Summit plc Annual Report and Accounts 2009/10

Summit is a drug discovery company with a strategy to discover and develop novel drugs for major areas of unmet medical need. Summit will seek partners for its programmes prior to them progressing into expensive late-stage development studies.

Summit is an Oxford, UK based drug discovery company with a portfolio of partner funded programmes, a world-leading technology platform and a clear strategy to generate sustainable value for shareholders.

Summit plc

Strategy of early-stage deals

Innovation in drug discovery

Multiple opportunities for value growth

Highlights

Partner Funded Portfolio: Good progress made in key programmes

- Duchenne Muscular Dystrophy programme entered into Phase I clinical trials by partner BioMarin Pharmaceuticals Inc
- SMT 19969 selected as lead compound against *C. difficile* pathogen in Wellcome Trust grant funded programme

Seglin™ Technology: Identifying medicines from new chemistry space

- Advances in development of technology platform with active Seglins identified against a range of major disease areas
- Progress in diabetes programme following identification of SMT 14224 as lead candidate with potential new mechanism of action
- Breakthrough in hepatitis C programme following identification of hits against previously intractable NS3 helicase protein target

Operational and Financial: A refocused, restructured and well-funded business

- Successful £5.4m Placing and Open Offer funds business until at least December 2011, which is beyond projected receipt of milestones from deals
- Completion of extensive restructuring programme to reduce net cash used in operating activities by approximately 70%
- Loss for period reduced by 75% to £5.4m (2008/09: £22.4m)
- Cash position of £6.1 million on 31 January 2010 (31 January 2009: £2.7m)

1

Proven track record of exploiting early-stage drug discovery programmes

2

Focused investment on our innovative Seglin™ technology platform that is using new chemistry space for the discovery of medicines

3

Portfolio of partner funded drug programmes with contractual, success-based milestones worth in excess of $160m but requires no further investment from Summit

Snapshot of Summit:
Technology and assets

Summit is an Oxford, UK based drug discovery company with a portfolio of partner funded drug programmes and an innovative technology platform called Seglins for the discovery of new medicines.

Summit's partnered drug programmes require no further investment from the Company but have contractual, success-based milestones potentially worth in excess of $160 million and sales royalties rising to a low-teen percentage. Partners include leading orphan drug specialist BioMarin Pharmaceuticals (Duchenne Muscular Dystrophy programme) and the Wellcome Trust (*C. difficile* programme).

Seglin™ technology is using new chemistry to access biological drug targets that cannot be exploited by conventional drug discovery approaches. The Seglin platform has been extensively validated and a number of small molecule, orally bioavailable Seglin compounds have been identified across multiple therapy areas, including ones against previously intractable targets.

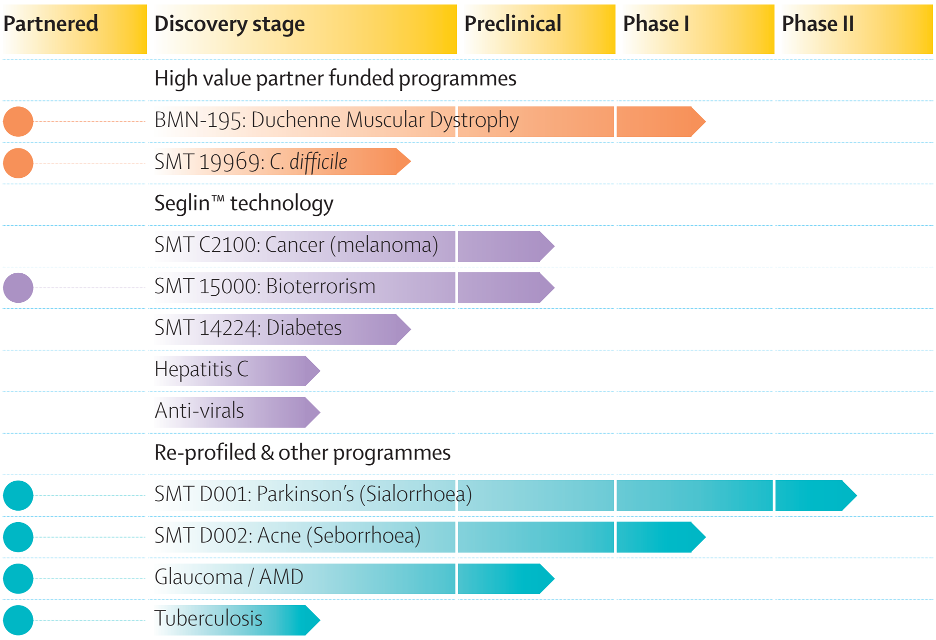
Summit's internal research is currently focussed in the high-value therapy areas of metabolic diseases and infectious diseases and the Company aims to further exploit the technology's wider potential through strategic alliances.

Partner Funded Programmes

Our portfolio of partnered funded programmes requires no further investment from the Company but has the potential to generate significant future value.

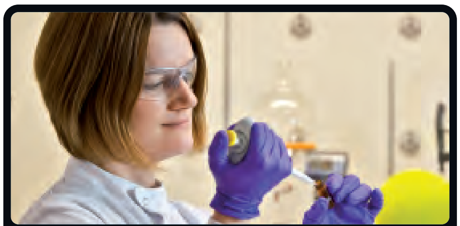
Seglin™ Technology Platform

Our Seglin™ technology represents the main area of future investment for Summit, and it is expected that future programme and platform collaborations will originate from this innovative platform and potentially deliver significant value growth.



