summit plc

Summit plc Annual Report and Accounts 2012/13

Advancing therapies for the treatment of Duchenne Muscular Dystrophy and *C. difficile* Infection

Summit is a drug discovery and development company focused on advancing innovative medicines to treat areas of high unmet medical need.

Our focus is on two therapy areas: the fatal muscle wasting disease Duchenne Muscular Dystrophy and the infectious disease caused by the bacteria *C. difficile*.

Based in Oxfordshire, UK, Summit has a clear strategy for generating value for shareholders.

- Summit is developing high-quality differentiated programmes that seek to provide the Company with the opportunity of maximising their therapeutic and commercial potential
- Summit's current focus is on two clinical-stage programmes targeting Duchenne Muscular Dystrophy and *C. difficile* Infection and it aims to add value by advancing them through important technical milestones
- At the appropriate stage, Summit will seek to partner the programmes with major pharmaceutical or specialist life science companies to support their continuing development and generate success-based milestone payments and sales royalties
- These two programmes are in high-value therapy areas of unmet medical need and provide the opportunity for significant value-growth

New website

Summit has launched its new website containing full details of our programmes, a back-catalogue of publications and investor information

Keep up to date:

www.summitplc.com
@summitplc

Year In Focus

Product Development

- Successful completion of Phase 1 healthy volunteer clinical trial of SMT C1100 for the treatment of DMD
- Phase 1 clinical trial showed new formulation of SMT C1100 to be safe, well tolerated and able to deliver drug levels predicted to significantly increase utrophin production
- Initiation of Phase 1 healthy volunteer clinical trial of selective antibiotic SMT 19969 for the treatment of *C. difficile* Infection; top-line results expected to be reported in Q2 2013
- Translational Award of up to £4.0 million from the Wellcome Trust to support the clinical development of SMT 19969
- Technology license agreement entered with Bristol-Myers Squibb to access the Seglin™ technology platform

Corporate

- Strategic refocusing of the Company on the development of the clinical-stage Duchenne Muscular Dystrophy and *C. difficile* Infection programmes
- Appointment of Mr Glyn Edwards as Chief Executive Officer
- Changes to the Board of Directors that includes the appointment of Dr Frank Armstrong and Mr Jim Mellon as Non-Executive Directors

Financial

- Cash position at 31 January 2013: £3.4 million (31 January 2012: £2.1 million)
- £5.0 million fund raise with new and existing investors completed in April 2012
- Operational expenditure in-line with expectations
- Exceptional non-cash impairment of intangible assets of £0.9 million, non-cash release of provision of £0.2 million (credit), and costs related to cessation of internal discovery research of £0.3 million
- Net loss for 12 months ended 31 January 2013 of £4.2 million (31 January 2012: £2.7 million)

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Summit is developing utrophin modulator drugs as a disease modifying treatment for all genetic forms of DMD, the most common and severest form of muscular dystrophy.

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SMT 19969 is a novel antibiotic for the treatment of *C. difficile* bacterial infection, a serious illness that is a major healthcare issue in hospitals, care-homes and the wider community.

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Duchenne Muscular Dystrophy ('DMD')

Population data

Patient population: in the developed world

~ 50,000

Orphan drugs offer the potential for premium pricing

High economic burden

Annual cost of care estimated at:

AUD $415,000*

per patient

Source: Muscular Dystrophy Australia

*=£275,000

Fast facts

- DMD is a rare genetic muscle wasting disease for which there is currently no cure
- Utrophin modulation is a potential disease modifying approach that could treat all genetic forms of the disease
- Orphan drug status has been granted to lead candidate SMT C1100 in Europe and the US

Community and charity

The Phase 1 trial has been supported by a $1.5 million agreement with a group of US based DMD foundations:

- The Muscular Dystrophy Association — @MDAnews
- Parent Project Muscular Dystrophy — @ParentProjectMD
- Charley's Fund — @CharleysFund
- Cure Duchenne — @CureDuchenne
- The Foundation to Eradicate Duchenne
- Nash Avery Foundation

Duchenne Muscular Dystrophy ('DMD')

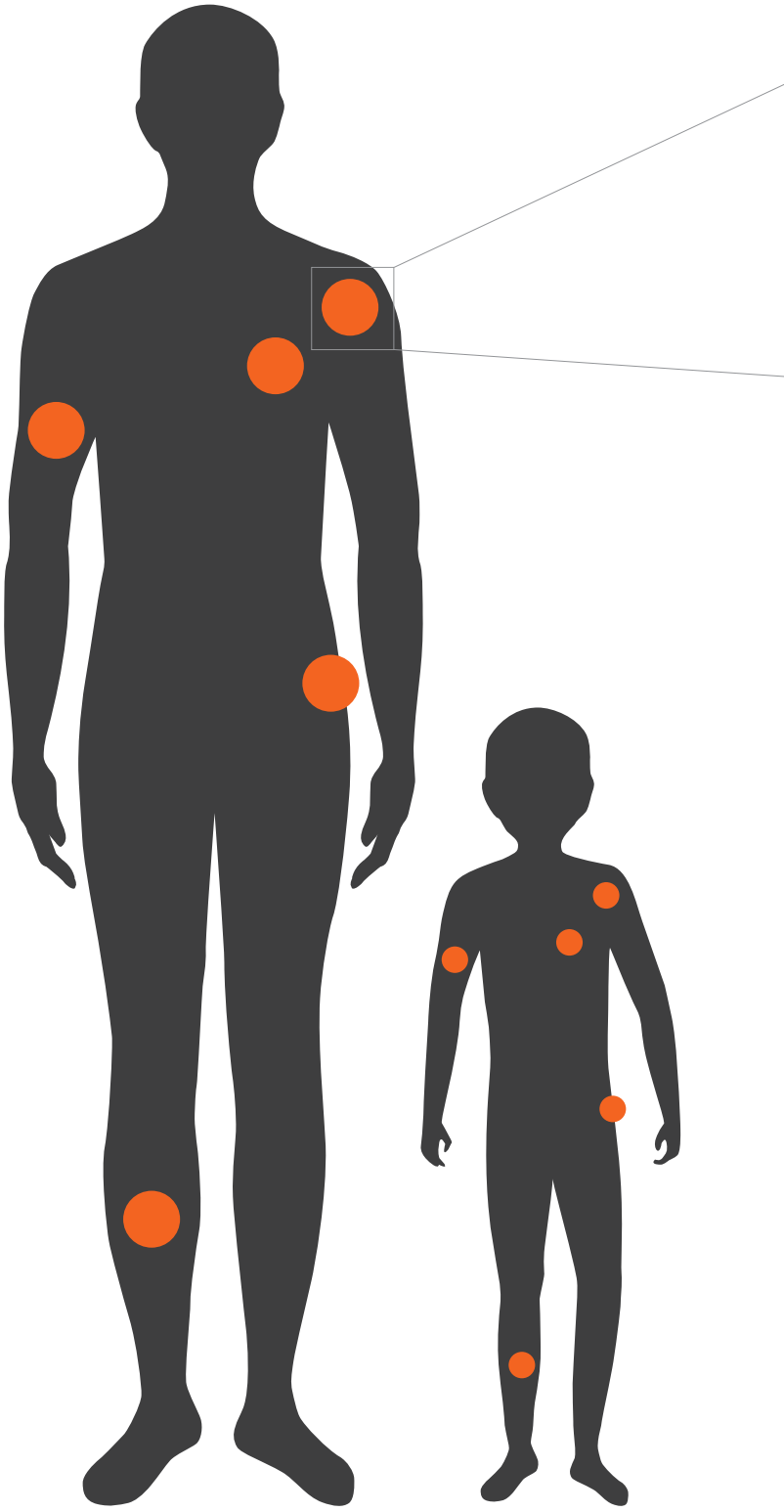
Duchenne Muscular Dystrophy ('DMD') is the most common and severest form of muscular dystrophy. There is currently no cure and life expectancy is typically in the mid to late twenties. DMD is caused by inherited and spontaneous genetic mutations on the X chromosome and results in a patient's inability to produce dystrophin, a protein essential for maintaining healthy function of all muscles in the body. The lack of dystrophin causes progressive muscle wasting with patients confined to wheelchairs and requiring specialist full-time care by their early teens.

Classified as a rare or orphan disease, there are an estimated 50,000 DMD patients in the developed world. The social and economic impact of DMD is significant with Muscular Dystrophy Australia reporting the annual cost per patient is AUD $415,000 (£275,000).

Summit's utrophin modulation programme is a potential disease modifying approach to treat all genetic forms of DMD. This approach works by using small oral drugs to maintain the production of utrophin, a naturally occurring protein that can substitute for the missing dystrophin. Summit's programme builds on the pioneering research of Professor Dame Kay Davies FRS, a world renowned academic at the University of Oxford.

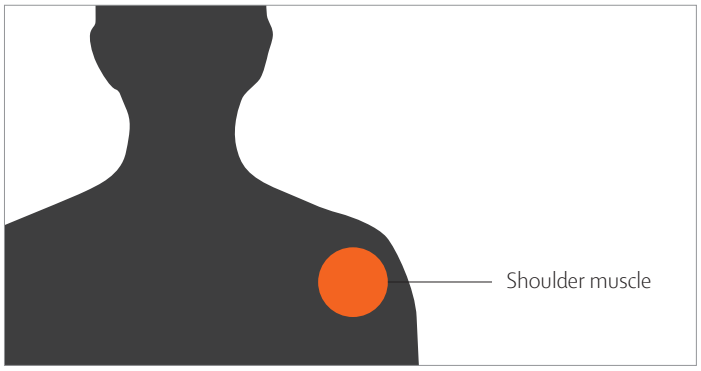
Summit's most advanced utrophin modulator is called SMT C1100. A compelling package of preclinical efficacy data shows SMT C1100 increases utrophin in muscle cells taken from DMD patients and having a clinically relevant impact on disease progression in *in vivo* disease models with muscle fibrosis, inflammation and degeneration reduced resulting in improvement of whole muscle function.

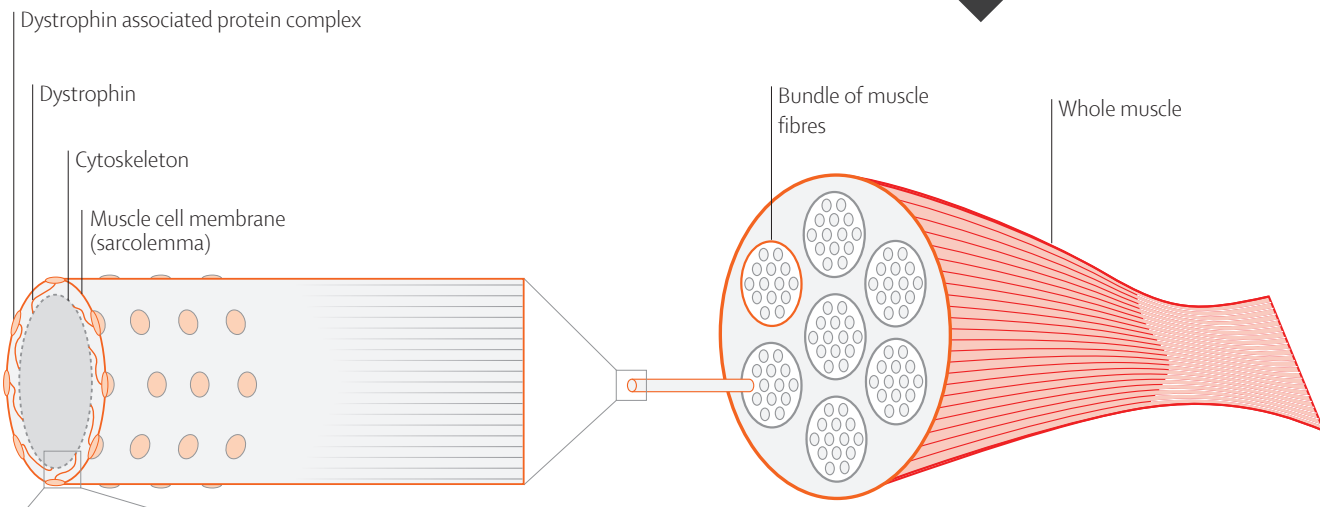
A Phase 1 healthy volunteer clinical trial was successfully completed in 2012 and showed a new paediatric formulation of SMT C1100 was safe and well tolerated. Significantly, the trial showed all volunteers achieved blood plasma concentrations of the drug that are expected to have a therapeutic benefit based on preclinical efficacy data. SMT C1100 is expected to advance into patient clinical trials in the second half of 2013.

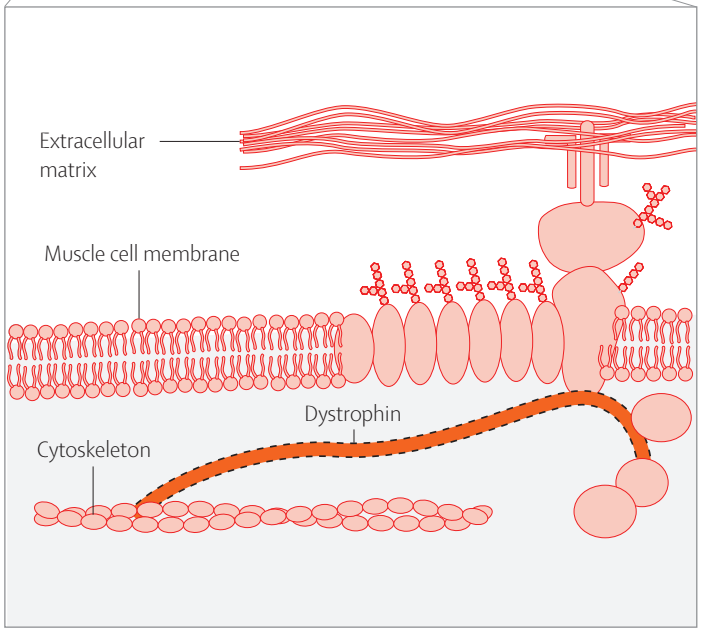


Symptoms of DMD

Boys with DMD are typically diagnosed around the age of four with muscle weakness first being apparent in the hips, pelvic areas, thighs and shoulders, and later in the skeletal (voluntary) muscles in the arms, legs and trunk. The calves of DMD boys are often enlarged. By the teens, the heart and respiratory muscles are also affected and typically it is the failure of these that leads to death. There is currently no disease modifying treatments with corticosteroids providing symptomatic relief.





