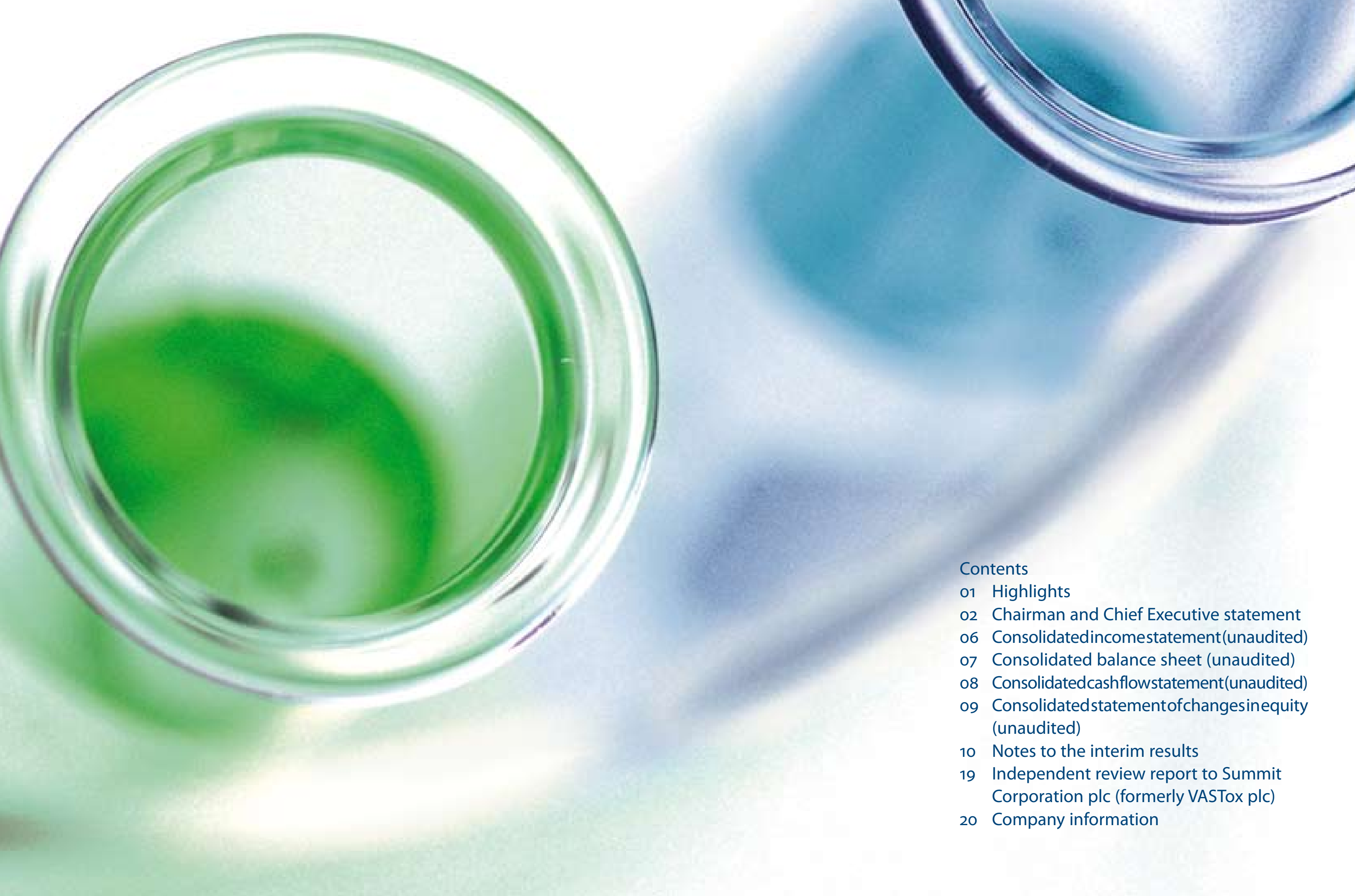
summit plc

Summit plc
Interim Report and Accounts
Forthesixmonthsended31July2007

Summit plc is a leading UK biotechnology company with a broad drug pipeline, two world-leading technology platforms and an innovative business model to generate sustainable value for shareholders.