Programme Progress: DMD
In January 2010 our partner for the Duchenne Muscular Dystrophy programme, BioMarin, initiated a Phase I human clinical trial for BMN-195 for the treatment of this fatal genetic disease. Results are expected in the second quarter of 2010.

Programme Progress: *C. difficile*
In December 2010 we were awarded a grant worth up to £2.2 million from the Wellcome Trust through their Seeding Drug Discovery Initiative. The grant is expected to completely fund the development of our programme targeting *C. difficile* through until the start of human clinical trials.



Disease focus:
Duchenne Muscular Dystrophy

Disease focus:
C. difficile

About Duchenne Muscular Dystrophy (DMD)
DMD is a fatal genetic disease caused by a lack of a protein called dystrophin that is essential in maintaining the correct function of all muscles in the human body. There is no cure or adequate treatment with the only current frontline therapy being steroids, which target the symptoms of the disease.

BMN-195 was discovered and developed by scientists at Summit and is an oral small molecule upregulator of utrophin, a protein similar to dystrophin. In preclinical studies, we have shown that increasing levels of utrophin has the potential to compensate for the missing dystrophin. Importantly, BMN-195 is a potential first-in-class disease modifying therapy that could treat the entire spectrum of DMD patients.

About *C. difficile*
Clostridium difficile is a life threatening pathogen for which current therapy options are limited. In 2008 in the UK, *C. difficile* was responsible for three times more deaths compared to the superbug MRSA while hyper-virulent strains with higher mortality rates are endemic in Europe and the US.

Summit has identified a novel class of small molecules with an attractive activity profile, including the lead compound in the series, SMT 19969. Initial studies show that SMT 19969 selectively kills the *C. difficile* bacterium, including the hyper-virulent strains, and is a key property for any new potential drug treating this pathogen.

Why Seglins?
Technology, focus and opportunity

Validated technology
Seglin™ technology is using new chemistry to access biological drug targets that cannot be exploited by conventional drug discovery approaches.

Seglins are Second Generation Lead Iminosugars and Summit has validated the platform by identifying a number of orally available advanced Seglin compounds in a range of therapy areas and previously intractable drug targets.

Summit's Seglin™ technology platform
Summit is at the forefront of developing Seglin™ technology and a significant investment has already been made into the development of this innovative drug discovery platform.

Summit's advantage in Seglins combines scientific expertise and know-how with extensive IP protection and proprietary compounds.

Our first Seglin commercial deal was signed in 2009.

Therapeutic focus
Summit's Seglin™ technology has the potential to provide drug candidates in a number of major therapeutic areas.

Our current internal therapeutic areas of focus are in metabolic diseases, including type II diabetes, and infectious diseases.

Summit aims to exploit the wider potential of this technology beyond our therapy focus areas by establishing strategic alliances.

Seglins
We believe our expertise in Seglin™ technology provides Summit with a leading position in the discovery and development of new medicines.

Improved efficacy and selectivity
Our Seglins are displaying enhanced specificity and reduced toxicity and offer the potential for the development of drug candidates in many major disease areas.

Broad utility across multiple disease areas
Our Seglins are displaying activity in a range of diseases including diabetes, viral and bacterial infections, cancer, lysosomal storage disorders and immune disorders.

Potential to access novel biological targets/mechanism of actions
The chemical properties of Seglins are very unlike compounds used in conventional drug discovery approaches and enables Summit to potentially access biological targets that have remained unexploited. These targets are rich in therapeutic utility containing both soluble proteins and receptors and cover many protein families including glycoside hydrolases, glycoside transferases, inositol utilising/metabolising enzymes and carbohydrate receptors.

Structural diversity
Our growing proprietary collection of Seglins comprises rationally designed and synthesised compounds that have been selected to make it very diverse in comparison to traditional small molecule collections.

Scientific expertise
We have a world-leading position in experience and knowledge on Seglins and have expertise in Seglin biology, isolation and characterisation, and chemical synthesis. In addition, we have extensive collaborations with leading academic authorities and key opinion leaders from around the world.

Innovative technology: the opportunity

The importance of innovative technology platforms in drug discovery is recognised by the pharmaceutical and biotechnology industry with multiple licensing and strategic licensing deals being signed.

Value creation potential

With the potential of our innovative Seglin™ technology platform to identify medicines from new chemistry space, we aim to secure new value enhancing partnerships.

Seglins: strategic focus

Key therapy areas

Metabolic diseases

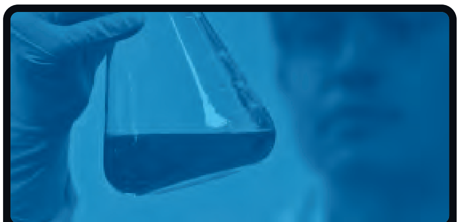
Our metabolic disease programme targets type II diabetes, which is estimated to affect over 150 million patients in the world; a number of active Seglin compounds have been identified and we are advancing these through the discovery process.

Infectious diseases

Our focus is on viral diseases and Seglin™ technology has identified multiple active compounds against a range of viruses; our most advanced programme targets the life-threatening disease hepatitis C that affects over 170 million people worldwide.