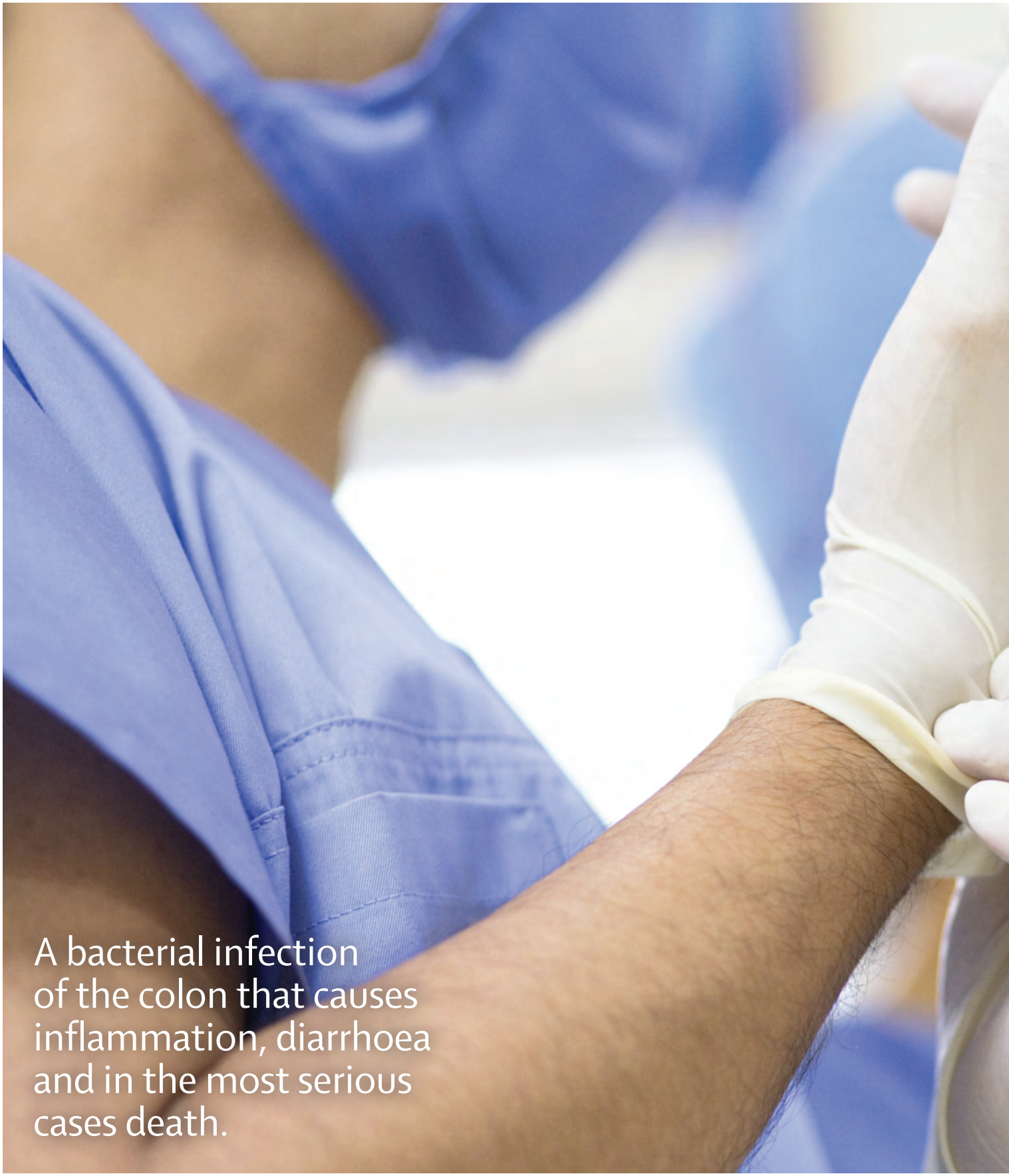


Cause of DMD

Each muscle is made up of bundles of thousands of muscle fibres with dystrophin and the Dystrophin Associated Protein Complex ('DAPC') coating the inside of the membrane (sarcolemma) of each muscle fibre. Dystrophin works by anchoring the internal framework of a cell called the cytoskeleton to the muscle membrane, which in turn is linked to the extracellular matrix (a 'glue' between fibres) via the DAPC. This link acts as a shock absorber that helps protect the structure of muscle fibres during contraction and relaxation. The absence of dystrophin means this linkage is lost and muscle fibres become damaged which initiates the continual destructive rounds of muscle degeneration and regeneration, and ultimately progressive muscle wasting.

Utrophin is naturally found in muscle and has a very similar structure and function to dystrophin. It therefore has the potential to substitute for the missing dystrophin to restore the protective connection between fibres and the extracellular matrix to maintain the healthy function of muscles.

C. difficile Infection ('CDI')



Number of cases per annum
(North America and Europe)

~ 900,000

Fatal disease: 2-7% mortality rates reported in patients with CDI

High economic burden
(North America and Europe)

>$7bn

Annual cost of care

Fast facts

- Increase in global prevalence and severity of disease with CDI also emerging as a community issue
- Recurrent disease represents the key clinical issue with up to 30% of patients experiencing at least one episode of recurrent disease
- Summit's clinical stage antibiotic, SMT 19969, is being developed as the front-line treatment for initial infection and prevention of recurrent disease

The ones to watch / SMT 19969

Extensive preclinical testing has demonstrated that the compound has potent activity against C. difficile, with exceptionally high levels of antibacterial selectivity sparing further damage to the gut flora.

Thomson Reuters *A Pharma Matters Report February 2013*

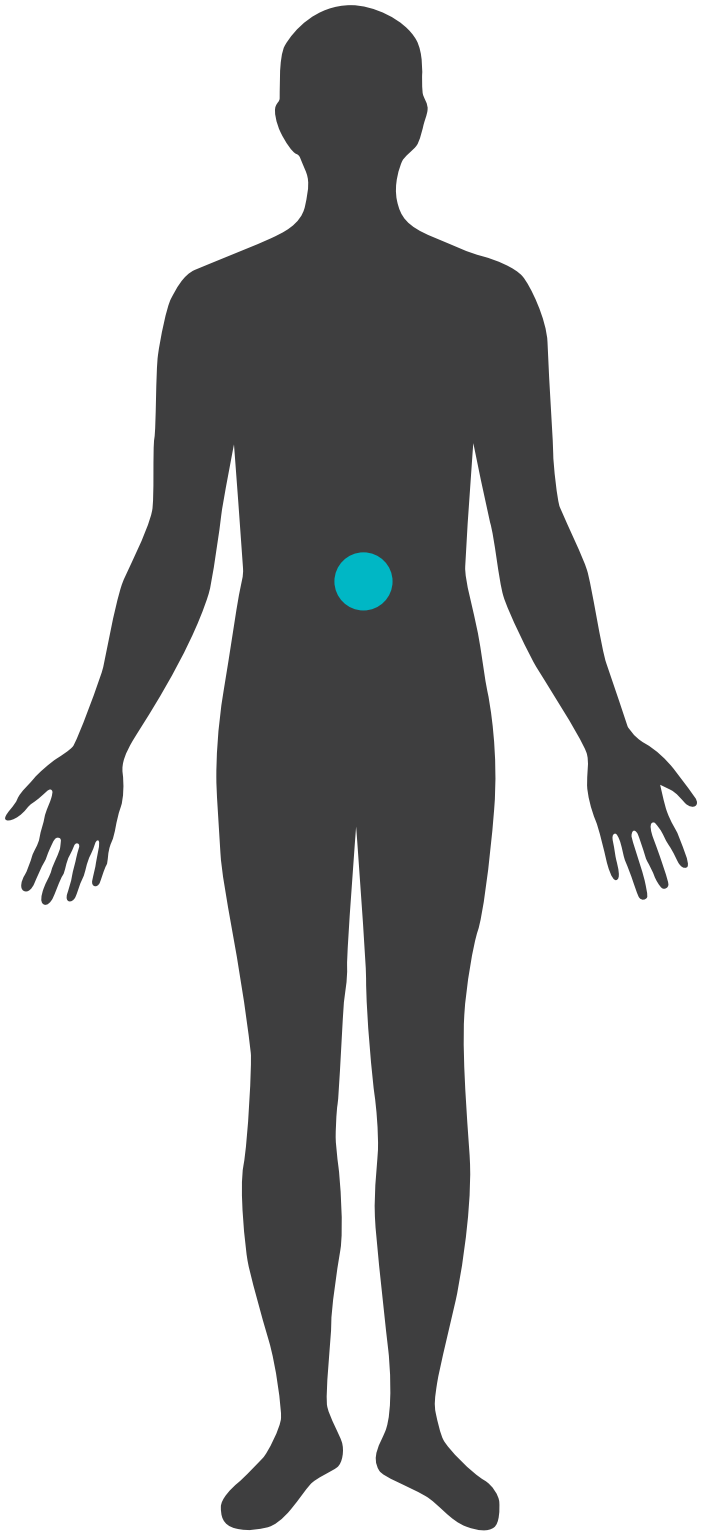
C. difficile Infection ('CDI')

Clostridium difficile Infection ('CDI') is a major healthcare issue in hospitals and long-term care homes, and increasingly in the wider community. It is a serious illness caused by infection of the inner lining of the colon by the bacteria *C. difficile* which produces toxins that cause inflammation, severe diarrhoea and can in the most serious of cases be fatal. CDI is associated with a high economic burden with the annual cost of care in North America and Europe estimated to be over $7 billion.

CDI typically develops following disruption to the natural gut flora which allows the overgrowth of *C. difficile*. The use of broad-spectrum antibiotics further disrupts the natural balance of gut flora and is associated with recurrent disease, the key clinical issue. It is estimated that up to 30% of patients will experience at least one episode of recurrent disease and these are often more severe and have a higher rate of mortality. Current treatment options are limited and there remains the need to develop antibiotics that minimise the incidence of recurrent disease.

Summit's novel antibiotic, SMT 19969, is being developed as a treatment for both initial CDI and prevention of recurrent disease. Working *via* a new mechanism of action, SMT 19969 is differentiated to existing marketed drugs or those in development and combines excellent potency with unprecedented selectivity for *C. difficile* meaning it does not disrupt the healthy gut bacteria. This is expected to be important in naturally preventing recurrent CDI and so improve the prognosis for patients.

SMT 19969 completed formal preclinical development studies and entered a Phase 1 healthy volunteer clinical trial during 2012. This trial is evaluating the safety and tolerability and top-line results are expected to be reported during the first half of 2013. The development of SMT 19969 continues to be supported by the Wellcome Trust following the award to Summit in 2012 of a prestigious Translational Research Award worth up to £4.0 million.



Development

CDI typically develops following disruption to natural gut flora by use of broad spectrum antibiotics.

Recurrent disease

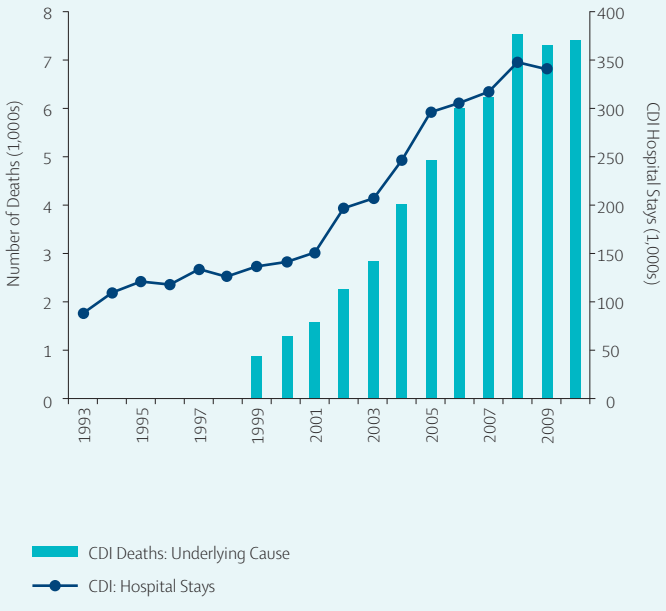
1 in 3 patients get recurrent disease.

Oral antibiotic

Summit is developing SMT 19969, a selective oral antibiotic to treat initial infection and prevent recurrent disease.

The rise in CDI cases & mortality in the United States

The global prevalence of *C. difficile* infection has risen in recent years with the number of hospital stays and deaths where the disease was the underlying cause having increased significantly. *C. difficile* is listed in the 2012 GAIN Act, a US government bill introduced to provide companies with greater commercial incentives to develop new antibiotics to counter the threat from specific pathogens.



SMT 19969: superior potency, selectivity & *in vivo* activity

SMT 19969 shows activity against emerging, endemic and hyper virulent strains of *C. difficile* bacteria while having only a minimal antibiotic activity against other healthy gut flora bacteria. SMT 19969 displays superior activity in a gold standard disease model compared to vancomycin, offering complete protection from initial and recurrent disease.

Chairman and Chief Executive Officer's Joint Statement

Barry Price
Chairman

Glyn Edwards
Chief Executive Officer

Introduction

It has been a year of strategic change and strong scientific progress for Summit. We have refocused the Company on the development of two potentially high-value clinical-stage assets targeting Duchenne Muscular Dystrophy ('DMD') and *C. difficile* Infection ('CDI') with all other research activities being curtailed. This change will allow Summit to capitalise more effectively on the scientific and commercial potential of the respective programmes as we seek to create two independent, high-value franchises.

The DMD and CDI programmes made substantial scientific progress in the period with the achievement of significant milestones coupled with the enhancement of the respective programme development teams to support future progress. In this joint statement, we are pleased to report on the highlights of the period.

Key Programmes

Utrophin Modulation for the Treatment of Duchenne Muscular Dystrophy

Our lead candidate to treat DMD, SMT C1100, cleared a significant hurdle by successfully completing a Phase 1 clinical trial in healthy volunteers and it will now advance into clinical trials in patients. Work is also on-going to advance our next generation molecules as we endeavour to maintain a strong pipeline in this therapy area.