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Highlights

£1.4m

Half-year revenue
(2006/07: £0.47 million)

£3.6m

R&D investment
(2006/07: £1.3 million)

£14.2m

Cash position
(2006/07: £20.2 million)

The vision of Summit plc is to build significant value for investors by developing innovative drug discovery programmes that target serious diseases with high unmet medical need. The likelihood of success in our programmes is enhanced through our world-leadership in two innovative technology platforms that are generating increasingly substantial revenues.

Drug Pipeline Progress

- Two clinical and three preclinical programmes targeting serious diseases
- Phase I clinical trial commenced in Parkinson's disease and acne
- Preclinical candidate in Duchenne muscular dystrophy programme selected

Early Stage Programme Deals

- Multi-million dollar programme collaboration deal signed with Evolva Biotech

Profitable Technology Platforms

- Gross margins over 60%
- Increase in average deal size to £65,000 (H1 2006/07: £30,000)

Corporate Highlights

- Acquisition of two UK biotechnology companies in all-paper deals
- Re-branding of Company to Summit plc

Financial Highlights

- Trebling in half-year revenues to £1.4 million (H1 2006/07: £0.47m) as a result of organic growth and acquisitions
- R&D investment up to £3.6 million (H1 2006/07: £1.3m)
- Cash position of £14.2 million (H1 2006/07: £20.2m)

Chairman and Chief Executive statement

"Summit's primary objective is to generate mid- to long-term value by developing and out-licensing multiple early stage drug programmes to pharmaceutical or biotechnology company partners."

The first half of the year has seen your Company growing and maturing with excellent progress being made in all areas of the business. The period has seen the completion of significant corporate activity, notably the acquisition and integration of two companies and a change of Company name. Following the acquisitions, our drug pipeline has been broadened and now includes high-quality clinical, preclinical and discovery stage programmes. The Company has also become the market-leader in its two technology platforms: zebrafish biology and carbohydrate chemistry. Significantly during this period, we signed our first multi-million dollar programme collaboration deal while several higher-value deals in our service business have led to a trebling of revenues.

To reflect the progress the business has made, we have changed the Company's name from VASTox plc to Summit Corporation plc, branded as Summit plc. The new identity reflects the ambitions we have for the Company and it will provide a mature, professional image that is suitable for the future needs of the business.

Operational highlights

Focused strategy to deliver value

Summit's primary objective is to generate mid- to long-term value by developing and out-licensing multiple early stage drug programmes to pharmaceutical or biotechnology company partners. We believe that by efficiently developing a number of programmes up to Phase IIa clinical proof of concept stage, we can provide a pipeline of high-quality early stage drug candidates, much in demand by the wider industry, while avoiding the cost and risk associated with Phase IIb and Phase III clinical trials.

Supporting the drug pipeline are our two innovative technology platforms in zebrafish biology and carbohydrate chemistry. Both technologies are playing a crucial role in developing our early stage programmes into attractive licensing opportunities and will also help replenish our pipeline in the future as well as generating increasingly significant revenues through our service business.

We believe that this strategy has the potential to improve the current risk: reward ratio associated with the biotechnology industry by improving the efficiency and lowering the costs of developing multiple drug candidates to a point at which the wider industry is attributing increasing value.

Targeting early stage deals

Significantly, in July 2007 we signed our first multi-million dollar programme collaboration deal with the Swiss biotechnology company Evolva Biotech SA. The three-year deal, worth a potential $10 million, is for the co-development of SMT 14400 for the treatment of infectious diseases associated with bio-defence. Evolva has received over $55 million in funding from the Defense Threat Reduction Agency (DTRA), a US-government body specifically charged to develop therapeutics to deal with terrorism and unconventional weaponry. Both parties retain equal ownership of the programme for infectious diseases, including any value from future commercial deals. Meanwhile, Summit will continue to develop SMT 14400 as an immunotherapy to help treat cancer and the Company retains the exclusive rights for this and any further indications identified for this development candidate.

Acquisitions and integration

In March 2007, Summit completed the acquisition of two UK biotechnology companies, DanioLabs Limited and Dextra Laboratories Limited, in transactions paid for with the issue of new shares for a combined figure of £16.5 million. The companies were identified as having a synergistic fit with our existing operations and have strengthened our research and development capabilities, drug discovery pipeline and our service business.