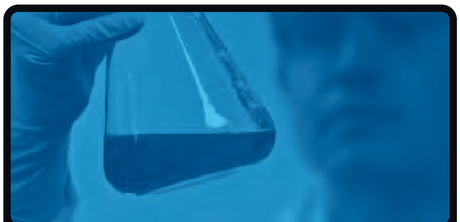
Seglins: the opportunity

Multiple opportunities for value growth



Licensing agreements

Our key therapy areas are focussed in multi-billion dollar markets and our aim is to enter into new licensing agreements with partners in the pharmaceutical and biotechnology industry.



Strategic alliances

We aim to exploit the wider potential of Seglin™ technology beyond our key therapy areas by entering into strategic alliances.

Summit's Seglin™ Technology
At the forefront of development

Expertise
Summit has the necessary scientific expertise in Seglins that is a vital component towards being successful in drug discovery.

- Drug discovery platform refined over several years
- In-house team of skilled scientists
- Collaborations with leading academic authorities

Intellectual Properties
Protecting our scientific assets and intellectual property is essential for Summit to generate commercial value from our Seglin research and development.

- Extensive IP protection: Over 20 Seglin patents filed
- Patents provide extensive coverage of composition of matter and utility
- Summit has world-leading know-how and expertise in the field of Seglins

Compounds
Summit's growing collection of Seglins forms a key component of our innovative drug discovery platform.

- The largest, most diverse proprietary collection of Seglin compounds
- Small molecules that are stable, soluble and bioavailable
- Readily optimised

Our expertise in Seglins provides Summit with an opportunity to create value growth for shareholders by signing valuable licensing and collaboration agreements.

Seglin™ Technology: A validated platform
Summit's Seglin™ technology builds on clinically validated *first generation* iminosugar compounds. Seglins are second generation iminosugars that display higher levels of selectivity and efficacy giving them potential to become safer treatments across a wide range of diseases.

Early-stage deal strategy
The number of early-stage deals signed by pharmaceutical companies across a broad range of therapy areas continues to rise. Ernst & Young's 2009 global biotechnology report, Beyond Borders, highlighted that in 2008, 11 of the 15 largest European deals involved discovery programmes or assets in preclinical development.

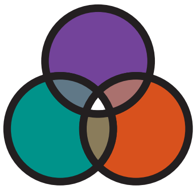
Commercial track record
Summit has successfully exploited early-stage drug discovery programmes over the last five years and has a portfolio of partner funded drug programmes with contractual success-based milestones in excess of $160m plus sales royalties rising to a low-teen percentage. Our aim is to sign new Seglin programme or platform agreements to increase the value of this portfolio and create a sustainable business.

Therapeutic focus: Metabolic diseases
Summit's focus in metabolic diseases is on the development of potential treatments for type II diabetes, and Seglin compounds which can reverse the underlying cause of the disease, restoring normal function and thus fulfilling a large unmet medical need.

Therapeutic focus: Infectious diseases
Seglins have the key properties required to meet the desired criteria for new anti-infective agents, and specifically, as anti-virals. Screening of our Seglins has already identified a number of hits against viruses including hepatitis C and these compounds are the focus of on-going research and development activities.

Combining three core elements
Our expertise, together with strong IP protection of over twenty Seglin patents and the largest, most diverse proprietary collection of Seglins affords us a valuable advantage.

Summit's advantage
Summit's strength – combining three core elements of drug discovery – Expertise, Patents and Compounds, puts us at the forefront of developing second generation iminosugar drugs (Seglins).



Evolution of Summit's Seglin platform

March 2010
Seglin™ technology adopted as the new identity for the innovative platform

Jan 09
First iminosugar licensing deal

2008
Development of iminosugar platform

Jul 07
First iminosugar co-development deal

2007-08
Recruitment of leading academic authorities

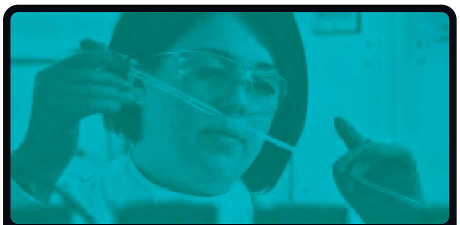
Dec 06
Acquired iminosugar assets of MNL Pharma

Apr 06
CSO Richard Storer appointed

Oct 04
IPO technology platforms in:
• Carbohydrates
• Zebrafish

Expertise

Expertise
Knowledge and expertise about Seglins continuing to develop



Intellectual Property

Intellectual Property
Increasing protection through additional patent filings

Compounds

Compounds
Growth and diversity of collection continuing to increase

Chairman and Chief Executive's Statement

Introduction
We are pleased to report that your Company ended the Financial Year in much better health than it started, in spite of the difficult prevailing economic conditions.

The improvement stems from a refocusing and restructuring of the Company's operations, alongside an aggressive cost reduction programme, a successful Placing and Open Offer that raised £5.4 million, before costs, the award of a grant from the Wellcome Trust of up to £2.2 million and also advances in a number of drug discovery programmes. Summit now has cash resources that are anticipated to last until at least the end of December 2011.

We believe that the Company is now well placed to generate value from its portfolio of partner funded drug programmes and from its innovative Seglin™ technology platform for the discovery of new medicines.

Strategy
Summit's strategy remains focused on creating value through the selection and early-stage development of novel product candidates from its Seglin™ technology platform in areas of high unmet medical need. At the appropriate stage of development, Summit will seek to out-license these product candidates with partners who will be responsible for the expensive registration studies and product commercialisation. We currently have a number of partnered programmes that are funded by third parties and these have yielded over $7 million in upfront payments in the last two years. In addition, Summit is eligible to receive contractual, success-based milestone payments potentially worth in excess of $160 million and sales royalties rising to a low-teen percentage.