DMD is a devastating disease that predominately affects boys for which there is currently no disease modifying treatment. It is caused by a number of different genetic faults on the X chromosome that result in boys being unable to make dystrophin, a structural protein essential in maintaining the healthy function of skeletal muscle as well as other muscles such as the heart and diaphragm. Progressive muscle wasting occurs which means patients will require the use of wheelchairs during their teenage years and have an average life expectancy into their mid- to late twenties. There are approximately 50,000 boys with the disease in the developed world and it is associated with a high economic and social burden; Muscular Dystrophy Australia has estimated that the annual cost of DMD is AUD $415,000 (£275,000) per patient.

Summit's approach is to develop small molecule drugs to modulate utrophin, a protein that occurs naturally both during foetal development and muscle regeneration in adults and children. Utrophin has the potential to act as a substitute for the missing dystrophin to restore and maintain the healthy function of muscle. This approach builds on the fundamental research of Professor Dame Kay Davies FRS at the University of Oxford who has pioneered utrophin as a treatment for DMD.

A major advantage of utrophin modulation is that, unlike some approaches in development, it is applicable to all genetic forms of the disease, which means it has the potential to benefit all DMD patients. In addition, we expect our small molecule drugs to achieve good distribution throughout the body so that the drug can target all muscles, including the heart and diaphragm.

2012 has been an important year for the programme with SMT C1100 successfully completing a Phase 1 clinical trial in healthy volunteers. The double-blind, placebo-controlled Phase 1 trial evaluated the safety, tolerability and bioavailability of an oral nanoparticle aqueous formulation of SMT C1100 that has been specifically developed for use by all age groups. The key result showed that all volunteers who received repeat doses of SMT C1100 achieved blood plasma concentrations of the drug that are expected to confer therapeutic benefit based on data generated in preclinical efficacy studies. The new formulation of SMT C1100 was also shown to be safe and well tolerated. The trial was financially supported by a $1.5 million award from a group of US DMD foundations.

Following the positive outcome from this Phase 1 clinical trial we are now preparing to take the major step of advancing SMT C1100 into the first-ever proof of concept trials in patients of a utrophin modulator drug. Summit is now actively engaged with the regulatory authorities and it is expected that the first patient trial will start in H2 2013, with a proof of concept study to follow.

To support these proposed clinical trials, a comprehensive biomarker programme has commenced to develop new techniques to explore the benefit of SMT C1100 in future patient trials. The biomarkers will measure utrophin protein levels and other signals of muscle health. Good progress has already been made as highlighted by the announcement in February 2013 of a collaboration between Summit and Children's National Medical Center in Washington DC. This collaboration is being financially supported by the US group, the Foundation to Eradicate Duchenne. Other preparatory work continues and includes drug product manufacture for use in future clinical trials and in long-term regulatory toxicology studies.

Summit was also delighted to announce in February 2013 the formation of a world-leading programme Advisory Board that comprises six pre-eminent scientists and clinicians in the field of neuromuscular diseases. Collectively they will bring a deep insight into DMD to support all aspects of the programme's future development.

In parallel to the development of SMT C1100 as the first utrophin modulator drug, activities continue towards the identification of next generation utrophin modulators as we target the development of best-in-class drugs in this field. This will strengthen the immediate and long-term future of the programme by adding greater scientific depth and enhancing the overall commercial attractiveness of the asset to prospective partners.

Novel Antibiotic Programme for the Treatment of *C. difficile* Infection

Our second clinical programme is developing SMT 19969 for the treatment of infections caused by the superbug, *Clostridium difficile*. This novel antibiotic has made great progress during the year, culminating in its entry into clinical trials in October 2012. The programme received a major boost with the Wellcome Trust's decision to grant Summit a translational research award worth up to £4.0 million to support the development of SMT 19969 through proof of concept clinical studies.

Clostridium difficile Infection ('CDI') is a major healthcare threat affecting hospitals, long-term care homes and increasingly the wider community. It is a serious illness caused by the infection of the colon by the bacteria *C. difficile*, which results in the production of toxins that cause inflammation, severe diarrhoea, and in the most serious cases, death. CDI typically develops following disruption to the natural gut flora, which allows the proliferation of *C. difficile* bacteria. The broad spectrum antibiotics used to treat the infection can cause further disruption to the natural balance of the gut flora. Consequently, these traditional antibiotics are associated with recurrent episodes of the disease which are typically more severe and have higher mortality rates.

SMT 19969 is a novel, small molecule antibiotic that combines high potency with exquisite selectivity for *C. difficile* bacteria as well as displaying an excellent resistance profile. Working through a novel mechanism of action, this narrow but potent spectrum of activity provides SMT 19969 with the potential to treat both the initial infection and recurrent disease. This ability clearly differentiates it from other marketed drugs or products understood to be in development.

SMT 19969 completed formal preclinical development studies during the period and it entered into a Phase 1 clinical trial in healthy volunteers in October 2012. The randomised, dose-escalating, placebo-controlled trial is evaluating the safety, tolerability and pharmacokinetics of SMT 19969. Top-line results from the trial are expected to be reported during Q2 2013 and a positive outcome from this safety trial will mark another important milestone in the development of this new antibiotic.

It has been a year of strategic change and strong scientific progress for Summit. We have refocused the Company on the development of two potentially high-value clinical-stage assets targeting Duchenne Muscular Dystrophy ('DMD') and *C. difficile* Infection ('CDI').

Chairman and Chief Executive Officer's Joint Statement cont.

The development of the programme received a significant endorsement following the decision by the Wellcome Trust to extend its partnership with Summit through a Translational Award worth up to £4.0 million. This represents the second funding award made by the Wellcome Trust and will substantially support the development of SMT 19969 through to the completion of clinical proof of concept studies.

There is ever increasing concern about the rise of resistance towards existing antibiotic drugs. Warnings about this threat have been expressed by the UK's Chief Medical Officer Dame Sally Davies, while in 2012 the US introduced the GAIN Act to provide companies with greater commercial incentives to develop new antibiotics, such as SMT 19969, which can counter the threat from a number of specific pathogens including *C. difficile*.

Other Activities

The strategic refocusing of the Company led to a curtailment of in-house development of the Seglin™ technology platform and other programme activities. The decision resulted in a reduction of our workforce by approximately half. On behalf of the Board, we thank those former colleagues for their hard work and commitment during their time with the Company.

We remain enthusiastic about the potential of the Seglin™ technology, and where possible, alternative ways of realising value from the Seglin platform will be sought. This approach was highlighted by the technology license agreement with Bristol-Myers Squibb. The license provides the US biopharmaceutical company with access to our proprietary technology to identify and develop drug candidates for up to ten targets across multiple therapeutic areas. Bristol-Myers Squibb is responsible for all research, with Summit eligible for research, development and regulatory milestones of up to $30 million per product, plus royalties on worldwide sales.

Outlook

Our approach is to advance programmes through important technical milestones and secure partnership deals at the appropriate stage that realise best value from each of the assets for shareholders. The two independent clinical programmes target diseases that have a high economic and social burden on society and the development of effective treatments represents an attractive commercial opportunity. Summit is maintaining a regular dialogue with interested parties but it is equally vital that we maintain the pace of development to ensure that value is continually being added so as to enhance the overall data package.

To achieve this, it is important to identify and undertake the activities on the programme's critical pathway. With the CDI programme substantially supported by the Wellcome Trust, Summit intends to increase its investment in R&D and advance the DMD programme into a Phase 2 clinical trial during this financial year. The Company will only make this increased investment if it is able to raise additional funds and recognises that this would need to be in place by the middle of 2014. The Company anticipate this investment coming from, and is in discussions with, grant bodies, corporate entities, and DMD not-for-profit organisations that routinely sponsor such work by biotechnology companies or from traditional equity funding. The amount and timing of such new sources of funding is uncertain, however, and if the Company is unable to attract further funding then further progress on the DMD clinical study may be delayed or cancelled.

The Board remains confident that the Company can attract the necessary additional investment to progress its clinical programmes and provide sufficient working capital for the foreseeable future through a combination of grants, commercial partners and other funding.

Board Changes

The Board of Directors has evolved during the period to meet the challenges the Company faces as we focus on the development of our clinical-stage programmes.

Mr Glyn Edwards was appointed as Chief Executive Officer in April 2012, while Dr Barry Price assumed his previous role as Non-Executive Chairman. Mr Jim Mellon and Dr Frank Armstrong were subsequently appointed to the Board in November 2012 and they will bring considerable business, clinical and product development expertise to support the future growth of Summit and our drug programmes.

With these appointments, Dr Richard Storer, Dr Andy Richards, Mr George Elliott and Professor Stephen Davies stepped down from the Board; Dr Storer has since retired from the Company. On behalf of the Board, we sincerely thank each of them for their contribution towards the development of Summit and their role in establishing strong foundations that will support the future growth of the business.

Summary

The business has made strong progress during the past year and developments in the current period and beyond offer exciting opportunities for Summit. Under an experienced leadership team, the Company looks forward to advancing our two clinical-stage programmes through value-enhancing development milestones to increase further the value of these promising and commercially attractive assets.

The Board would like to thank all our staff for their efforts and dedication over the last year, which has been instrumental in advancing the business. Finally, we thank all our shareholders for their continuing commitment and support.

Barry Price, PhD
Non-Executive Chairman

Glyn Edwards
Chief Executive Officer

18 April 2013

Principal Risks and Uncertainties

Risk	Description	Mitigation
1. Research & development	There is always a risk that Summit's drug programmes will fail for a number of reasons. Potential drugs may not show efficacy in human clinical trials, may not replicate results generated in preclinical studies, may have safety concerns or unacceptable side effects that outweigh clinical benefit or become uneconomical to develop.	Programmes are managed by an experienced team in all aspects of drug development, with support from advisory boards comprising world-leading scientists and clinicians. The safety and efficacy of a drug is first established in preclinical studies before progressing into carefully designed human trials. Where appropriate, next generation or follow-on compounds will also be advanced to generate a pipeline of potential drug candidates.
2. Intellectual property ('IP')	In common with all drug discovery companies, Summit faces the risk that the IP rights necessary to exploit research and development efforts may not be adequately secured or defended. The Company's IP may also become obsolete before the products and services can be fully commercialised or usurped by IP belonging to competitors.	Summit actively manages its IP portfolio using key technical experts to assist with the application and defence of any IP rights. The strategy aims to maximise the potential of the IP with the patent estate regularly reviewed while freedom to operate and other IP-related searches are also undertaken.
3. Regulatory	Drug development is a highly regulated activity with multiple agencies working to ensure that new drugs are safe and effective. It can be difficult to predict the exact requirements of regulatory bodies in different jurisdictions. Clinical or regulatory issues could significantly impact a drug development programme leading to delays that take time and investment to resolve.	Summit programme teams include experts in regulatory affairs and the Company has also developed good working relationships with specialist companies in the field. The Company also actively engages with regulatory authorities in different jurisdictions to seek advice about proposed clinical trial design and improve the likelihood of clinical trials receiving regulatory approval.
4. Commercial	There is a risk that Summit is unable to license its assets to partners in the wider pharmaceutical industry effectively, do not achieve future milestone payments, or a licensed asset is returned. Alternative treatment approaches could be developed that undermine the Company's commercial position or the current market potential could also be eroded by other factors. A marketed drug could also fail to generate its forecast sales revenue.	Summit seeks to develop relationships with potential partners in order to improve the opportunity for entering into a commercial agreement and increasing the chances of long-term success. Summit also develops and maintains strong relationships with scientific and clinical experts in a programme therapy area. The market opportunity for each programme asset is regularly reviewed to ensure awareness of the commercial value proposition and of any potential competing programmes.
5. Financial	The successful development of Summit's drug programmes requires financial investment which can come from a number of sources including partnership agreements, not-for-profit finance or the equity markets. Failure to generate appropriate levels of funding from a combination of these, or other, sources may lead to postponement of drug programmes and a reduction in research and development operations. The ability of Summit to continue to operate until sustainable revenues are generated will be dependent upon the above sources of funding.	Summit has a track record of securing non-dilutive funding from different bodies including charitable foundations and government bodies, raising finance through the equity markets, and generating revenue from commercial agreements. This has enabled the continued development of our core programmes and Summit is confident of being able to secure the additional funding for their future development from one or a combination of the above. Summit robustly manages the allocation and expenditure of cash resources and on-going funding needs are discussed regularly.
6. Operational	As with all companies similar to Summit, the operational risks facing the business include the ability to retain and recruit staff and maintain the facilities from which the company operates.	Summit recruitment process ensures that the best candidates are identified, and continually assesses the various methods used to incentivise staff. The Company ensures it has the necessary insurances in place and has a disaster recovery plan.

Financial Review

Raymond Spencer
Chief Financial Officer

In October 2012, positive data was announced following the completion of the Phase 1 healthy volunteer clinical study of the Company's product SMT C1100 in its utrophin modulation programme to develop a treatment for Duchenne Muscular Dystrophy.

Financial Review

It has been a period of significant progress as our two core assets entered human clinical trials.

In October 2012, positive data was announced following the completion of the Phase 1 healthy volunteer clinical study of the Company's product SMT C1100 in its utrophin modulation programme to develop a treatment for Duchenne Muscular Dystrophy. The trial was financially supported by a $1.5m award from a group of US DMD foundations. Work is continuing to progress SMT C1100 as well as developing the next generation compounds to further maintain the pipeline.

Following the successful completion of the preclinical work on SMT 19969 in the *Clostridium difficile* programme the Company extended its partnership with the Wellcome Trust through receipt of a translational research award worth up to £4.0m in October 2012. The award will fund the on-going Phase 1 healthy volunteer clinical trial and substantially supports any subsequent proof of concept patient clinical trial. To date, £1.2m of this award has been received and a successful conclusion to the Phase 1 trial will trigger further milestone payments from the Wellcome Trust.