The acquisition of DanioLabs significantly strengthened our drug discovery and development pipeline by providing a range of high-quality programmes at the clinical, preclinical and discovery stages of development, while both companies have consolidated Summit's position as the world leaders in two innovative technology platforms. Dextra is now the brand name for Summit's carbohydrate technology and service business.

The two companies have been quickly integrated to allow the enlarged organisation to capitalise on the increased capabilities and efficiencies. The additional depth and quality in our pipeline and technology platforms will help us to fulfil our business strategy.

Progress in drug discovery and development pipeline

The first half of 2007 has seen significant progress in our drug discovery and development pipeline. In October 2007, Summit began its first Phase I clinical trial with the drug candidate SMT D002. This candidate drug is being developed

Chairman and Chief Executive statement continued

to treat a skin condition called seborrhoea, which results from excess sebum production and is a symptom of Parkinson's disease. Seborrhoea is also the primary cause of acne. Results from this Phase I clinical trial with SMT D002 in healthy volunteers are anticipated in the first half of 2008, and an additional Phase I trial is planned to start later the same year.

Summit is also advancing a second programme into clinical trials during 2007. SMT D001 is being developed to treat a second distressing symptom associated with Parkinson's disease called sialorrhoea, which is characterised by excessive and uncontrollable drooling. A combined Phase I/II trial in Parkinson's patients is planned to start in the final quarter of 2007 with data from the trial expected during the first half of 2008.

Exciting progress was also made in our Duchenne muscular dystrophy (DMD) programme, a fatal childhood disease for which there remains no cure. The preclinical candidate SMT C1100 was selected in May 2007 and work to progress this into clinical trials is well advanced: SMT C1100 is expected to enter into Phase I trials in the second half of 2008. Additional complementary therapies are also being developed to support and enhance our DMD programme with our efforts supported by the leading UK muscular dystrophy charity, Parent Project UK (PPUK) who donated £220,000 in September 2007.

Beyond our advanced clinical and preclinical development programmes, Summit has a number of discovery stage projects across a range of therapeutic areas that have progressed well over the first half of the year.

All our programmes utilise either or both technology platforms, and our scientific and industrial expertise, as we seek to develop and add value to the stage where they become attractive partnering opportunities. In addition, the integrated technology platforms will generate new drug programmes so that Summit can continue to maintain a strong pipeline going forward.

Growing services revenues

During the first half of the year, revenues from the service business have trebled to £1.4 million with gross margins in excess of 60%. This increase was a result of organic growth and revenues earned by DanioLabs and Dextra following their acquisition in March 2007. These acquisitions consolidated our market-leading position in two innovative technology platforms, zebrafish biology and carbohydrate chemistry, and this made an immediate impact on the services business. In zebrafish biology, we have now worked with seven of the top ten pharmaceutical companies in the world. The magnitude of the deals signed during this period has increased with clients signing repeat contracts following successful validation studies. Notable deals have included contracts with Johnson & Johnson, Merck KGaA and Rottapharm. Pleasingly, data generated by our zebrafish platform was presented at leading industry conferences in 2007 by clients including AstraZeneca, Pfizer and Roche.

In carbohydrate chemistry, Dextra signed its first royalty paying deal with a US healthcare company for which the Company earned $450,000 in fees and will receive a 5% royalty on all product sales; the product is expected to launch in 2010. In July, a GMP (Good Manufacturing Practice) synthetic chemistry laboratory became operational, producing sufficient quantities of material to support clients' projects from early discovery through to Phase II clinical trials. This facility is of importance to Summit as not only will it further enhance our carbohydrate chemistry platform but it will also serve to reduce internal costs and development times by using the manufacturing capability to advance our own drug programmes.

Financial review

Revenue trebled during the first six months of the year to £1.4 million (H1 2006/07: £0.47m), reflecting higher value deals signed and the acquisition of revenue-generating businesses DanioLabs and Dextra.

R&D investment rose in line with budget to £3.63 million (H1 2006/07: £1.30m) as our main drug programmes reached the late-stage preclinical and clinical stages. Notably, the increased revenues continue to cover our operational and overhead costs, permitting us to make the necessary investment into R&D.