Our focus for entering into new commercial agreements is our Seglin™ (Second Generation Lead Iminosugar) technology platform. This innovative technology, which has the potential to identify medicines in a range of major therapy areas, was the primary focus of our internally funded research and development activities during the period. As discussed later, Summit is developing this technology in the areas of metabolic diseases and infectious diseases and also aims to exploit the wider potential of this technology in other major therapy areas through strategic alliances.

Refocused, Restructured and Refinanced
Summit completed its restructuring programme during the period under review. The programme was started in mid-2008 as part of the Company's strategy to refocus operations on drug discovery activities and on developing our Seglin™ technology, which we believe represents an excellent opportunity for the business to create significant value growth.

In December 2009, we were pleased to announce the successful Placing and Open Offer raising £5.4 million before expenses, and this has provided the business with cash resources until at least December 2011, excluding the receipt of any milestones from existing or new deals.

The restructuring programme included the divestment of Summit's non-core Zebrafish and Dextra service divisions in May 2009 and September 2009 respectively, a reduction in the number of sites in operation from five to one with more favourable terms of rent being renegotiated for the remaining site, and the renegotiating of certain existing licensing agreements. This is discussed in more detail in the Financial Review. These activities reduced the Company's operational cash burn by approximately 70%.

In addition, headcount was reduced by 75% while the Board and Executive management reduced their fees or took pay-cuts of between 20 and 55%. These were necessary actions to secure the future of the business. On behalf of the Board, we again thank the staff who were made redundant for their commitment during their time with the business and wish them well in their future careers.

Portfolio of Partner Funded Programmes
During the period, Summit's portfolio of partnered drug programmes, which requires no further investment from the Company, has made good progress.

DMD Programme advances into clinical trials
Summit's programme targeting the fatal genetic disorder Duchenne Muscular Dystrophy ('DMD') could provide a major benefit to patients and represents a significant value creation opportunity for Summit in the near and medium term.

In January 2010, Summit received a major boost when BioMarin Pharmaceuticals Inc. announced that it had initiated a Phase I clinical study of BMN-195 (formerly SMT C1100) for the treatment of DMD. BMN-195 was discovered by our scientists and its progression into clinical trials represents a major achievement for the Company and is testament to the scientific expertise that exists within the business. Importantly, BMN-195 has the potential to become a first-in-class disease modifying medicine that could treat the entire spectrum of patients with this deadly disease.

BioMarin recently reported that they expect initial results from this Phase I trial in Q2 2010, and if successful, a Phase II patient trial could start in Q1 2011.

The programme was exclusively licensed to BioMarin in July 2008. Summit is eligible to receive success-based development and regulatory milestones of up to $50 million in addition to sales milestones of $85 million and tiered sales royalties rising to a low-teen percentage.

£2.2m Wellcome Trust Grant to Fund *C. difficile* Programme
In December 2009, Summit was awarded a grant worth up to £2.2 million from the Wellcome Trust to fund the development of the Company's *C. difficile* infectious disease programme. The grant was awarded following a highly competitive and rigorous application process and it provides a major endorsement of the scientific innovation and expertise that exists within Summit.

Secure funding and clear focus: A year of progress

The successful fundraising and completed restructuring programme ensured the business has emerged from a challenging period in a stronger financial position: Summit is now funded beyond the point it anticipates receiving milestones from our partner funded programmes and has the resources to exploit the exciting potential offered by our Seglin™ technology platform.

C. difficile is a life threatening pathogen for which current therapy options are limited. In 2008 in the UK, *C. difficile* was responsible for over three times more deaths than the MRSA superbug while cost of care in the US is estimated at $1.1 billion and rising. From initial studies, Summit has identified a novel class of small molecules, including the leading compound SMT 19969, which have an attractive activity profile. SMT 19969 is highly, but selectively active only against all clinically relevant *C. difficile* strains including the endemic, hyper-virulent 027 strain that is associated with higher mortality rates. This selectivity is a key property for any new antibiotic treatment against this pathogen as it means the other bacterium that naturally exists in a healthy human gut would be unharmed.

The award of the grant by Wellcome has allowed Summit to advance SMT 19969 into proof of concept studies in the gold standard in vivo model. In addition, a range of in depth bacterial resistance and mechanism of action studies have commenced. The results from all these studies are expected in the second half of this year, and if successful, we would anticipate having a package of data that could be attractive to potential commercial partners. We look forward to reporting on the progress of this exciting programme over the coming months.

Signing of New Co-development Agreements

In May 2009, Summit signed three new co-development agreements with the Taiwan-based company, Orient Pharma for the reprofiled drug programmes in acne (SMT D002), glaucoma (SMT D003) and wet age-related macular degeneration (AMD, SMT D004). The agreements provide Orient with exclusive development and commercialisation rights in Asia-Pacific and Australasia and they will be responsible for all development, manufacturing and distribution costs within those territories.

In addition, and as part of the restructuring programme, Summit signed a new agreement for the sialorrhoea programme (SMT D001) that entailed Orient taking full ownership of the programme. The terms of the deal involved Orient making an equity investment in Summit of $500,000 at a price of 13.5 pence per share, which was approximately 2.5 times the Company's share price at that time.

Although Summit's future research and development activities are now primarily focused on the Seglin™ technology, these programmes remain a potential source of future value upside that requires no investment from the Company.