With both programmes now in clinical development, the Directors took the decision to refocus the strategy of the Company on these two programmes resulting in other research activities being curtailed and the closure of its discovery stage research facility. We will seek to realise value from the Seglin™ technology platform as illustrated by the announcement of a technology license agreement with Bristol-Myers Squibb in September 2012. The biopharmaceutical company will use Summit's proprietary technology to identify and develop drug candidates for up to ten targets across multiple therapeutic areas. Summit received a $100,000 technology access fee and is eligible for research, development and regulatory milestones of up to $30 million per product, plus royalties on worldwide sales of any products arising from the technology.

Cash and Operating Income and Expenditure

Cash at 31 January 2013 was £3.4m (31 January 2012: £2.1m) with net cash used in operating activities for the year ended 31 January 2013 of £3.2m (2011/2012: £2.4m). Revenues for the year were £1.8m (2011/12: £1.8m), arising principally from recognition of grant receipts from the DMD agreements and receipt of milestone payments from the Wellcome Trust for the *C. difficile* programme. As set out above, the progression of the programmes into clinical development has led to an increase in expenditure on research and development to £3.6m (2011/12: £3.0m). We have continued to control expenditure on general and administrative costs, with only a small rise to £1.6m (2011/12: £1.5m).

With our focus on the development of two clinical-stage programmes, and the decision to end the option agreement with Evolva, we have provided fully against the value of intangible assets resulting from the acquisition of key assets from MNL Pharma in 2006. The amount provided against intangible assets was £0.9m and there is an associated release of the provision for contingent consideration payable to MNL Pharma of £0.2m.

The decision to close the in-house research facility, with the loss of 13 employees, led to redundancy costs of £0.2m, with a further dilapidation provision being made of £0.2m. The Company realised £0.1m through the sale of laboratory equipment and other tangible assets.

In April 2012 a placing of 166,666,670 new Ordinary shares with new and existing institutional investors raised an additional £5.0m (£4.6m net of costs) which has helped support the Company in achieving the progress it has made in its two key programmes as well as funding work to advance next generation molecules in the utrophin modulation programme.

Financial Results | Key Performance Indicators | Furture Prospects

Losses
Losses before interest, tax, depreciation and amortisation and excluding the exceptional items (impairment of intangibles, release of provision for deferred consideration and the costs associated with the closure of the in house research facility) were £3.7m (2011/12: £2.8m). Net loss for the year was £4.2m (2011/12: £2.7m) equivalent to 1.34 pence per share (2011/12: 1.51 pence per share).

Future Prospects
The Company is committed to ensuring the two independent programmes continue to make progress, enabling them to meet key milestones and creating value for shareholders. The Wellcome Trust award substantially supports the *C. difficile* programme and the Company is looking to supplement its existing resources through other sources to advance the DMD programme into patient trials. The Board is confident that the Company will be able to secure additional funds to support its programme of work and provide sufficient working capital through a combination of other funding sources including grant bodies, not-for-profit and charitable foundations, investors and commercial partnerships.

Raymond Spencer, ACA
Chief Financial Officer

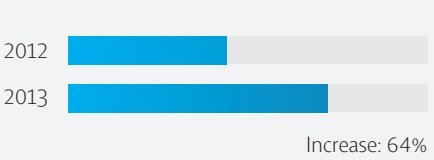
18 April 2013

Total income*

R&D investment as a % of recurring administrative expenses+

Net cash used in operations

Increase in total patents granted



Key Performance Indicators

The Company's key performance indicators include a range of financial and non-financial measures.

Details about the progress of our leading drug programmes are included in the Chairman and Chief Executives' Statement and above are the other indicators considered pertinent to the business.

*including other operating income

+recurring administrative expenses comprise R+D, general and admin costs plus depreciation and share-based payments

Board of Directors

Barry Price, PhD
Non-Executive Chairman

Dr Price (69) has a wealth of industry and board-level expertise in the pharmaceutical and life sciences industry. He spent 28 years with the Glaxo Group of companies and held several executive positions including Managing Director of Glaxochem Ltd. Dr Price was a Non-Executive Director of Shire plc and during his 13 years with the company, he was involved in Shire developing into one of the UK's largest and most successful life science companies. Dr Price was appointed Non-Executive Chairman of Summit in 2006 and has previously held directorships at Chiroscience plc, Celltech Group plc, Pharmagene plc, Antisoma plc and BioWisdom Ltd.

Glyn Edwards
Chief Executive Officer

Mr Edwards (57) was appointed to the Board of Directors as Chief Executive Officer in April 2012. Mr Edwards has a wealth of experience garnered from a thirty-year career in the life sciences industry, during which time he has held a number of senior executive and business development roles. Prior to joining Summit, he was interim Chief Executive Officer of the UK trade body the BioIndustry Association (BIA) and Chief Executive Officer at Antisoma plc for 13 years, and Vice President of Business Development at Therapeutic Antibodies Ltd. Mr Edwards holds a BSc in Biochemistry from Bristol University and an MSc in Economics from the London Business School.

Jim Mellon
Non-Executive Director

Mr Jim Mellon (56) is a renowned investor and entrepreneur with interests in several industries including the biopharmaceutical industry. He is the Interim Chairman of the UK biotechnology company, Plethora Solutions plc and a Non-Executive Director of the biopharmaceutical investment company, Port Erin BioPharma plc. He began his career in the United States and Hong Kong with GT Management and later Thornton Management (Asia) Limited. Mr Mellon co-founded Regent Pacific Group Ltd and Charlemagne Capital Limited. He is currently Chairman of Manx Financial Group plc and Speymill plc, Co-Chairman of Regent Pacific Group Ltd and West Africa Minerals Corporation, Non-Executive Director of Charlemagne Capital Limited, Condor Resources plc, Polo Resources Limited. He is also Chairman of Burnbrae Group Limited and various other investment companies. Mr Mellon, a graduate of the University of Oxford, was appointed to Summit's Board of Directors in November 2012.

Frank Armstrong, FRCPE, FFPM
Non-Executive Director

Dr Frank Armstrong (56) was appointed a Non-Executive Director of Summit in November 2012. Dr Armstrong has held Chief Executive roles with five biotechnology companies (public and private) one of which was Fulcrum Pharma, an AIM-listed Professional Services Company that was sold to Private Equity Investors in 2009. Most recently, Dr Armstrong led Medical Research and Innovation (MSI) at Merck Serono and previously was Head of Worldwide Product Development at Bayer and Senior Vice President of Medical Research and Communications Group at Zeneca. Dr Armstrong is currently Chairman of Xceleron Inc., Executive Chairman of Asceneuron, Non-Executive Director of Actino Pharma and a Member of the Scientific Advisory Board of Healthcare Royalty Partners. Dr Armstrong is a Fellow of the Royal College of Physicians.

Directors' Report

For the year ended 31 January 2013

The Directors present their report and the audited financial statements for Summit Corporation plc ('Summit') and its subsidiaries (the 'Group') for the year ended 31 January 2013.

Principal activities
The principal activity of Summit and the Group is the discovery and development of novel drug candidates to treat areas of high unmet medical need.

Business review
A detailed review of the business, its results and future direction is included in the Chairman and Chief Executive's Joint Statement.

Directors
The Directors who served during the period were:

Executive

Glyn Edwards	Chief Executive Officer (appointed 4 April 2012)
Richard Storer, DPhil	Chief Scientific Officer (resigned 21 November 2012)

Non-Executive

Barry Price, PhD	Chairman (stepped down from Executive position on 4 April 2012)
Professor Stephen Davies	Non-Executive Director (resigned 28 February 2013)
Frank Armstrong, FRCPE, FFPM	Non-Executive Director (appointed 21 November 2012)
Jim Mellon	Non-Executive Director (appointed 21 November 2012)
George Elliott, CA	Non-Executive Director (resigned 21 November 2012)
Andrew Richards, PhD	Non-Executive Director (resigned 21 November 2012)

Details of the Directors' interests, share options and service contracts are shown in the Directors' Remuneration Report (pages 21 to 23).

The Company maintained directors' and officers' liability insurance cover throughout the period.

Biographical details of the Directors are available on page 16.

Principal risks and uncertainties
For a discussion of the principal risks and uncertainties which face Summit please see page 13.

Results and dividends
The Consolidated Statement of Comprehensive Income for the year is set out on page 26. The Group's loss for the financial year after taxation was £4,225,000 (2011/12: £2,694,000).

The Directors do not recommend the payment of a dividend.

Charitable and political donations
The Group made no charitable or political donations during the year (2011/12: nil).

Financial information
The Group produces detailed budgets and cash flow projections on an annual basis for approval by the Board. These are updated during the year to meet the changing needs of the business. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on by the Board at the bi-monthly Board meetings and are reviewed on a monthly basis by the management team.

Financial Key Performance Indicators ('KPIs')
For a review of the Group's KPIs please see page 15.

Research and development
Details of the Group's key research and development programmes can be found in the Chairman and Chief Executive's Joint Statement and the detailed programme sections. Further information is also available on the Company website, www.summitplc.com.

Supplier payment policy
It is the Group's policy to settle debts with its creditors on a timely basis, taking best advantage of the terms and conditions offered by each supplier. At 31 January 2013, the number of creditor days outstanding for the Group was 29 days (2011/12: 47 days). The Company had no trade creditors at 31 January 2013 or 31 January 2012.

Directors' Report

For the year ended 31 January 2013

Financial instruments and management of liquid resources
The Group's principal financial instrument comprises cash, and this is used to finance the Group's operations. The Group has various other financial instruments such as trade credit facilities that arise directly from its operations. The Group has a policy, which has been consistently followed, of not trading in financial instruments. The Group places deposits surplus to short-term working capital requirements with a range of reputable UK-based banks and building societies. These balances are placed at fixed rates of deposit with maturities between one month and six months. The Group's treasury policy is reviewed annually. See Note 14 'Financial instruments' in the Notes to the Financial Statements for IFRS 7 disclosure regarding financial instruments.

Substantial shareholdings
On 10 April 2013 the Company had been notified of the following holdings of more than 3% or more of the issued share capital of the Company.

	Holding	%
Lansdowne Partners	93,912,635	26.52
Barclayshare Nominees Limited	29,668,373	8.38
Galloway Limited†	25,000,001	7.06
TD Direct Investing Nominees	19,728,220	5.57
Vidacos Nominees Limited	18,533,334	5.23
L R Nominees Limited	12,436,072	3.51
Polar Capital Global Healthcare Growth and Income Trust Plc	10,833,334	3.06

† Galloway Limited is a company wholly owned by a trust of which Mr Jim Mellon, Non-Executive Director of Summit, is a life tenant.

Annual General Meeting
Accompanying this report is the notice of the Annual General Meeting ('AGM') together with the notes on the proposed resolutions. The meeting will be held at 2pm on 6 June 2013 at Milton Park Innovation Centre, 99 Milton Park, Abingdon, Oxfordshire, UK, OX14 4RY.

Auditors
BDO LLP have expressed their willingness to continue in office as auditors for the year. A resolution to reappoint them will be proposed at the forthcoming AGM.

All of the current Directors have taken all steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

By order of the Board

Glyn Edwards
Chief Executive Officer

18 April 2013

Corporate Governance Report

For the year ended 31 January 2013

The Group is subject to the continuing requirements of AIM Rules and is committed to adhering to corporate governance standards appropriate for a group of Summit's size. As an AIM-quoted company, the Group is not required to comply with the disclosure requirements of the Combined Code. As such, this section provides general information on the Group's adoption of corporate governance but does not constitute full compliance with the Combined Code.

The Board
At 31 January 2013, the Board comprised four Non-Executive Directors, and one Executive Director.

During the year the following board changes took place: on 4 April 2012 Glyn Edwards was appointed as the Group's Chief Executive Officer, with the Executive Chairman, Barry Price, returning to his former role as Non-Executive Chairman; and on 21 November 2012, Dr Andy Richards and Mr George Elliott stepped down from the Board while Dr Frank Armstrong and Mr Jim Mellon joined the Board as Non-Executive Directors. Dr Richard Storer also stepped down from his Executive position on the Board on this date.

A further change to the Board was made on 28 February 2013 when Professor Stephen Davies stepped down from the Board.

Directors' biographies are on page 16.

The Board is responsible to the shareholders for the proper management of the Group and meets regularly to set the overall direction and strategy of the Group, to review scientific, operational and financial performance and to advise on management appointments. The Board has also convened by telephone conference during the period to review the strategy and activities of the business. All key operational and investment decisions are subject to Board approval. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The appointment of a Chief Executive Officer in April 2012 provides clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on matters. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day to day business activities of the Group through his management of the executive committee.

In securing the services of Dr Frank Armstrong and Mr Jim Mellon, the Board has gained considerable experience in operational and financial development of biopharmaceutical products and companies. The Board is satisfied that the presence of Dr Armstrong, who is considered by the Board to be an independent Director, provides sufficient independent influence to ensure that the Board is balanced and that good corporate governance practice is maintained. The Board considers that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board.

All of the Directors are subject to election by shareholders at the first Annual General Meeting after their appointment to the Board and the Board has adopted a policy that all Non-Executive Directors will seek annual re-election by shareholders. Executive Directors will continue to seek re-election at least once every three years.

Performance Evaluation
The Board has a process for evaluation of its own performance, that of its committees and individual Directors, including the Chairman. These evaluations are carried out at least annually.

Board Committees
Following the changes to the Board that took effect on 21 November 2012 the Board assumed direct responsibility for carrying out the functions previously delegated to the Audit Committee and Remuneration Committee.

Audit Committee
During the financial year until 21 November 2012 the Audit Committee comprised Mr George Elliott (Chairman), Professor Stephen Davies and Dr Andrew Richards. Other Directors and the Chief Financial Officer/Company Secretary attended by invitation only.

The role of the committee included:
- Monitoring the integrity of the financial statements of the Group.
- Reviewing accounting polices, accounting treatment and disclosures in the financial reports.
- Reviewing the Group's internal financial controls and risk management systems.
- Overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The Audit Committee met twice in the period to 21 November 2012.

Corporate Governance Report

For the year ended 31 January 2013

Remuneration Committee
During the financial year until 21 November 2012 the Remuneration Committee comprised Dr Andrew Richards (Chairman), Professor Stephen Davies and Mr George Elliott. Other Directors attended the meetings by invitation only.