Financial discipline remains central to the business and we continue to ensure all investors' funds have been used judiciously; our cash position at 31 July 2007 remains strong at £14.2 million (H1 2006/07: £20.2 million). Additional income of £0.3m (H1 2006/07: £Nil) was also recognised during the period from charities and grant agencies.

International Financial Reporting Standards

This is the first set of interim accounts to be produced under International Financial Reporting Standards (IFRS) as adopted by the European Union. Comparative information for 2006/07 has been adjusted in accordance with IFRS. A reconciliation between IFRS and UK GAAP is given on pages 15 to 18 of this report.

Outlook

This is an exciting period for the business with several of our programmes entering and advancing through clinical trials. It is our intention to sign attractive licensing and partnering deals from within our drug pipeline and additionally we will look to sign significant collaboration deals in our technology platforms in order to realise the value of our business strategy. We are confident that significant commercial progress will be made on both these fronts.

We take this opportunity to thank all staff, including those who have joined Summit following the acquisitions, for their commitment and hard work during the period and we look forward to an exciting future together.

B. J. Price

Barry Price, PhD
Chairman

Steven Lee, PhD
Chief Executive Officer

30 October 2007

Consolidated income statement (unaudited)

for the six months ended 31 July 2007

	Note	Six months ended 31 July 2007 £000s	Six months ended 31 July 2006 (Restated) £000s	Year ended 31 January 2007 (Restated) £000s
Revenue		1,378	469	1,034
Cost of sales		(531)	(155)	(304)
Gross profit		847	314	730
Other operating income	3	298	–	80
Administrative expenses				
Research and development		(3,637)	(1,300)	(2,952)
General and administration		(750)	(402)	(950)
Sales and marketing		(411)	(88)	(510)
Depreciation and amortisation		(782)	(113)	(376)
Share-based payment		(257)	(155)	(404)
Total administrative expenses		(5,837)	(2,058)	(5,192)
Operating loss		(4,692)	(1,744)	(4,382)
Finance income		406	412	873
Loss before taxation		(4,286)	(1,332)	(3,509)
Taxation		590	167	489
Loss for the period attributable to equity shareholders		(3,696)	(1,165)	(3,020)
Basic and diluted loss per ordinary share	4	(8.02p)	(3.27p)	(8.29p)

Consolidated balance sheet (unaudited)
at 31 July 2007

	Six months ended 31 July 2007 £000s	Six months ended 31 July 2006 (Restated) £000s	Year ended 31 January 2007 (Restated) £000s
Assets			
Non-current assets			
Goodwill	10,467	–	115
Other intangible assets	8,517	58	263
Property, plant and equipment	3,426	1,848	2,624
	22,410	1,906	3,002
Current assets			
Inventories	274	29	188
Trade and other receivables	1,846	689	645
Current tax	1,111	167	472
Cash and cash equivalents	14,208	20,213	18,289
	17,439	21,098	19,594
Total assets	39,849	23,004	22,596
Liabilities			
Current liabilities			
Trade and other payables	(1,910)	(271)	(1,382)
Borrowings	(66)	(66)	(66)
	(1,976)	(337)	(1,448)
Non-current liabilities			
Provisions	(2,665)	–	(100)
Borrowings	(564)	(611)	(598)
Deferred tax	(2,314)	–	–
	(5,543)	(611)	(698)
Total liabilities	(7,519)	(948)	(2,146)
Net assets	32,330	22,056	20,450
Equity			
Share capital	4,963	3,722	3,722
Share premium account	22,722	22,327	22,327
Share-based payment reserve	735	229	478
Merger reserve	11,740	(1,943)	(1,943)
Retained earnings	(7,830)	(2,279)	(4,134)
Total equity attributable to the shareholders of the Company	32,330	22,056	20,450