Barry Price
Chairman

Steven Lee
Chief Executive Officer

Chairman and Chief Executive's Statement

Seglin Technology™:

Identifying medicines from new chemistry space
Our Seglin™ technology represents the major area of research and development investment for the business. This innovative technology uses new chemistry to access biological targets that cannot be exploited by conventional drug discovery approaches.

It is our belief that Seglin™ technology provides a major opportunity for the discovery of new medicines in a number of therapeutic areas and has the potential to deliver significant value growth. This belief was supported by the new and existing shareholders, who invested during the recent fundraising. These new funds help ensure that the business has the resources to develop the Seglin platform to the point where we believe it will deliver new licensing and collaboration deals.

Summit has validated the platform through the identification of a number of advanced Seglin compounds in a range of therapy areas. This includes our Seglin compound targeting malignant melanoma cancer, which has been given the preclinical development candidate identity SMT C2100, SMT 14224 for type II diabetes and SMT 15000 as a biodefence countermeasure. In addition, Seglin™ technology has generated hits in a wide range of other disease areas. Collectively, these data exemplify the potential power of the platform.

Summit's main therapeutic areas of focus are in metabolic diseases and infectious diseases and good progress was made in both of these areas during the period. In addition, we aim to exploit the wider potential of this innovative technology beyond our focus areas by collaborating with other parties through strategic alliances. It is pleasing to report that we are receiving increasing levels of interest from major pharmaceutical and biotechnology companies about the technology and are currently exploring potential collaborations with interested parties.

The coming year represents an important period in the development of the technology and we look forward to reporting on its progress in due course.

Seglin™ Focus Areas: Metabolic diseases
In metabolic diseases, our focus is on the development of potential treatments for type II diabetes that affects over 18 million patients in the US alone and has a global market worth in excess of $25 billion.

During the period under review, this programme has made good progress and a package of data has been generated that has already garnered interest from potential commercial partners. Our lead Seglin compound, SMT 14224, has demonstrated in vivo proof of concept in chronic and acute efficacy models and significantly, the results generated to date indicate it may operate via a new mechanism of action. Furthermore, a set of additional compounds have been identified from in vitro screening and these are now undergoing optimisation work.

It is the belief of the Board that further value can be added to the programme, and having received the financial support from our investors, additional studies are underway to reinforce data already generated to confirm the potential unique position of SMT 14224 and additional compounds. We expect to report results from these studies in the second half of 2010.

Seglin™ Focus Areas: Infectious diseases
Our second focus area targets infectious diseases and specifically viral diseases. Multiple hit compounds against a range of viral diseases have been identified using the Seglin™ technology and the most advanced of these programmes targets the life threatening disease hepatitis C ('HCV'), which the World Health Organisation estimates affects 170 million people worldwide.

Summit is using the Seglin™ technology against a set of hepatitis C targets including the NS3 helicase protein, an enzyme that unwinds the double-stranded RNA complex allowing the virus to replicate. HCV helicase is a well validated target that has proved to be intractable despite major efforts being made over the last decade by the pharmaceutical industry. Summit has identified a number of active Seglins against this enzyme. This represents a breakthrough towards finding new drugs to treat hepatitis C, and importantly, exemplifies the wider potential of Seglins to access intractable targets. Results from this, and other on-going studies, are expected in the second half of 2010.

Board and Management Changes
Mr Raymond Spencer ACA joined Summit in March 2009 as interim Chief Financial Officer. Raymond has provided valuable strategic support and input to the Board during the year. In addition, his financial expertise in operational management and corporate transactions has helped ensure that the business has emerged from the challenges of the year in a stronger position. The Board is pleased that Raymond has agreed to continue in this role on a permanent, part-time basis. In March 2009, Mr Anthony Weir left the Company by mutual consent.

Summary
It is the belief of the Board that the Company has emerged from this challenging period with a solid foundation from which to deliver value growth for our investors.

The restructuring and refocusing of the business ensures the Company has the necessary resources in place so as to benefit from the receipt of milestone payments from existing deals and is also in a position to exploit the exciting potential offered by our innovative Seglin™ technology.

On behalf of the Board, we wish to thank our loyal and dedicated staff who worked hard to ensure the business came through a difficult year. Finally, we thank all our shareholders for their continuing support and we look forward to reporting on the future progress of Summit during what we anticipate will be an exciting period for your Company.

Barry Price, PhD
Chairman

Steven Lee, PhD
Chief Executive Officer

5 May 2010

Commercial progress: Near and medium-term potential

Our partner funded portfolio of drug programmes made good progress during the year. The portfolio has contractual, success-based milestone payments potentially worth in excess of $160 million plus sales royalties rising to a low-teen percentage but requires no further investment from Summit.

Expertise

Seglin™ technology platform refined over several years

In-house team of skilled scientists

Collaborations with leading academic authorities

Partner Funded Programme Portfolio: Continuing to advance

Our partner funded portfolio, which comprises of a number of drug discovery programmes, made good progress during the year:

- BMN-195 (formerly SMT C1100) for treatment of fatal genetic disease Duchenne Muscular Dystrophy (DMD) advanced into human phase I clinical trials by BioMarin Pharmaceuticals in January 2010
- £2.2 million grant awarded by the Wellcome Trust in December 2009 to fund the development of the *C. difficile* infectious disease programme. SMT 19969 subsequently selected as a lead compound and has been advanced into proof of concept studies
- Three new co-development agreements signed with Taiwan-based company Orient Pharma for acne, glaucoma and AMD programmes

Financial Review

Raymond Spencer Chief Financial Officer

Financial Review
During the period under review, Summit has made good progress in strengthening the financial position of the Group in spite of the challenging economic conditions.

