the year end (2012: £14,074).

Dividends totalling £1,939,512 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 years as summarised in the following table:

	30 June 2013 £000	30 June 2012 £000
Sales of goods	55,539	47,472
Purchase of goods	(8,549)	(3,326)
Dividends received	6,557	2,323
Management fees charged	(1,705)	(1,167)
	51,842	45,302

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

31. Income statement for the Company

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year. Abcam plc reported a profit for the year ended 30 June 2013 of £52,524,000 (2012: £24,501,000). Profit for the year includes £13,973,000 of non-distributable earnings relating to the gain on disposal resulting from an intra-group transfer of a subsidiary undertaking (see note 15 for further details).