Consolidated cash flow statement (unaudited)

for the six months ended 31 July 2007

	Note	Six months ended 31 July 2007 £000s	Six months ended 31 July 2006 (Restated) £000s	Year ended 31 January 2007 (Restated) £000s
Cash flows from operating activities				
Operating loss before tax		(4,692)	(1,744)	(4,382)
Adjusted for:				
Depreciation		379	109	340
Amortisation of intangible fixed assets		403	4	36
Share-based payment		257	155	404
Adjusted loss from operations before changes in working capital and provisions		(3,653)	(1,476)	(3,602)
Increase in trade and other receivables		(528)	(30)	(171)
Increase in inventories		(16)	(2)	(160)
Increase/(decrease) in trade and other payables		63	(444)	727
Cash used by operations		(4,134)	(1,952)	(3,206)
Taxation received		–	–	168
Net cash used in operating activities		(4,134)	(1,952)	(3,038)
Investing activities				
Acquisition of businesses net of cash acquired	2	493	–	(255)
Purchase of property, plant and equipment		(836)	(653)	(1,648)
Purchase of intangible assets		(1)	–	(71)
Interest received		415	294	790
Net cash used in investing activities		71	(359)	(1,184)
Financing activities				
Proceeds from issue of share capital		16	9,971	9,971
Repayment of debt during the period		(34)	(80)	(93)
Net cash used in financing activities		(18)	9,891	9,878
Net (decrease)/increase in cash and cash equivalents		(4,081)	7,580	5,656
Cash and cash equivalents at beginning of period		18,289	12,633	12,633
Cash and cash equivalents at end of period		14,208	20,213	18,289

Consolidated statement of changes in equity (unaudited)

Six months ended 31 July 2007

	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
Group						
At 1 February 2007	3,722	22,327	478	(1,943)	(4,134)	20,450
New share capital issued	1,241	395	–	–	–	1,636
Share-based payment	–	–	257	–	–	257
Share issue eligible for merger relief	–	–	–	13,683	–	13,683
Loss for the period	–	–	–	–	(3,696)	(3,696)
At 31 July 2007	4,963	22,722	735	11,740	(7,830)	32,330

Six months ended 31 July 2006

	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
Group						
At 1 February 2006	3,131	12,947	74	(1,943)	(1,114)	13,095
New share capital issued	591	9,380	–	–	–	9,971
Share-based payment	–	–	155	–	–	155
Loss for the period	–	–	–	–	(1,165)	(1,165)
At 31 July 2006	3,722	22,327	229	(1,943)	(2,279)	22,056

Year ended 31 January 2007

	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
Group						
At 1 February 2006	3,131	12,947	74	(1,943)	(1,114)	13,095
New share capital issued	591	9,380	–	–	–	9,971
Share-based payment	–	–	404	–	–	404
Loss for the year	–	–	–	–	(3,020)	(3,020)
At 31 January 2007	3,722	22,327	478	(1,943)	(4,134)	20,450

Notes to the interim results

1. Basis of accounting

The interim accounts, which are unaudited, have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 January 2008. As from 1 February 2007, the Group is required under European Union regulation to prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union and implemented in the UK. Accordingly, this is the first year when the financial statements will be prepared under IFRS and the comparatives for 2007 will be restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS.

The IFRSs that will be effective or available for voluntary early adoption in the financial statements for the period ended 31 January 2008, are still subject to change and to the issue of additional interpretation(s) and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first IFRS financial statements are prepared at 31 January 2008.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 "Interim Financial Reporting". Accordingly, whilst the interim statements have been prepared in accordance with the transitional rules governing the move from UK GAAP to IFRS they cannot be construed as being in full compliance with IFRS.

Reconciliations between previously reported financial statements prepared under UK GAAP and on the basis as stated above are presented in note 5 to this Interim Statement in respect of the Consolidated Income Statement for the year ended 31 January 2007, and the six months ended 31 July 2006, and for the Consolidated Balance Sheet as at 1 February 2006, 31 July 2006 and 31 January 2007. No adjustments have been made for any changes in estimates made at the time of approval of the UK GAAP financial statements for the year ended 31 January 2007, or the interim statements for the period ended 31 July 2006, on which the IFRS financial information is based, as required by IFRS 1. In addition, restated figures in note 5 are based on current interpretations of IFRSs and these may be subject to change as industry practice develops.

The comparative figures for the twelve months ended 31 January 2007, do not constitute statutory accounts for the purposes of Section 240 of the Companies Act 1985. The results for the year ended 31 January 2007 and the balance sheet as at that date are abridged from the Company's Annual Report and Financial Statements 2007 (after adjustment for IFRS conversion), which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2) or 237(3) of the Companies Act 1985. The 31 July 2007 statements were approved by a duly appointed and authorised committee of the Board of Directors on 30 October 2007 and are unaudited.