The role of the committee included:
- Determining and agreeing with the Board the remuneration policy for all Directors.
- Within the terms of the agreed policy, determining the total individual remuneration package for Executive Directors.
- Determining bonuses payable under the Group's cash bonus scheme.
- Determining the vesting of awards under the Group's long-term incentive plans, exercise of share option and performance conditions which are to apply.

The Directors' Remuneration Report is presented on pages 21 to 23.

Nominations Committee
The work to review the composition, balance and skills of the Board together with the appointment of new directors and re-appointment and orderly succession of existing Directors is undertaken by the full Board.

Attendance at Board meeting and committees
The Directors attended the following Board meetings and committees during the year:

Attendance	Board	Remuneration	Audit
Barry Price	7/7	–	–
George Elliott	5/6	1/1	2/2
Andrew Richards	6/6	1/1	2/2
Richard Storer	6/6	–	–
Stephen Davies	7/7	1/1	2/2
Glyn Edwards	6/6	–	–
James Mellon	1/2	–	–
Frank Armstrong	2/2	–	–

Risk management and internal control
The Board is responsible for the systems of internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the effectiveness of these systems annually. It does this primarily by discussions with the external auditor and by considering the risks potentially affecting the Group.

The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead there is a detailed review and authorisation of transactions by the Chief Financial Officer. The annual audit by the Group auditor, which tests a sample of transactions, did not highlight any significant system improvements in order to reduce risks.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a bi-monthly basis and discussed in detail.

The Group maintains appropriate insurance cover in respect of actions taken against the Executive Directors because of their role, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Corporate Social Responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Employment
The Board recognises its legal responsibility to ensure the well-being, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Relations with shareholders
The Board recognises the importance of communication with its shareholders to ensure that its strategy and performance is understood and that its remains accountable to shareholders. Our website, www.summitplc.com, has a section dedicated to investor matters and provides useful information for the Company's owners.

The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the Chairman and Chief Executive Officer ensure that the views of the shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. Fully audited Annual Reports will be sent to shareholders and Interim Results statements notified via Regulatory Information Service announcements. All financial reports and statements are available on the Company's website.

Shareholders are welcome to attend the Group's Annual General Meeting ('AGM'), where they have the opportunity to meet the Board. All shareholders will have at least 21 days' notice of the AGM at which shareholders will be able to discuss aspects of the Group's performance with the Directors and question management in more detail.

Directors' Remuneration Report

For the year ended 31 January 2013

This report sets out the remuneration policy operated by Summit in respect of the Executive and Non-Executive Directors. Details of the members of the Remuneration Committee up until 21 November 2012 are disclosed in the Corporate Governance Report. The functions and responsibilities of the Remuneration Committee are now discharged by the Board. No Director is involved in discussions relating to their own remuneration.

Unaudited Information

Remuneration policy for Executive Directors

The Remuneration Committee sets the remuneration policy that aims to align Executive Director remuneration with shareholders' interests and attract and retain the best talent for the benefit of the Group.

The remuneration of Executive Directors during the year 2012/13 is set out below:

Basic salary

Basic salaries are reviewed annually and revised salaries take effect from the start of the financial year. The review process is managed by the Remuneration Committee with reference to market salary data, and each Executive's performance and contribution to the Company during the year.

Bonuses

Annual bonuses are based on achievement of stretching Company strategic and financial targets and personal performance objectives.

The Non-Executive Directors believe that bonuses are an incentive to achieve the targets and objectives, and represent an important element of the total compensation awards to Executive Directors; they have established that the annual bonus potential will be 100% for the Executive Directors. On 31 January the Chief Executive Officer was awarded a bonus representing 30% of his gross basic salary. No bonuses were awarded to Executive Directors during the previous year. In order to further align the interests of the Executive Director with those of shareholders and to preserve cash resources within the Company, it was agreed to award the bonus by way of share options that could be exercised immediately on or after 31 July 2013. These options have an exercise price of 1p per share. The total number of shares included in this option award was 1,459,459.

The cost of these awards will be recognised as share-based payments over the vesting period to 31 July 2013 under IFRS 2.

Longer Term Incentives

In order to further incentivise Executive Directors and employees, and align their interests with shareholders, the Company granted new options during the year under the existing Company Share Option Plan. The options are subject to exacting performance conditions linked to Total Shareholder Return ('TSR'). The Company intends to grant additional options to Executive Directors and employees subject to a cap, as previously agreed with shareholders, of up to 15% of total issued share capital in any ten year period.

Pension

The Group operates a defined contribution pension scheme which is available to all employees. The Chairman received no contribution towards his pension fund. The assets of the scheme are held separately from those of the Company in independently administered funds.

Other benefits

Other benefits provided are life assurance and private medical insurance.

The Company does not offer a company car allowance for any member of staff.

Executive Directors' service contracts and termination provisions

The service contracts of Executive Directors are approved by the Board. It is also the Company's policy that contractual termination payments should not exceed the Director's current salary, benefits and bonus entitlements for the notice period. The details of the current Executive Directors' contracts are summarised below:

	Date of contract	Notice period
Glyn Edwards	4 April 2012	6 months

Non-Executive Directors' service contracts and remuneration

The remuneration of the Non-Executive Directors is determined by the Board, with regard to market comparatives, and independent advice is sought to ensure parity is maintained with similar businesses.

The Non-Executive Directors do not receive any pension, bonus or share option benefits from the Company. The contracts of the Non-Executive Directors are reviewed by the Board annually. Current contracts are summarised below:

	Date of contract
Barry Price	7 December 2010
Frank Armstrong	21 November 2012
Jim Mellon	21 November 2012

Non-Executive Directors have contracts that have a term of three years, but can be terminated without notice by either party.

Directors' Remuneration Report

For the year ended 31 January 2013

Audited Information
Directors' remuneration

The Directors received the following remuneration during the year:

	Salaries and fees £	Taxable benefits £	**Emoluments 2012/13 £**	Pension contributions £	**Total 2012/13 £**	Emoluments 2011/12 £	Pension contributions £	Total 2011/12 £
Executive								
Glyn Edwards[1]	127,500	–	**127,500**	6,375	**133,875**	–	–	–
Richard Storer[2]	105,948	1,211	**107,159**	70,883	**178,042**	117,580	31,500	149,080
Barry Price[3]	17,500	–	**17,500**	–	**17,500**	70,000	–	70,000
Non-Executive								
Barry Price[3]	22,500	–	**22,500**	–	**22,500**	–	–	–
Jim Mellon[4]	2,282	–	**2,282**	–	**2,282**	–	–	–
Frank Armstrong[5]	–	–	**–**	–	**–**	–	–	–
Stephen Davies[6]	20,000	–	**20,000**	–	**20,000**	20,000	–	20,000
George Elliott[7]	20,000	–	**20,000**	–	**20,000**	20,000	–	20,000
Andrew Richards[7]	20,000	–	**20,000**	–	**20,000**	20,000	–	20,000
	335,730	1,211	**336,941**	77,258	**414,199**	247,580	31,500	279,080

[1] Joined the Board on 4 April 2012.
[2] Resigned from the Board on 21 November 2012 and retired from the Company on 28 February 2013. Dr Storer received termination payments totalling £66,970.
[3] Returned to his former role as Non-Executive Chairman on 4 April 2012.
[4] Joined the Board on 21 November 2012.
[5] Joined the Board on 21 November 2012 and is being compensated through his consulting company, see Note 21 for details.
[6] Resigned from the Board on 28 February 2013.
[7] Resigned from the Board on 21 November 2012.

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

Director	Date of grant	At 1 February 2012	Granted during the period	Cancelled during the period	**At 31 January 2013**	Price per share (p)	Date from which exercisable	Expiry date
Glyn Edwards	10-May-12	–	4,550,000	–	**4,550,000**	3.0	Note (i)	10-May-22
	10-May-12	–	13,150,000	–	**13,150,000**	3.0	Note (ii)	10-May-22
	31-Jan-13	–	1,459,459	–	**1,459,459**	1.0	Note (iii)	31-Jan-23
		–	19,159,459	–	**19,159,459**			
Richard Storer	22-May-06	540,120	–	–	**540,120**	165.0	Note (iv)	22-May-16
	27-Oct-09	900,000	–	(900,000)	**–**	5.4	Note (v)	27-Oct-19
	10-Jun-10	800,000	–	–	**800,000**	4.5	Note (vi)	09-Jun-20
	07-Apr-11	1,000,000	–	–	**1,000,000**	3.3	Note (vii)	07-Apr-21
	10-May-12	–	2,700,000	–	**2,700,000**	3.0	Note (i)	10-May-22
		3,240,120	2,700,000	(900,000)	**5,040,120**			
Barry Price	07-Apr-11	500,000	–	–	**500,000**	3.3	(Note vii)	07-Apr-21
		500,000	–	–	**500,000**			

Directors' share options (continued)

Notes:

(i) Full vesting will occur where the average closing share price is equal or greater to 11 pence for the two months preceding the third anniversary of the grant, 25% where the share price is 7 pence and pro-rated where the share price is between 7 pence and 11 pence. The options will lapse if the performance condition is not met by the third anniversary of the grant.

(ii) The options are split into four tranches with varying performance conditions attached and will only vest if the average closing share price is equal or greater than the specified condition in any period of 60 consecutive calendar days, ending on or before the fifth anniversary of the grant. Details of the tranches are as follows, 4,150,000 with a performance condition of 20 pence, 4,000,000 with a performance condition of 30 pence, 3,000,000 with a performance condition of 40 pence and 2,000,000 with a performance condition of 50 pence. The options will lapse if the performance condition is not met by the fifth anniversary of the grant.

(iii) These options were awarded under the Company bonus incentive. They will vest and may be exercised on or after 31 July 2013.

(iv) Vested in the following proportions: 40,120 on 2 May 2007; 200,000 on 2 May 2008 and 300,000 on 2 May 2009.

(v) These options were cancelled during the period.

(vi) These options will vest and may be exercised on or after 11 June 2013 subject to the meeting of performance conditions in relation to the Company's share price. In order to vest in full the Company's average share price will have to exceed 20 pence over the two months ending 11 June 2013. If the performance conditions are not satisfied in full, or in part, the options shall lapse in respect of those Option Shares that do not vest.

(vii) These options will vest and may be exercised on or after 8 April 2014 subject to the meeting of performance conditions in relation to the Company's share price. In order to vest in full the Company's average share price will have to exceed 15 pence over the two months ending 7 April 2014. If the performance conditions are not satisfied in full, or in part, the options shall lapse in respect of those Option shares that do not vest.

Directors' shareholdings

The Directors who served during the period, together with their beneficial interests in the shares of the Company, are as follows:

Director	**Ordinary shares at 31 January 2013**	Ordinary shares at 31 January 2012
Executive		
Glyn Edwards[1]	**3,466,667**	–
Richard Storer[2]	**876,229**	676,229
Non-Executive		
Barry Price[3]	**1,014,615**	614,615
Stephen Davies	**8,158,748**	7,658,748
Andrew Richards[2]	**666,068**	466,068
George Elliott[2]	**355,291**	205,291
Jim Mellon[4,5]	**25,000,001**	–
Frank Armstrong[4]	**–**	–
	39,537,619	9,620,951

[1] Appointed 4 April 2012.
[2] Resigned 21 November 2012.
[3] Resumed role as Non-Executive Chairman on 4 April 2012.
[4] Appointed 21 November 2012.
[5] Shares are held by Galloway Limited of which Jim Mellon is a life tenant.

The market price of the Company's shares at 31 January 2013 was 4.70 pence per share. During the year from 1 February 2012, the market price of the Company's shares has ranged from 2.25 pence to 8.25 pence.

On behalf of the Board

Barry Price, PhD
Non-Executive Chairman

18 April 2013

Statement of Directors' Responsibilities

For the year ended 31 January 2013

Directors' responsibilities
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ('AIM').

In preparing these financial statements, the Directors are required to:

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

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

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board

Glyn Edwards
Chief Executive Officer

18 April 2013

Independent Auditors' Report

To the Members of Summit Corporation plc

We have audited the financial statements of Summit Corporation plc for the year ended 31 January 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position and Parent Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 January 2013 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

Mr Paul Anthony (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

18 April 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2013

	Note	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Revenue	4	**1,814**	1,765
Cost of sales		**–**	–
Gross profit		**1,814**	1,765
Other operating income	6	**81**	–
Administrative expenses			
Research and development		**(3,624)**	(3,043)
General and administration		**(1,638)**	(1,474)
Depreciation and amortisation		**(93)**	(188)
Cessation of in-house discovery		**(308)**	–
Impairment		**(899)**	–
Release of provision		**205**	–
Share-based payment	18	**(115)**	(62)
Total administrative expenses	6	**(6,472)**	(4,767)
Operating loss		**(4,577)**	(3,002)
Finance income		**11**	7
Finance cost		**–**	(3)
Loss before taxation	6	**(4,566)**	(2,998)
Taxation	8	**341**	304
Loss for the year from continuing operations		**(4,225)**	(2,694)
Loss and total comprehensive expense for the year attributable to owners of the parent		**(4,225)**	(2,694)
Basic and diluted loss per ordinary share for continuing operations	9	**(1.34)p**	(1.51)p

The notes on pages 30 to 45 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 January 2013

	Note	31 January 2013 £000	31 January 2012 £000
ASSETS			
Non-current assets			
Intangible assets	10	**171**	1,104
Property, plant and equipment	11	**23**	149
		194	1,253
Current assets			
Trade and other receivables	12	**461**	293
Current tax		**343**	274
Cash and cash equivalents		**3,379**	2,076
		4,183	2,643
Total assets		**4,377**	3,896
LIABILITIES			
Current liabilities			
Trade and other payables	13	**(1,376)**	(1,285)
Provisions	15	**(150)**	–
Total current liabilities		**(1,526)**	(1,285)
Non-current liabilities			
Provisions	15	**–**	(205)
Total non-current liabilities		**–**	(205)
Total liabilities		**(1,526)**	(1,490)
Net assets		**2,851**	2,406
Equity			
Share capital	17	**8,788**	7,121
Share premium account		**33,686**	30,798
Share-based payment reserve	18	**1,410**	1,295
Merger reserve		**(1,943)**	(1,943)
Retained earnings		**(39,090)**	(34,865)
Total equity attributable to the equity shareholders of the parent		**2,851**	2,406

The notes on pages 30 to 45 form part of these financial statements.