The Group has ended the year with £6.1 million in cash following completion of the Placing and Open Offer in December 2009 and, together with the radical action taken by your Board to reduce costs, the Group now has sufficient cash to last until at least December 2011.

The cost savings have been achieved through a combination of a reduction in head count (and associated salaries), Directors' remuneration, lease of premises, general overheads and a more focused approach in research and development investment. Total operating costs on continuing operations have fallen by £7.5 million to £5.8 million (2008/09: £13.3 million). Consequently, the loss attributable to continuing operations fell by over 50% to £5.5 million (2008/09: £11.3 million), with the total loss for the period falling by approximately 75% to £5.4 million (2008/09: £22.4 million). It is expected that the full benefit of the restructuring programme will be reflected in the coming financial year.

As noted in the Chairman and Chief Executive's Statement, your Board is pleased to report the progress made by BioMarin Pharmaceuticals Inc. in progressing the DMD product BMN-195 into Phase I human clinical studies. BioMarin expect a readout from this trial in the second quarter of 2010. The subsequent entry into a Phase II study will trigger a $3 million milestone due to Summit and, if this is successful, a pivotal study will generate an additional $10 million milestone payment to Summit.

We were pleased with the support of shareholders in the £5.4 million, before expenses, raised in the Placing and Open Offer in December 2009 and particularly from the Company's largest shareholder, Lansdowne, who provided a cornerstone investment and increased their ownership in the Company to 29.9%. In December 2009 the Group was awarded a grant from the Wellcome Trust for its *C. difficile* programme of up to £2.2 million. £558,000 of this grant was received in January 2010.

In addition the Company raised £315,000 from an issue of shares to Orient Pharma as part of a renegotiation of the commercial arrangements with them. In May 2009, the Zebrafish business was sold for £500,000 and in September 2009 the Dextra business was sold for £950,000. In each case the proceeds were in cash and subject to either a working capital adjustment or net asset adjustment. The Group also received £815,000 (2008/09: £898,000) in R&D tax credits during the year.

Your Board believes that the Group now has sufficient resources to develop its core programmes over the next two years and establish whether they have potential medical utility and also to chart the progress of the DMD programme with BioMarin.

For continuing operations during the period under review, research and development costs fell by 55% to £2.3 million (2008/09: £5.1 million) while combined general and administrative and sales and marketing expenses fell by 33% to £2.9 million (2008/09: £4.3 million). Headcount has fallen from an average of 142 in the year ended 31 January 2009 to 31 employees as at 31 January 2010. The Chief Executive Officer and Chief Scientific Officer also agreed to cuts in their basic salaries of 25% and 20% respectively; the members of the Board also reduced their fees by between 27% and 55%. The cost of leasing premises has fallen from over £1.0 million per annum to approximately £200,000 per annum from January 2010. In total, the cash burn from operating activities has fallen from £10.1 million to £3.1 million.

Working Capital
Following the fundraise, grant receipts, sales of Dextra and Zebrafish, R&D tax credit and the significant cost reductions during the year, the Group had £6.1 million in cash at 31 January 2010 (31 January 2009: £2.7 million) which is sufficient on current projections until at least December 2011 excluding any revenues other than the Wellcome Trust grant. These financial statements have, therefore, been prepared on a Going Concern basis.

Summary
The Group has emerged from the year as a streamlined and refocused drug discovery business that is funded beyond the point where it anticipates receiving additional revenues from existing or new deals.

It is the belief of the Board that a solid foundation has been laid from which the Group will be able to provide value growth for our investors through the progression of the partner funded programmes and development of our innovative Seglin™ technology platform.

Raymond Spencer, ACA
Chief Financial Officer

5 May 2010

Sustainable discovery and development: Sound prospects

We remain confident about the underlying potential within the business and believe Summit is well placed to generate value from the portfolio of partner funded programmes and through our focus on the development of the innovative Seglin™ technology platform, to create a sustainable business for the benefit of shareholders.

IP and Compounds

Extensive IP protection: over 20 Seglin patents filed

Largest, most diverse collection of Seglins continuing to grow

Outlook

It is our belief that the progress made during the year has created a solid foundation to support the future development of the business:

- Successful £5.4 million fundraising completed and award of Wellcome Trust grant provides business with cash resources until at least the end of 2011, excluding milestone payments from existing and future deals
- Completion of extensive restructuring programme to reduce cash used in operating activities by approximately 70%
- Good advances made in key partner funded programmes with DMD entering Phase I human clinical trials and a lead compound selected in Wellcome Trust funded *C. difficile* programme
- Continuing investment into the development of our innovative Seglin™ technology platform that represents a major opportunity for the discovery of new medicines

Board of Directors

Barry Price, PhD
Non–Executive Chairman
Dr Price (66) joined Summit as Non-Executive Chairman in September 2006 and brings to the Company a wealth of industry and board-level expertise in the pharmaceutical and life sciences industries. Previously, he spent over 25 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 14 years with the company, he was involved in Shire developing into one of the UK's largest life science companies. Dr Price is currently Chairman of Antisoma plc and has previously held directorships at Chiroscience plc, Celltech Group plc, Pharmagene plc and BioWisdom Ltd.