A summary of the principal accounting policies is set out below:

Basis of consolidation

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

The results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

Business combinations

The cost of an acquisition is measured as the fair value of the assets exchanged, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired together with liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets is recorded as goodwill.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Negative goodwill arising on acquisition is recognised directly in the Income Statement.

Intangible assets

In-process research and development that is separately acquired as part of a company acquisition or in-licensing agreement is required by IAS 38 to be capitalised even if they have not yet demonstrated technical feasibility, which is usually signified by regulatory approval. Intangible assets relating to business combinations are amortised as described in note 2.

Other intangible assets, comprising patents and licences, are amortised in equal instalments over their useful estimated lives as follows:

Patents (once awarded):	10 years
Drug programmes:	Over the period of the relevant patents
Licences:	Over the period of the licence agreement

Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level. Goodwill, other individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life are tested for impairment at least annually.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Cost comprises the purchase price plus any incidental costs of acquisition and commissioning. Depreciation is calculated to write off the cost, less residual value, in equal annual instalments over their estimated useful lives as follows:

Leasehold improvements	Over the period of the remaining lease
Computer equipment	3–5 years
Laboratory equipment	3–10 years
Fixtures and fittings	3–5 years

The residual value, if not insignificant, is reassessed annually.

Notes to the interim results continued

1. **Basis of accounting** continued

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the expected future cash flows will be discounted using a pre-tax discount rate, adjusted for risk where it is inherent in a specific liability.

Revenue recognition

i) Goods sold and services rendered

Group revenue comprises the value of sales from products and income (excluding VAT and taxes, trade discounts and intra-group transactions) derived from contracts for services.

Revenue from product sales is recognised when the risks and rewards of ownership have been transferred to the customer.

Where the Group is to undertake R&D activities and the fee is creditable against services provided by the Group, that revenue is recognised across the period over which the services are performed.

Contract research fees are recognised in the accounting period in which the related work is carried out.

Revenue is recognised according to the percentage of the overall contract that has been completed.

ii) Grant income

Grant related income is shown in the income statement as other income, so as to match it against the expenditure to which it compensates.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred on completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to Group or Personal defined contribution pension schemes are charged to the income statement on an accruals basis.

Leased assets

Costs in respect of operating leases are charged to the income statement on a straight-line basis over the lease term.

Research and development

All ongoing research expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other incentives inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38 "Intangible Assets", are not met until a product has been submitted for regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with the bank. For the purposes of the Group Cash Flow Statement, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

Share-based payments

In accordance with IFRS 2 "Share-based payment", share options are measured at fair value at their grant date. The fair value is calculated using the Black-Scholes formula and charged to the income statement on a straight-line basis over the expected vesting period. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The share-based payment charge is recorded separately in the income statement.

2. Acquisition of subsidiaries and businesses

On 21 March 2007 the Group acquired 100% ownership of DanioLabs Limited and Dextra Laboratories Limited.

DanioLabs Limited

DanioLabs is a biotechnology company based in Cambridge that has clinical drug programmes in neurodegeneration, commercial services and complementary zebrafish expertise. 100% ownership was acquired for consideration of £15.1 million, of which £14.2 million was in the form of shares. The transaction incurred legal and professional fees of £170k.

Dextra Laboratories Limited

Dextra Laboratories based in Reading has world-leading expertise in industrial carbohydrate chemistry. 100% ownership was acquired for consideration of £1.5 million in the form of shares. The transaction incurred legal and professional fees of £196k.

MNL Pharma

On 14 December 2006, Summit Corporation plc acquired the trade and certain assets from MNL Pharma Limited. Provisional values were reported in the 2007 Annual Report, with the valuation and classification revised in the period to 31 July 2007.