Approved by the Board of Directors and authorised for issue.

Glyn Edwards
Chief Executive Officer

18 April 2013

Consolidated Statement of Cash Flows

For the year ended 31 January 2013

	Note	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Cash flows from operating activities			
Loss before tax from continuing activities		**(4,566)**	(2,998)
		(4,566)	(2,998)
Adjusted for:			
Finance income		**(11)**	(7)
Finance cost		**–**	3
Foreign exchange loss		**5**	12
Depreciation		**48**	95
Amortisation of intangible fixed assets		**45**	93
Loss on disposal of fixed assets	6	**21**	22
Impairment charge	10	**899**	–
Movement in provisions	15	**(55)**	–
Share-based payment		**115**	62
Adjusted loss from operations before changes in working capital and provisions		**(3,499)**	(2,718)
Increase in trade and other receivables		**(45)**	(49)
Increase in trade and other payables		**85**	77
Cash used by operations		**(3,459)**	(2,690)
Taxation received		**272**	269
Net cash used in operating activities		**(3,187)**	(2,421)
Investing activities			
Purchase of property, plant and equipment		**(33)**	(2)
Purchase of intangible assets		**(43)**	(119)
Interest received		**11**	11
Net cash used in investing activities		**(65)**	(110)
Financing activities			
Proceeds from issue of share capital		**5,000**	1,462
Transaction costs on share capital issued		**(445)**	(102)
Interest paid		**–**	(3)
Net cash generated from financing activities		**4,555**	1,357
Decrease in cash and cash equivalents		**1,303**	(1,174)
Cash and cash equivalents at beginning of period		**2,076**	3,250
Cash and cash equivalents at end of year		**3,379**	2,076

The notes on pages 30 to 45 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 January 2013

Year ended 31 January 2013

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2012	7,121	30,798	1,295	(1,943)	(34,865)	2,406
Loss for the year from continuing operations	–	–	–	–	(4,225)	(4,225)
Total comprehensive expense for the year	–	–	–	–	(4,225)	(4,225)
New share capital issued	1,667	3,333	–	–	–	5,000
Transaction costs on share capital issued	–	(445)	–	–	–	(445)
Share-based payment	–	–	115	–	–	115
At 31 January 2013	**8,788**	**33,686**	**1,410**	**(1,943)**	**(39,090)**	**2,851**

Year ended 31 January 2012

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2011	6,930	29,629	1,233	(1,943)	(32,171)	3,678
Loss for the year from continuing operations	–	–	–	–	(2,694)	(2,694)
Total comprehensive expense for the year	–	–	–	–	(2,694)	(2,694)
New share capital issued	191	1,271	–	–	–	1,462
Transaction costs on share capital issued	–	(102)	–	–	–	(102)
Share-based payment	–	–	62	–	–	62
At 31 January 2012	**7,121**	**30,798**	**1,295**	**(1,943)**	**(34,865)**	**2,406**

Share capital and premium

When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is credited to the share premium reserve. Summit Corporation plc shares have a nominal value of 1 pence per share.

Share-based payment reserve

The share-based payment reserve arises as the expense of issuing share-based payments is recognised over time (share option grants). The reserve will fall as share options vest and are exercised, and the impact of the subsequent dilution of earnings crystallises, but the reserve may equally rise or might see any reduction offset, as new potentially dilutive share options are issued.

Merger reserve

The merger reserve brought forward relates to the difference between the nominal value of Summit (Oxford) Limited arising from the Group reconstruction in 2004, accounted for using the merger method of accounting under UK GAAP; and the amount arising through application of S131 CA85, which is equal to the difference between nominal and fair value of shares issued in business combinations using the acquisition method of accounting.

Retained earnings

The retained earnings reserve records the accumulated profits and losses of the Group since inception of the business. Where businesses or companies are acquired, only the profits arising from the date of acquisition are included.

Notes to the Financial Statements

For the year ended 31 January 2013

1. Basis of accounting

These financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union and implemented in the UK.

Going concern

The Group has sufficient working capital to progress the *Clostridium difficile* programme into Phase 2 clinical studies and to meet its existing commitments for 12 months following approval of these financial statements. The Group is planning, however, to increase its investment in research and development to advance the DMD programme into a Phase 2 clinical trial during this financial year. The Group will only make this investment if it is able to raise additional funds and recognises that this would need to be in place by the middle of 2014. The Group anticipate this investment coming from, and is in discussions with, grant bodies, corporate entities, and DMD not-for profit organisations that routinely sponsor such work by biotechnology companies or from traditional equity funding. The amount and timing of such new sources of funding is uncertain, however, and if the Group is unable to attract further funding then further progress on the DMD clinical study may be delayed or cancelled. Accordingly, these accounts have been prepared on a going concern basis.

Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2, Critical accounting estimates and judgements.

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 Company 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 Statement of Comprehensive Income 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. The treatment of contingent consideration is noted below under 'Provisions'.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Transactions which may give rise to exceptional items are principally significant restructuring costs, profits or losses on disposal or termination of operations, significant impairment of assets and material provision adjustments. The Directors use judgement in assessing the particular items, which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items.

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. Such assets were acquired as part of the purchase of Summit (Cambridge) Limited (formerly DanioLabs Limited) in March 2007 and the key assets of MNL Pharma Limited in December 2006. The assets acquired as part of Summit (Cambridge) Limited were fully impaired during the year ended 31 January 2011 and the assets acquired as part of the MNL Pharma Limited were fully impaired during this year.

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

Patents (once filed):	Over the period of the relevant patents (assumed to be 20 years)
Drug programmes:	Over the period of the relevant patents

1. Basis of accounting (continued)

Impairment of assets

At each year end 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.

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.

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. See Note 10 for details.

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
Laboratory equipment	3-10 years
Office and IT equipment	3-5 years

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

Provisions

Provisions are recognised when the Company 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

Group revenue comprises the value generated from licensing and collaboration agreements (excluding VAT and taxes, trade discounts and intra-Group transactions) that are derived from either acquired or internally generated intellectual property rights. Where the Group is to undertake research and development activities for a fee, 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. Milestone payments receivable for which the Group has no further contractual duty to perform any future research and development activity are recognised on the date that they become contractually receivable. Royalty revenue is recognised as it is earned and on notification to the Group. Monies received as part of the Wellcome Trust award to support the *C. difficile* programme and the funding received from the US DMD organisations to support the clinical work for SMT C1100 are treated as revenue as they are more akin to contract research than government assistance and are part of wider funding and revenue sharing agreements. A funding agreement signed with the Wellcome Trust entitles the Trust to share in net revenues generated by commercialisation of the programme. The agreements with the US DMD organisations also contain success based commercial terms. The monies received through these means are held as deferred income in the Consolidated Statement of Financial Position and are released to the Consolidated Statement of Comprehensive Income as the expenditure is incurred.

Grant income

Other grant related income is shown 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 year end date. All differences are taken to the Consolidated Statement of Comprehensive Income.

Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to Company or Personal defined contribution pension schemes are charged to the Consolidated Statement of Comprehensive Income on an accruals basis.

Leased assets

Costs in respect of operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Assets relating to lease incentives are depreciated over the life of the lease and are included in Property, plant and equipment as leasehold improvements.

Research and development

All ongoing research expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment 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.

Notes to the Financial Statements

For the year ended 31 January 2013

1. Basis of accounting (continued)

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 for the majority of the options is calculated using the Black-Scholes formula and charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditional upon the Group achieving certain predetermined financial criteria) either a Monte-Carlo model and a Hull White trinomial lattice model have been used. At each year end date, the Group revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market based conditions.

Current taxation

Income tax is recognised or provided at amounts expected to be recovered or paid using the tax rates and tax laws that have been enacted or substantively enacted at the year end date.

Research and development tax credits not received at the year end date are included as current assets within the Consolidated Statement of Financial Position.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated Statement of Financial Position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax balances are not discounted.

Financial instruments

The Group holds financial assets and liabilities in the respective categories 'Loans and receivables' and 'Other liabilities'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the year end date, which are classified as non-current assets. Other liabilities consist of trade and other payables, being balances arising in the course of normal business with suppliers, contractors and other service providers, and borrowings, being loans and hire purchase funds advanced for the refit of leasehold premises and the purchase of laboratory equipment, fixtures and fittings. Loans and receivables, and other liabilities are initially recorded at fair value, and thereafter at amortised cost, if the timing difference is deemed to impact the fair value of the asset or liability.

The Group assesses at each year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The Group does not hold or trade in derivative financial instruments.

Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Management team including the Chief Executive Officer, Chief Scientific Officer (until his resignation from the Board in November 2012) and the Chief Financial Officer.

Details are set out in Note 4.

2. Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements requires the Group to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Group bases its estimates and judgements on historical experience and various other assumptions that it considers to be reasonable. Actual results may differ from these estimates under different assumptions or conditions.

Revenue recognition

The Group's revenue substantially comprised revenues from grants and awards received and from funding, licensing and collaborative agreements.
The Group enters a variety of arrangements with its partners from which it may earn all, or some of, these revenue streams. The application of the Group's revenue recognition policy to its more complex agreements as set out in Note 1 requires significant estimates and judgement. The Group has considered future milestones, royalties and stage payments within its current signed contracts and does not believe that there are any to recognise in these financial statements.

Impairment

The Group reviews annually whether there is any indication that Goodwill, Intangible assets or Property, plant and equipment have suffered any impairment, in accordance with the accounting policy stated in Note 1, and if there is any indication then further tests are undertaken to determine the potential impact on the carrying value of the assets. The recoverable amounts of cash generating units have been determined based on value-in-use calculations and also by looking at their fair value less any costs which will be incurred in selling it. These calculations require the use of estimates; the estimates used in impairment testing as at 31 January 2013 and 31 January 2012 are presented in Note 10.

Amortisation lives

Other intangible assets are recorded at their fair value at acquisition date and are amortised on a straight-line basis over their estimated useful economic lives from the time they are available for use. Any change in the estimated useful economic lives could affect the future results of the Group; however, no changes were made in the year.

Provisions

Provisions for contingent consideration payable by the Group comprise the fair value of contingent consideration arising from acquisitions. The eventual outcome is subject to the Group's future performance and certain contractual terms. Provisions are reviewed annually by the Directors, who make significant judgements as to the estimated fair value of the contingent consideration. Based on these judgements, changes to the estimated fair value of the consideration are recorded; refer to Note 15.

A further provision has been made during the year in respect to dilapidation costs associated with the closing of the laboratories based on the Directors best estimates of the likely reinstatement costs.

Share-based payments

Incentives in the form of shares are provided to employees under share option, share purchase and long-term incentive plans. The fair value of the employee services received in exchange for the grant of the options and rewards is recognised as an expense. The expense is based upon a number of assumptions disclosed in Note 18, 'Share option scheme'. The selection of different assumptions could affect the future results of the Group.

Taxation

Current tax is the expected tax receivable on the taxable expenditure for the year using the tax rates and laws that have been enacted or substantially enacted at the year end date, and any adjustment to tax payable in respect of previous years. The ultimate receivable tax for any issues arising may vary from the amounts provided, and is dependent upon negotiations with the relevant tax authorities.

Notes to the Financial Statements

For the year ended 31 January 2013

3. Changes to accounting policies

During the period ended 31 January 2013 the following new standards, amendments to standards or interpretations became effective for the first time. The adoption of these interpretations, standards or amendment to standards were either not relevant for the Group or have not led to any significant impact on the Group's financial statements.

International Accounting Standards (IAS/IFRS)	
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments)
IFRS 7	Amendments enhancing disclosures about transfers of financial assets (Revised)
IAS 12	Limited scope amendment (recovery of underlying assets)

The International Accounting Standards Board ('IASB') and the International Financing Reporting Interpretations Committee ('IFRIC') have issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

International Accounting Standards (IAS/IFRS)		Effective date
IFRS 1	Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	1 January 2013
IFRS 1	Amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	1 January 2013
IFRS 1	Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	1 January 2013
IFRS 7	Amendments requiring disclosures about the initial application of IFRS 9	1 January 2015
IFRS 9	Classification and measurement of financial assets	1 January 2013
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 10	Amendments to transitional guidance	1 January 2013
IFRS 10	Amendments for investment entities	1 January 2014
IFRS 11	Joint Arrangements	1 January 2013
IFRS 11	Amendments to transitional guidance	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 12	Amendments to transitional guidance	1 January 2013
IFRS 12	Amendments for investment entities	1 January 2014
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 1	Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	1 January 2013
IAS 16	Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	1 January 2013
IAS 19	Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27	Reissued as IAS 27 Separate Financial Statements (as amended in 2011)	1 January 2013
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investments in Associates	1 January 2013
IAS 32	Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 32	Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	1 January 2013
IAS 34	Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	1 January 2013

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group.

4. Segmental reporting

The Summit Group comprises six legal entities, of which three are trading. These included the five subsidiary companies detailed in Note 30 and the Group holding company, Summit Corporation plc. For the purposes of segmental reporting, the activities of the three trading entities are currently covered by one operating and reporting segment: Drug Development.

The Drug Development segment covers Summit's research and development activities carried out by the Group, primarily comprising the DMD and the *C. difficile* programmes (see pages 2 to 9 for more details).

The corporate and other activities at Summit Corporation plc and Summit (Oxford) Limited which comprise the costs incurred in providing the facilities, finance, human resource and information technology services are incidental to the main segment of the Group.

During the year under review the Group's management and financial reporting did not identify any specific drug programmes as segments under IFRS 8. However the Directors recognise that within the Drug Development segment, different opportunities to develop individual drug programmes may emerge and change this position for future periods. Acknowledging that the Group may secure out-licensing agreements or significant grants, the Directors anticipate the need to consider developing an appropriately refined segmental reporting methodology during the coming year.

All of the Group's assets are held in the UK.