Steven Lee, PhD
Chief Executive Officer
Dr Lee (43) joined Summit as CEO in September 2004. Prior to this, he held a number of senior commercial and business development roles with major UK biotechnology companies including British Biotech plc, PA Consulting Group, Chiroscience Group plc and Datamonitor plc. From 2001 until 2004, Dr Lee was Executive Director of Life Sciences at the commercialisation specialists IP2IPO Ltd (now IP Group plc). He has also acted as a consultant on product strategy to major pharmaceutical companies including Zeneca, Glaxo Wellcome, Novartis and Johnson & Johnson. Dr Lee is currently Chairman of the UK biotechnology business network, OBN. Dr Lee holds a PhD in parasite epidemiology from Kings College London.

Richard Storer, DPhil
Chief Scientific Officer
Dr Storer (62) was appointed to the Board of Directors as Chief Scientific Officer in May 2006. He career has spanned over 30 years within the pharmaceutical industry and has overseen the progression of several discovery programmes into clinical development. Several of these were subsequently launched to market including the blockbuster products Epivir and Relenza. His formative years were spent at GlaxoWellcome before moving to BioChem Pharma Inc. (now part of Shire plc) as Senior Director of Chemistry prior to joining Idenix Pharmaceuticals as Senior Vice President of Chemistry. In 1996, Dr Storer received the Canadian Prix Galien for the discovery of 3TC (Epivir) and he is a Fellow of the Royal Society of Chemistry.

Professor Stephen Davies
Non–Executive Director
Professor Davies (60) co-founded Summit in January 2003. He was Chairman of Summit until September 2006 and guided the Company through a successful flotation and the formative years of the Company's development. In 1992, Professor Davies founded the spin-out companies Oxford Asymmetry and Oxford Diversity which later combined for the IPO of Oxford Asymmetry International. This subsequently merged in 2000 with Evotec for £316 million. He has been a professor at Oxford University for over 20 years and was elected to the Waynflete Chair of Chemistry in 2006, one of the most prestigious academic posts in UK science. In addition, Professor Davies has received numerous awards for his contribution to organic chemistry. Professor Davies currently holds directorships with Isis Innovations Ltd and Sci-ink Ltd.

Andrew Richards, PhD
Non–Executive Director
Dr Richards (50) was appointed to the Summit Board as a Non-Executive Director in March 2007 following the acquisition of DanioLabs Ltd. As a biotechnology entrepreneur, he founded Chiroscience in 1992 and was an Executive Director until its merger with Celltech in 1999. Currently Dr Richards is a Director at Vectura plc, Theradeas Ltd, Cancer Research Technology Ltd (the commercial arm of CR-UK), Babraham Bioscience Technology Ltd, Arecor Ltd and is Chairman of Novacta Biosystems Ltd, Ixico Ltd and Altacor Ltd. He is also a founding member of the Cambridge Angels and a member of the council of the BBSRC. Dr Richards is a Cambridge graduate with a PhD in enzyme chemistry.

George Elliott, BA, CA
Non–Executive Director
Mr Elliott (57) joined the Summit Board of Directors in April 2007. From 2000 to 2007, Mr Elliott served as Chief Financial Officer and Finance Director of Wolfson Microelectronics plc and during his time oversaw the company gain entry into the FTSE 250 index. Previously he was Business Development Director at McQueen International Ltd (now SYKES), where he was responsible for strategic sales and marketing. Mr Elliott is currently Non-Executive Chairman of Craneware plc and Corsair Components Inc. and holds Non-Executive Directorships with Oxonica plc and Scotcloth Ltd. Mr Elliott, formerly a partner of Grant Thornton, is a Chartered Accountant and has a degree in Accountancy and Finance from Heriot-Watt University.

Directors' Report

For the year ended 31 January 2010

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 2010.

Principal activities

The principal activity of Summit and the Group is the discovery and development of new therapeutics from its Seglin™ technology drug discovery platform in areas of 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 Statement.

Directors

The Directors who served during the period were:

Executive	
Steven Lee, PhD	Chief Executive Officer
Richard Storer, DPhil	Chief Scientific Officer
Anthony Weir, ACA	Chief Financial Officer, resigned 23 March 2009

Non-Executive	
Barry Price, PhD	Chairman
Professor Stephen Davies	Non-Executive director
George Elliott, BA, CA	Non-Executive director
Andrew Richards, PhD	Non-Executive director

Details of the Directors' interests, share options and service contracts are shown in the Directors' Remuneration Report.

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

Biographical details of the Directors are available on page 14.

Principal risks and uncertainties

Intellectual property

In common with all drug-development companies, Summit faces the risk that the intellectual property rights necessary to exploit research and development efforts may not be adequately secured or defended. The Group's intellectual property may also become obsolete before the products and services can be fully commercialised.

Research and development risk

There is always a risk that drugs under development will fail for a number of possible reasons. Potential drugs could fail to show reproducible results in preclinical and clinical trials, produce unacceptable side affects that do not outweigh any clinical benefit or be uneconomic to develop.

Regulatory risk

Drug development is a highly regulated activity with multiple agencies working to ensure that clinical trials and 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 can lead to delays in drug development which take significant time and investment to resolve.

Commercial risk

The Group's platform technology or individual drug programmes may be superseded by direct competitors. Alternative technologies or drug programmes could be developed that undermine the Group's commercial activities or make our current technology and drug programmes uneconomic for the market.