Notes to the interim results continued

2. Acquisition of subsidiaries and businesses continued

	DanioLabs Limited recognised value and carrying amount £000s	Dextra Laboratories Limited recognised value and carrying amount £000s	MNL Pharma recognised value and carrying amount £000s
Cash	983	48	–
Inventories	–	70	–
Accounts receivable	150	246	–
Property, plant and equipment	209	37	55
Trade payables	(342)	(125)	–
	1,000	276	55
Intangible assets established on acquisition	7,460	–	1,381
Tangible assets established on acquisition	100	–	–
Goodwill on acquisition	8,712	1,420	335
Deferred tax on intangible assets	(2,089)	–	(335)
	15,183	1,696	1,436
Satisfied in cash	343	196	255
Deferred cash consideration	–	–	1,181
Satisfied in shares	13,356	1,500	–
Deferred share consideration	1,484	–	–
Consideration paid	15,183	1,696	1,436

In-process Research and Development costs were capitalised on acquisition, and relate to various ongoing drug programmes. The fair value of these programmes is estimated by discounting the expected future cash flows of the programme, adjusted for outcome probability at each potential stage of the programme. These assets are amortised on a straight-line basis over a period equal to the residual life of the relevant patents held.

3. Other operating income

Other operating income consists entirely of grant income.

4. Loss per share calculation

The loss per share has been calculated by dividing the loss for the period of £3,696k (for the period ended 31 July 2006: £1,165k, and for the year ended 31 January 2007: restated loss of £3,020k) by the weighted average number of shares in issue during the six month period to 31 July 2007: 46,111,292 (for the six month period ended 31 July 2006: 35,577,079; for the year ended 31 January 2007: 36,420,113).

Since the Group has reported a net loss, diluted loss per share is equal to basic loss per share.

5. Reconciliation of UK GAAP to IFRS

The tables on the following pages show the reconciliations of the Consolidated Income Statement for the six months ended 31 July 2006 and the financial year ended 31 January 2007, the Consolidated Balance Sheet as at 31 July 2006, 31 January 2007 and at 1 February 2006 (opening balances at the date of transition).

Consolidated income statement (unaudited)

	Ref	UK GAAP Six months ended 31 July 2006 £000s	Adjusted £000s	IFRS Six months ended 31 July 2006 £000s	UK GAAP Year ended 31 January 2007 £000s	Adjusted £000s	IFRS Year ended 31 January 2007 £000s
Revenue		469	–	469	1,034	–	1,034
Cost of sales		(155)	–	(155)	(304)	–	(304)
Gross profit		314	–	314	730	–	730
Other operating income		–	–	–	80	–	80
Administrative expenses							
Research and development	1.1	(1,284)	(16)	(1,300)	(2,937)	(15)	(2,952)
General and administration	1.2	(734)	332	(402)	(1,830)	880	(950)
Sales and marketing	1.3	–	(88)	(88)	–	(510)	(510)
Depreciation and amortisation	1.4	–	(113)	(113)	–	(376)	(376)
Share-based payment	1.5	–	(155)	(155)	(404)	–	(404)
Total administrative expenses		(2,018)		(2,058)	(5,171)		(5,192)
Operating loss		(1,704)	(40)	(1,744)	(4,361)	(21)	(4,382)
Finance income		414	–	414	873	–	873
Finance costs	1.6	(20)	18	(2)	–	–	–
Loss before taxation		(1,310)	(22)	(1,332)	(3,488)	(21)	(3,509)
Taxation		167	–	167	489	–	489
Loss for the period attributable to equity shareholders		(1,143)	(22)	(1,165)	(2,999)	(21)	(3,020)

Notes to the interim results continued

5. Reconciliation of UK GAAP to IFRS continued

Explanation of IFRS adjustments:

	Six months ended 31 July 2006 Adjusted £000s	Year ended 31 January 2007 Adjusted £000s
Ref 1.1 – Research and development		
Holiday pay accrual (Research and development related)	(16)	(15)
Ref 1.2 – General and administration		
Reclassification as below	354	883
Holiday pay accrual (General and administration related)	(4)	(3)
Reclassification of rental payment and finance costs	(18)	–
	332	880
Ref 1.3 – Sales and marketing		
Reclassification from General and administration expenses	(86)	(507)
Holiday pay accrual (Sales and marketing related)	(2)	(3)
	(88)	(510)
Ref 1.4 – Depreciation and amortisation		
Reclassification from General and administration expenses	(113)	(376)
Ref 1.5 – Share-based payments		
Reclassification from General and administration expenses	(155)	–
Ref 1.6 – Finance income and costs		
Reclassification of rental payment and finance costs	18	–