There were two major sources of revenue which when combined totals 94% of revenue in the year, of which £1,101,000 related to Wellcome Trust grant income to support the *C. difficile* programme (£423,000 relating to the first award (2011/12: £1,211,000) and £673,000 relating to the translational award made in October 2012 (2011/12: £nil)) and £611,000 as part of the agreement with the US DMD organisations to fund work related to the Phase I clinical trial of the utrophin modulator SMT C1100 for the treatment of DMD (2011/12: £330,000).

Geographical segmentation

The Group operates in the international market with no particular concentration in any one region. The following table shows the split of revenue by the geographical location of Summit's customer base:

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
UK	**1,101**	1,211
USA	**713**	346
Europe	**–**	53
Rest of world	**–**	155
	1,814	1,765

5. Directors and employees

The average number of employees of the Group, including Executive Directors, during the year was:

	31 January 2013 £000	31 January 2012 £000
Technical, research and development	**16**	19
Administration	**11**	12
	27	31

The parent company had no employees in the current or previous financial years. On 31 January 2013, the number of people employed by the Group was 16 (2012: 31).

Their aggregate remuneration comprised:

	31 January 2013 £000	31 January 2012 £000
Wages and salaries	**1,530**	1,407
Social security costs	**152**	154
Pension costs	**81**	90
Share-based payment	**115**	62
	1,878	1,713

The Directors are of the opinion that the key management of the Group comprises the Executive and Non-Executive Directors of Summit Corporation plc, together with the Executive Management team. These persons have authority and responsibility for planning, directing and controlling the activities of the entity.

Notes to the Financial Statements

For the year ended 31 January 2013

5. Directors and employees (continued)

The aggregate amounts of key management compensation are set out below:

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Short-term employee benefits	**397**	321
Post-employment benefits	**41**	47
Termination benefits	**66**	–
Share-based payment	**101**	34
	605	402

In respect of Directors' remuneration, the Company has taken advantage of the permission in paragraph 6(2) of Statutory Instrument 2008/410 to omit aggregate information that is capable of being ascertained from the detailed disclosures in the audited section of the Directors' Remuneration Report on pages 21 to 23, which form part of these financial statements.

6. Loss before taxation

	Note	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Other operating income			
Technology Strategy Board grant income		**81**	–
		81	–
Exceptional items			
Cessation of in-house discovery research		**(308)**	–
Release of provision for deferred consideration	15	**205**	–
Impairment of intangible assets	10	**(899)**	–
		(1,002)	–
Loss on disposals			
Intangible assets		**(31)**	(22)
Property, plant and equipment		**10**	–
		(21)	(22)
Other			
Share-based payments	18	**115**	62
Employer pension contributions	5	**81**	90
Foreign exchange loss		**5**	12
Amortisation of intangible assets	10	**45**	93
Depreciation of property plant and equipment	11	**48**	95
Operating lease rentals		**184**	197

Included in the cessation of in-house discovery research are employee redundancy costs of £92,000, termination costs in respect of a Director of £66,000 and a provision for dilapidation costs in respect of the laboratory facilities of £150,000.

7. Auditor's remuneration

Services provided by the Group's auditors

During the year the Group obtained the following services from the Group's auditors at the cost detailed below:

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Fees payable to the Company's auditors for the audit of the Consolidated Financial Statements	**20**	22
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**5**	5
Audit-related regulatory reporting	**9**	9
Total audit fees	**34**	36
Further assurance services	**2**	–
Tax advisory services	**6**	4
Total non-audit fees	**8**	4
Total fees payable	**42**	40

8. Taxation

Analysis of charge in period	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
United Kingdom corporation tax at 24% (2012 - 26%)		
Current tax credit	**(343)**	(274)
Prior year adjustment	**2**	(30)
Taxation	**(341)**	(304)

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Loss on continuing activities before tax	**(4,566)**	(2,998)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom (Current tax) of 24% (2012: 26%), and deferred tax at 23% (2012: 25%)	**(1,096)**	(779)
Non-deductible expenses	**33**	29
Enhanced deductions for R&D expenditure	**(533)**	(385)
Difference in rate regarding R&D tax credits	**392**	282
Depreciation in excess of captal allowances (not recognised)	**8**	16
Increase in losses to carry forward (not recognised)	**819**	566
Movement in short-term temporary differences (not recognised)	**34**	5
Tax losses utilised	**–**	(8)
Prior year adjustments	**2**	(30)
Total taxation	**(341)**	(304)

There are no current tax liabilities as at 31 January 2013 (2012: Nil).

9. Loss per share

The loss per share for continuing operations has been calculated using the loss for the year attributable to continuing operations of £4,225,000 (year ended 31 January 2012: loss of £2,694,000) and dividing this by the weighted average number of shares in issue during the year to 31 January 2013: 316,188,906 (year ended 31 January 2012: 177,884,127).

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

Potentially dilutive shares capable of vesting under the share options currently in issue totalled 46,443,375 as at 31 January 2013 (31 January 2012: 11,044,520).

Notes to the Financial Statements

For the year ended 31 January 2013

10. Intangible assets

Year ended 31 January 2013

Cost	Sialorrhoea and seborrhoea programmes £000	Iminosugar related programmes acquired £000	Other patents and licences £000	Total £000
At 1 February 2012	7,460	1,380	180	9,020
Additions	–	–	43	43
Disposals	–	–	(36)	(36)
At 31 January 2013	**7,460**	**1,380**	**187**	**9,027**
Amortisation and impairment				
At 1 February 2012	(7,460)	(445)	(11)	(7,916)
Provided in the year	–	(36)	(9)	(45)
Impairments	–	(899)	–	(899)
Disposals	–	–	4	4
At 31 January 2013	**(7,460)**	**(1,380)**	**(16)**	**(8,856)**
Net book amount				
At 1 February 2012	–	935	169	1,104
At 31 January 2013	**–**	**–**	**171**	**171**

Year ended 31 January 2012

Cost	Sialorrhoea and seborrhoea programmes £000	Iminosugar related programmes acquired £000	Other patents and licences £000	Total £000
At 1 February 2011	7,460	1,380	85	8,925
Additions	–	–	119	119
Disposals	–	–	(24)	(24)
At 31 January 2012	**7,460**	**1,380**	**180**	**9,020**
Amortisation and impairment				
At 1 February 2011	(7,460)	(359)	(6)	(7,825)
Provided in the year	–	(86)	(7)	(93)
Disposals	–	–	2	2
At 31 January 2011	**(7,460)**	**(445)**	**(11)**	**(7,916)**
Net book amount				
At 1 February 2011	–	1,021	79	1,100
At 31 January 2012	**–**	**935**	**169**	**1,104**

Iminosugar related programmes recognised on acquisition of the key assets of MNL Pharma Limited:
The SMT 14400 (formerly MNLP462a) programme is a collective term for the patents, scientific results, synthesis methods and unpatented know-how (e.g. recorded in lab-books) that would be offered in any sale of the programme to a third party.

Following the refocusing of the business on the development of the two clinical-stage programmes, and the decision to end the option agreement with Evolva, an impairment charge of £899,000 was made to fully write down the value of the intangible assets resulting from the acquisition of the key assets of MNL Pharma Limited.

Amortisation of intangibles assets is included in the line 'Depreciation and amortisation' shown on the face of the Consolidated Statement of Comprehensive Income.

11. Property, plant & equipment

Year ended 31 January 2013

Cost	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
At 1 February 2012	5	1,131	122	1,258
Additions	–	10	23	33
Disposals	–	(1,004)	(31)	(1,035)
At 31 January 2013	**5**	**137**	**114**	**256**
Depreciation				
At 1 February 2012	(3)	(995)	(111)	(1,109)
Charge for the year	(1)	(33)	(14)	(48)
Disposals	–	893	31	924
At 31 January 2013	**(4)**	**(135)**	**(94)**	**(233)**
Net book value				
At 1 February 2012	2	136	11	149
At 31 January 2013	**1**	**2**	**20**	**23**

Year ended 31 January 2012

Cost	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
At 1 February 2011	5	1,148	121	1,274
Additions	–	1	1	2
Disposals	–	(18)	–	(18)
At 31 January 2012	**5**	**1,131**	**122**	**1,258**
Depreciation				
At 1 February 2011	(2)	(912)	(100)	(1,014)
Charge for the year	(1)	(83)	(11)	(95)
At 31 January 2012	**(3)**	**(995)**	**(111)**	**(1,109)**
Net book value				
At 1 February 2011	3	236	21	260
At 31 January 2012	**2**	**136**	**11**	**149**

12. Trade and other receivables

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Trade receivables	**51**	47
Other receivables	**187**	172
Prepayments and accrued income	**223**	74
	461	293

Notes to the Financial Statements

For the year ended 31 January 2013

13. Trade and other payables

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Trade payables	**254**	372
Other taxes and social security costs	**70**	61
Accruals and deferred income	**998**	815
Other creditors	**54**	37
	1,376	1,285

Included within accruals and deferred income is £585,000 (2011: £324,000) in respect of grant funding received from the Wellcome Trust. See Note 1, Revenue recognition for more details on the funding received.

14. Financial instruments

	Note	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Cash and cash equivalents		**3,379**	2,076
Loans and receivables			
Trade and other receivables	13	**461**	293
Other liabilities			
Trade and other payables	14	**1,376**	1,285

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk); cash flow and fair value interest rate risk; credit risk; and liquidity risk.

The Group's principal financial instrument comprises cash, and this is used to finance the Group's operations. The Group has various other financial instruments such as trade receivables and payables that arise directly from its operations. The category of loans and receivables contains only trade and other receivables, shown on the face of the Consolidated Statement of Financial Position, all of which mature within one year.

We have compared fair value to book value for each class of financial asset and liability: no difference was identified.

The Group has a policy, which has been consistently followed, of not trading in financial instruments.

14. Financial instruments (continued)

Interest rate risk

The main risk arising from the Group's financial instruments is interest rate risk. Summit holds no derivative instruments to manage interest rate risk; instead the Group placed deposits surplus to short-term working capital requirements with a variety of reputable UK-based banks and building societies. These balances are placed at fixed rates of deposit with maturities between one month and three months.

The Group's cash and short-term deposits were as follows:

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
On dated deposit: fixed rate	–	–
On current account	**3,379**	2,076
	3,379	2,076

The interest rates for dated deposits were dependent on the rates offered by the Group's borrowers. The interest rate for short-term deposits is variable dependent on the rates offered by the Group's bankers. During the year to 31 January 2013, the banking facility returned an average rate after fees of 0.40% (2011/12: 0.27%).

The Group's exposure to interest rate risk is illustrated with regard to the opening and closing cash balances and the difference that an increase or decrease of 1% in interest rates would have made based on the average cash balance of £2,728,000 in the year:

Year ended 31 January 2013	**–1%**	**Actual**	**+1%**
Interest rate	**–**	**0.40**	**1.40**
Interest received (£000)	**–**	**11**	**38**

Year ended 31 January 2012	–1%	Actual	+1%
Interest rate	–	0.27	1.27
Interest received (£000)	–	7	34

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's net income and financial position, as expressed in Pounds Sterling, are exposed to movements in foreign exchange rates against the US Dollar and the Euro. The main trading currencies of the Group are Pounds Sterling, the US Dollar, and the Euro. The Group is exposed to foreign currency risk as a result of trading transactions and the translation for foreign bank accounts.

The exposure to foreign exchange is monitored by the Group finance function. Exposures are generally managed through natural hedging via the currency denomination of cash balances and any impact currently is not material to the Group.

Price risk

The Group has no investments in quoted companies and is therefore not exposed to the risk of market movements.

Credit risk

The credit risk with respect to customers is limited; Summit believes that all trade receivables that were outstanding at 31 January 2013 are all fully recoverable. Of the £51,000 trade receivables, no debt was overdue based on our normal terms of business.

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of short-term cash investments and trade accounts receivable. Excess cash is invested in short-term money market instruments, including bank term deposits, money market and liquidity funds and other debt securities provided by a variety of financial institutions with strong credit ratings; these investments typically bore minimal credit risk in the year.

Cash balances maintained during the year have been held with three major UK banking institutions. We do not believe that this constituted a major credit risk.

Notes to the Financial Statements

For the year ended 31 January 2013

14. Financial instruments (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group ordinarily finances its activities through cash generated from operating activities and private and public offerings of equity and debt securities. The Group anticipates that its operating cash flow together with available cash, cash equivalents and short-term investments will be sufficient to meet its anticipated needs. See Note 1 'Going concern'.

Of all the financial liability categories, no amounts can be analysed for maturity. Provisions are amounts contingent upon events taking place and the recognition of deferred taxation is dependent upon future profits arising.

Capital management

The primary aim of the Group's capital management is to safeguard the Group's ability to continue as a going concern, to support its programmes and maximise shareholder value.

The Group monitors its capital structure and makes adjustments, as and when it is deemed necessary and appropriate to do so, using such methods as the issuing of new shares. The capital structure of the Group has come entirely from equity issues.

15. Provisions

Cost	MNL Pharma contingent consideration on acquisition £000	Dilapidations £000	Total £000
At 1 February 2012	205	–	205
Additions	–	150	150
Release of provision	(205)	–	(205)
At 31 January 2013	**–**	**150**	**150**

On 13 December 2006, Summit Corporation plc acquired the key assets of MNL Pharma Limited ('MNL'), a company that entered into administration in October 2006. Summit acquired all rights to MNL's lead drug candidate SMT 14400 (previously known as MNLP462a), a library of natural products that included a small number of iminosugars and additional assets held at MNL's Aberystwyth facility.

Under the terms of the agreement, Summit is committed to make MNL's former shareholder payments contingent on achieving clinical milestones for SMT 14400, or a back-up candidate emerging from the acquired natural product iminosugars.

In accordance with IFRS 3, management have reviewed the above provision and following the decision to terminate the option agreement with Evolva management have decided to fully release the provision.

The strategic review during the period resulted in the decision to close the in-house discovery research facility and as a result management have made a provision in respect of the dilapidation costs associated with the reinstatement obligations for the laboratory facilities contained within the lease. The provision is based on estimated costs provided by a building surveyor and is expected to be payable within the next twelve months.

16. Deferred tax liability

The main rate of corporation tax for 2013 has been reduced from 25% to 23%. This was introduced in Finance Act 2012, which has now been substantially enacted. Therefore it is appropriate to calculate the unrecognised deferred tax asset at this rate.