Consolidated balance sheet (unaudited)

	Ref	UK GAAP Six months ended 31 July 2006 £000s	Adjusted £000s	IFRS Six months ended 31 July 2006 £000s	UK GAAP Year ended 31 January 2007 £000s	Adjusted £000s	IFRS Year ended 31 January 2007 £000s	UK GAAP Year ended 1 February 2006 £000s	Adjusted £000s	IFRS Year ended 1 February 2006 £000s
Assets										
Non-current assets										
Goodwill		–	–	–	115	–	115	–	–	–
Other intangible assets		58	–	58	263	–	263	28	–	28
Property, plant and equipment		1,848	–	1,848	2,624	–	2,624	1,261	–	1,261
		1,906	–	1,906	3,002	–	3,002	1,289	–	1,289
Current assets										
Inventories		29	–	29	188	–	188	27	–	27
Trade and other receivables		689	–	689	645	–	645	542	–	542
Current tax		167	–	167	472	–	472	–	–	–
Cash and cash equivalents		20,213	–	20,213	18,289	–	18,289	12,633	–	12,633
		21,098	–	21,098	19,594	–	19,594	13,202	–	13,202
Total assets		23,004	–	23,004	22,596	–	22,596	14,491	–	14,491
Liabilities										
Current liabilities										
Trade and other payables	2.1	(249)	(22)	(271)	(1,361)	(21)	(1,382)	(639)	–	(639)
Borrowings		(66)	–	(66)	(66)	–	(66)	(66)	–	(66)
		(315)	(22)	(337)	(1,427)	(21)	(1,448)	(705)	–	(705)
Non-current liabilities										
Provisions		–	–	–	(100)	–	(100)	–	–	–
Borrowings		(611)	–	(611)	(598)	–	(598)	(691)	–	(691)
		(611)	–	(611)	(698)	–	(698)	(691)	–	(691)
Total liabilities		(926)	(22)	(948)	(2,125)	(21)	(2,146)	(1,396)	–	(1,396)
Net assets		22,078	(22)	22,056	20,471	(21)	20,450	13,095	–	13,095
Equity										
Share capital		3,722	–	3,722	3,722	–	3,722	3,131	–	3,131
Share premium reserve		22,327	–	22,327	22,327	–	22,327	12,947	–	12,947
Share-based payment reserve	2.2	–	229	229	478	–	478	–	74	74
Merger reserve		(1,943)	–	(1,943)	(1,943)	–	(1,943)	(1,943)	–	(1,943)
Retained earnings	2.3	(2,028)	(251)	(2,279)	(4,113)	(21)	(4,134)	(1,040)	(74)	(1,114)
Total equity attributable to the shareholders of the Company		22,078	(22)	22,056	20,471	(21)	20,450	13,095	–	13,095

Notes to the interim results continued

5. Reconciliation of UK GAAP to IFRS continued

Explanation of IFRS adjustments:

	Six months ended 31 July 2006 Adjusted £000s	Year ended 31 January 2007 Adjusted £000s	Year ended 1 February 2006 Adjusted £000s
Ref 2.1 – Trade and other payables			
Holiday accrual established under IAS 19	(22)	(21)	–
Ref 2.2 – Share-based payment reserve			
Presentation of Share-based payment as a separate class of equity reserve	229	–	74
Ref 2.3 – Retained earnings			
Presentation of Share-based payment as a separate class of equity reserve	(229)	–	(74)
Holiday accrual established under IAS 19	(22)	(21)	–
	(251)	(21)	(74)

Independent review report to Summit Corporation plc (formerly VASTox plc)

We have been instructed by the Company to review the financial information for the six months ended 31 July 2007 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom by auditors of fully listed companies. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 July 2007.

BDO Stoy Hayward LLP
Chartered Accountants
Southampton

30 October 2007

Company information

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B Price, PhD Non-executive Chairman
S Lee, PhD Chief Executive Officer
R Storer, DPhil Chief Scientific Officer
D Millington, ACMA Chief Financial Officer
J Taylor Chief Commercial Officer
Professor S G Davies Non-executive Director
G Elliott, CA Non-executive Director
D Norwood Non-executive Director
A Richards, PhD Non-executive Director
Sir B Richards Non-executive Director
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