Deferred income tax assets of £33,000 (2011/12: £4,400) relating to provisions and £6,782,000 (2011/12: £6,515,000) on tax losses have not been recognised to the extent that they are not regarded as recoverable in the foreseeable future. In respect of the changes in the balances, £347 and £521,000 respectively relate to the effect of the rate change on the opening balance, with £29,000 and £788,000 relating to the movement for the year. A further deferred tax asset of £5,000 (2011/12: liability of £5,000) in respect of accelerated capital allowances are not recognised to the extent that they are not regarded as recoverable in the foreseeable future. Of the movement, £398 relates to the effect of the rate change on the opening balance and £10,000 is in respect of the movement for the year.

17. Share capital

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Allotted, called up and fully paid		
354,088,450 Ordinary shares of 1p each	**3,541**	1,874
524,702,133 Deferred shares of 1p each	**5,247**	5,247
	8,788	7,121

The Deferred shares have no voting or dividend rights and on a return to capital there is the right to receive the amount paid up after the holders of the Ordinary shares have received the amount paid up on those Ordinary shares and an additional £1 million of return of capital per Ordinary share.

On 24 April 2012 the number of Ordinary shares increased to 354,088,450 following the placing of 166,666,670 new Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,555,000.

As part of the placing, warrants over 3,540,884 Ordinary 1p shares were issued to Nplus1 Singer Capital Markets Limited (formally Singer Capital Markets Limited), the Company's nominated advisor and joint-broker at the time, at an issue price of 3p. The warrants can be exercised in whole or in part at any time prior to 24 April 2016.

Warrants over a further one million Ordinary shares are held by Nplus1 Singer Capital Markets Limited, which can be exercised up until 31 December 2013 at an exercise price of 5 pence each, remain outstanding.

Notes to the Financial Statements

For the year ended 31 January 2013

18. Share option scheme

At 31 January 2013 the outstanding share options, which include the share options granted to Directors, are shown below:

	Date of grant	Exercise price (p)	Number of shares	Date from which exercisable	Expiry date
Approved EMI scheme					
	02 Dec 05	171.5	42,000	02 Dec 06	02 Dec 15
	13 Oct 06	136.0	20,400	13 Oct 07	13 Oct 16
	28 Nov 06	136.0	10,000	28 Nov 07	28 Nov 16
	21 Nov 07	114.0	46,533	21 Nov 08	21 Nov 17
	10 Jun 10	4.5	3,058,000	11 Jun 13	09 Jun 20
	07 Apr 11	3.3	3,045,000	08 Apr 14	07 Apr 21
	10 May 12	3.0	4,991,666	10 May 13	10 May 22
	10 May 12	3.0	8,250,000	10 May 14	10 May 22
	24 Dec 12	4.3	8,000,000	24 Dec 15	24 Dec 22
	31 Jan 13	1.0	1,814,189	31 Jul 13	31 Jan 23
			29,277,788		
Unapproved scheme					
	02 Dec 05	171.5	3,382	02 Dec 06	02 Dec 15
	22 May 06	165.0	540,120	22 May 07	22 May 16
	13 Oct 06	136.0	105,000	13 Oct 07	13 Oct 16
	30 Mar 07	45.0	108,085	30 Mar 08	30 Mar 17
	21 Nov 07	114.0	10,000	21 Nov 08	21 Nov 17
	07 Apr 11	3.3	500,000	08 Apr 14	07 Apr 21
	10 May 12	3.0	750,000	10 May 14	10 May 22
	10 May 12	3.0	13,150,000	10 May 12	10 May 22
	24 Dec 12	4.3	2,000,000	24 Dec 15	24 Dec 22
			17,166,587		
			46,444,375		

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The movement in the number of share options is set out below:

	Weighted average exercise price (p)	**Year ended 31 January 2013**	Weighted average exercise price (p)	Year ended 31 January 2012
Outstanding at 1 February	**15**	**11,044,520**	32	8,253,711
Granted during the year	**3**	**40,159,189**	3	4,278,000
Lapsed/surrendered during the year	**5**	**(4,759,334)**	74	(1,487,191)
Number of outstanding options at 31 January	**6**	**46,444,375**	15	11,044,520

As at 31 January 2013, 885,520 share options were capable of being exercised with a weighted average exercise price of 143 pence (2012: 891,520 with a weighted average exercise price of 143 pence). The options outstanding at 31 January 2013 had a weighted average exercise price of 6 pence (2012: 15 pence), and a weighted average remaining contractual life of 9.1 years (2012: 5.2 years).

18. Share option scheme (continued)

The fair value per award granted and the assumptions used in the calculations are as follows:

Date of grant	Type of award	Number of shares	Exercise price (p)	Share price at grant date (p)	Fair value per option (p)	Award life (years)	Risk free rate
02 Dec 05	EMI	42,000	171.5	168.5	41	3.0	4.2%
02 Dec 05	Unapproved	3,382	171.5	168.5	41	3.0	4.2%
22 May 06	Unapproved	540,120	165.0	167.0	45	3.0	4.6%
13 Oct 06	EMI	20,400	136.0	136.0	36	3.0	4.6%
13 Oct 06	Unapproved	105,000	136.0	136.0	36	3.0	4.6%
28 Nov 06	EMI	10,000	136.0	136.0	36	3.0	4.5%
30 Mar 07	Unapproved	108,085	45.0	131.0	96	3.0	4.9%
21 Nov 07	Unapproved	10,000	114.0	114.0	42	3.0	4.6%
21 Nov 07	EMI	46,533	114.0	114.0	42	3.0	4.6%
10 Jun 10	EMI	3,058,000	4.5	4.6	3	5.0	2.4%
07 Apr 11	EMI	3,045,000	3.3	3.4	2	5.0	2.7%
07 Apr 11	Unapproved	500,000	3.3	3.4	2	5.0	2.7%
10 May 12	EMI	4,991,666	3.0	2.6	1	5.0	1.0%
10 May 12	EMI	8,250,000	3.0	2.6	1	5.0	1.0%
10 May 12	Unapproved	750,000	3.0	2.6	1	5.0	1.0%
10 May 12	Unapproved	13,150,000	3.0	2.6	1	5.0	1.0%
24 Dec 12	EMI	8,000,000	4.3	4.3	1	5.0	0.9%
24 Dec 12	Unapproved	2,000,000	4.3	4.3	1	5.0	0.9%
31 Jan 13	EMI	1,814,189	1.0	4.7	4	5.0	0.9%
		46,444,375					

The key assumptions used in calculating the share-based payments are as follows:

a. Black-Scholes valuation methodology was used for all options prior to 2008.
b. The award of share options made in 2010, 2011 and 2012 are performance related, as described in the Directors' Remuneration Report, and have been modelled using either the Monte-Carlo methodology or Hull White trinomial lattice model. The options granted on 31 January 2013 are not performance related and has been modelled using the Hull White trinomial lattice model.
c. Figures in the range 18-134% have been used for expected volatility. This has been derived from historic share price performance, weighted to exclude periods of unusually high volatility.
d. Expected dividend yield is nil, consistent with the Directors' view that the Group's business model is to generate value through capital growth rather than the payment of dividends.
e. The risk free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.
f. Share options are assumed to be exercised immediately on vesting.
g. The fair value of the options awarded on 10 May 2012 is the average of the fair values calculated per possible vesting instalment.

19. Capital commitments

At 31 January 2013 the Group had no capital commitments (31 January 2012: Nil).

20. Leasing commitments

The Group's total commitments under non-cancellable operating leases are as follows:

	Land & Buildings	
Leases which expire	**Year ended 31 January 2013 £000**	Year ended 31 January 2012 £000
Not later than one year	**128**	212
Later than one year and not later than five years	**129**	257
	257	469

21. Related party transactions

During the year £2,303 was paid to Dr Frank M Armstrong Consulting Limited, a company controlled by Dr Frank Armstrong in respect of his fees as Non-Executive Director (2012: £nil). No amounts were outstanding at the year end (2012: £nil).

See Note 5 for details of key management emoluments.

Company Balance Sheet

Summit Corporation plc individual financial statements (Company Number 5197494)

At 31 January 2013

	Notes	31 January 2013 £000	31 January 2012 £000
Fixed assets			
Investments	24	**3,284**	3,169
Current assets			
Debtors – due after more than one year	25	**14,338**	9,795
		14,338	9,795
Net current assets		**17,622**	12,964
Current liabilities due within one year	26	**(10)**	(10)
Net assets		**17,612**	12,954
Capital and reserves			
Called up share capital	27	**8,788**	7,121
Share premium account	28	**33,686**	30,798
Share-based payment reserve	28	**1,410**	1,295
Profit and loss account	28	**(26,272)**	(26,260)
Equity shareholder's funds	29	**17,612**	12,954

The notes on pages 47 to 50 form part of these financial statements.

Approved by the Board of Directors and authorised for issue.

Glyn Edwards
Chief Executive Officer

18 April 2013

Notes to the Individual Financial Statements of Summit Corporation plc

22. Principal accounting policies

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

Basis of preparation

The financial statements of the parent Company, Summit Corporation plc, have been prepared under the historic cost convention and in accordance with applicable United Kingdom accounting standards.

Under FRS 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Group includes the Company in its own published financial statements.

Investments

The Company holds 100% ownership of the subsidiaries detailed below in Note 30; these are held at cost. The carrying value of the subsidiaries is reviewed annually by management for any indictors of impairment.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events have occurred at that date that will result in an obligation to pay more, or the right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year end date.

Share-based payments

In accordance with FRS 20 'Share-based payment', share options are measured at fair value at their grant date. The fair value for the majority of the options is calculated using the Black-Scholes formula and charged to the Profit and Loss account on a straight-line basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditional upon the Group achieving certain predetermined financial criteria) either a Monte-Carlo or Hull White trinomial lattice model has been used. At each year end date, the Group revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market based conditions. A capital contribution is created over time as the Company bears the cost of issuing Summit Corporation plc share options to the employees of each subsidiary. See Note 18, 'Share option scheme' for further information.

Related party transactions

The Company is exempt under FRS 8 from disclosing related party transactions with entities that are part of the Group.

23. Profit of the parent company

Loss in the year

No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. The Company's loss for the year was £12,450 (2011/12: £12,474).

Directors' remuneration

The remuneration of the Directors' is disclosed in the Directors' Remuneration Report on pages 21 to 23.

Auditors' remuneration

Audit remuneration is disclosed in Note 7.

Notes to the Individual Financial Statements of Summit Corporation plc

24. Investments

Cost	Investment in subsidiaries £000	Capital contributions for share options £000	Total £000
At 1 February 2012	16,878	1,260	18,138
Additions	–	115	115
As at 31 January 2013	**16,878**	**1,375**	**18,253**
Impairment			
At 1 February 2012 and 31 January 2013	(14,944)	(25)	(14,969)
Net book value			
At 1 February 2012	1,934	1,235	3,169
At 31 January 2013	**1,934**	**1,350**	**3,284**

The charge for the share-based payment was financed by the Company in the form of a capital contribution in the accounts of the underlying subsidiaries.

25. Debtors

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Amounts owed by group undertakings	**14,338**	9,795

Amounts owed to the Company by group undertakings are due after more than one year.

26. Creditors

	Year ended 31 January 2013 £000	Year ended 31 January 2012 £000
Other Creditors	**10**	10

27. Share capital

	31 January 2013 £000	31 January 2012 £000
Allotted, called up and fully paid		
354,088,450 ordinary shares of 1p each	**3,541**	1,874
524,702,133 deferred shares of 1p each	**5,247**	5,247
	8,788	7,121

The Deferred shares have no voting or dividend rights and on a return to capital there is the right to receive the amount paid up after the holders of the Ordinary shares have received the amount paid up on those Ordinary shares and an additional £1 million of return of capital per Ordinary share.

On 24 April 2012 166,666,670 new Ordinary 1p shares were issued. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,555,000.

As part of the placing, warrants over 3,540,884 Ordinary 1p shares were issued to Nplus1 Singer Capital Markets Limited (formally Singer Capital Markets Limited), the Company's nominated advisor and joint-broker at the time, at an issue price of 3p. The warrants can be exercised in whole or in part at any time prior to 24 April 2016.

Warrants over a further one million Ordinary shares are held by Nplus1 Singer Capital Markets Limited, which can be exercised up until 31 December 2013 at an exercise price of 5 pence each, remain outstanding.

28. Reserves

Year ended 31 January 2013

	Share premium account £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 February 2012	30,798	1,295	(26,260)	5,833
New share capital issued	2,888	-		2,888
Share-based payment	–	115	-	115
Loss for the period	–	-	(12)	(12)
At 31 January 2013	**33,686**	**1,410**	**(26,272)**	**8,824**

Information pertaining to the share options issued in the period are analysed in Note 18. The share-based payment reserve is borne on behalf of the underlying subsidiaries.

Notes to the Individual Financial Statements of Summit Corporation plc

29. Reconciliation of movement in shareholders' funds

	31 January 2013 £000	31 January 2012 £000
Opening shareholders' funds	**12,954**	11,544
Shares issued during the year	**1,667**	191
Share premium on issued shares (net of expenses)	**2,888**	1,169
Share-based payment	**115**	62
Loss for the financial year	**(12)**	(12)
Closing shareholders' funds	**17,612**	12,954

30. Subsidiaries

Company name	Country of incorporation	Percentage shareholding	Description
Summit (Oxford) Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit (Wales) Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit (Cambridge) Limited	Great Britain	100%	109,599,000 ordinary 1p shares
Summit Discovery 1 Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit Corporation Employee Benefit Trust Company Limited	Great Britain	100%	1 £1 ordinary shares

The principal activities of Summit (Oxford) Limited and Summit (Wales) Limited is proprietary drug discovery research and development.

Summit Discovery 1 Limited, Summit Corporation Employee Benefit Trust Company Limited and Summit (Cambridge) Limited are dormant companies.

Notes

Notes

Company Information

Directors

Barry Price, PhD	Non-Executive Chairman
Glyn Edwards	Chief Executive Officer
Frank Armstrong, FRCPE, FFPM	Non-Executive Director
Jim Mellon	Non-Executive Director

Company Secretary
Raymond J Spencer, ACA

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