Financial risk

The successful development of the Group's drug programmes requires financial investment which can come from revenues, commercial partners or investors. Failure to generate additional funding from any of these sources may lead to postponement of drug programmes and a reduction in research and development operations. The ability of the Group to continue to operate on a going concern basis should also be considered as a financial risk.

Results and dividends income statement

The Consolidated Statement of Comprehensive Income for the year is set out on page 24. The Group's loss for the financial year after taxation was £5,419,000 (2008/09: £22,403,000).

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 (2008/09: nil).

Directors' Report

For the year ended 31 January 2010

Financial information

The Group produces detailed budgets and cash flow projections quarterly and yearly for approval by the Board. Detailed management accounts are produced on a monthly basis for review and comment by the Board. Significant variances from budget are investigated promptly.

Financial Key Performance Indicators (KPIs)

The Directors consider cash, milestone receipts from licencees and collaboration agreements, and research and development investment to be the Group's KPIs. These three elements are discussed within the Chairman and Chief Executive's Statement and Financial Review.

Research and development

Details of the Group's research and development programmes can be found in the Chairman and Chief Executive's Statement.

Post Balance Sheet Events

There were no significant events of note which have occurred after the year ended 31 January 2010.

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 2010, the number of creditor days outstanding for the Group was 42 days (2008/09: 39 days). The Company had no trade creditors at 31 January 2010 or 31 January 2009.

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 17 'Financial Instruments' in the Notes to the Financial Statements for IFRS 7 disclosure regarding financial instruments.

Substantial shareholdings

On 1 May 2010 the Company had been notified of the following holdings of more than 3% or more of the issued share capital of the Company.

	Number of shares held	%
Vidacos Nominees Limited	49,708,691	29.90
Giltspur Nominees Limited	10,397,458	6.25
Professor Stephen Davies	7,658,748	4.61
Barclayshare Nominees Limited	6,690,080	4.02
TD Waterhouse Nominees (Europe)	6,057,050	3.64
BioMarin Pharmaceutical Inc	5,126,577	3.08
Schweco Nominees Limited	5,000,000	3.01

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 10.00am on June 17 2010 at the Milton Park Innovation Centre, 99 Milton Park, Abingdon, Oxfordshire, OX14 4RY.

Auditors

During the period under review, the auditors changed their name from BDO Stoy Hayward LLP to BDO LLP. BDO LLP has 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

Steven Lee, PhD
Chief Executive Officer

5 May 2010

Corporate Governance Report

For the year ended 31 January 2010

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 2010, the Board comprised four Non-Executive Directors, including the Chairman, and two Executive Directors.

Directors' biographies are on page 14.

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 regularly by telephone conference during the period to strategically review the activities of the business during the work towards securing its longer-term financial future. 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.

There is a clear separation of the roles of Chairman and Chief Executive Officer. 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 that 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 chairmanship of the executive committee.

Of the four current Non-Executive Directors, Barry Price, Andrew Richards and George Elliott are considered to be independent, and all of whom are available to meet shareholders on request. 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 to re-election by shareholders at least once every three years.

Performance Evaluation

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

Board committees

The Board has established an Audit Committee and Remuneration Committee both of which have formal terms of reference approved by the Board.

The two committees are provided with all necessary resources to enable them to undertake their duties in an effective manner.

Audit Committee

During the financial year the Audit Committee comprised George Elliott (Chairman), Professor Stephen Davies and Andrew Richards. The Chief Executive Officer and Chief Financial Officer attend by invitation only.

The role of the committee includes:

- 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 three times in the 12 months to 31 January 2010.

Remuneration Committee

During the financial year the Remuneration Committee comprised Andrew Richards (Chairman), Professor Stephen Davies and George Elliott. Other Directors are able to attend the meeting by invitation only.

The role of the Committee includes:

- 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 each Executive Director; performance conditions which are to apply.
- Determining bonuses payable under the Group's cash bonus scheme.
- Determining the vesting of awards under the Group's long-term incentive plans and exercise of share option.

The Directors' Remuneration Report is presented on pages 19 to 21.

The terms of reference for each committee are available on the request from the Company Secretary.

Corporate Governance Report

For the year ended 31 January 2010

Nominations Committee

As reported in the 2009 Corporate Governance Report, 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. The full Board reviewing the above matters has replaced the Nominations Committee that previously dealt with them.

Attendance at Board meetings and committees

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

Attendance	Board	Audit	Remuneration
Barry Price	11/11	–	–
Stephen Davies	11/11	2/3	4/5
Andrew Richards	11/11	2/3	5/5
George Elliott	10/11	3/3	5/5
Steven Lee	11/11	–	–
Richard Storer	11/11	–	–
Anthony Weir – resigned on 23 March 2009	1/2	–	–

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 Audit Committee 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 Director review and authorisation of transactions. 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 monthly basis and discussed in detail.

The Group maintains appropriate insurance cover in respect of actions taken against the Executive Directors because of their roles, 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. Health and safety is a regular agenda item for Board meetings.

Relations with shareholders

The Board recognises the important 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 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. Interim Statements and fully audited Annual Reports will be sent to shareholders and 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 the Directors will be available to discuss aspects of the Group's performance and question management in more detail.

Directors' Remuneration Report

For the year ended 31 January 2010

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 are disclosed in the Corporate Governance Report. 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 2009/10 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 the Executive's performance and contribution to the Company during the year.

A review of Executive Directors' total compensation was completed during the year forming part of the financial reorganisation of the Group. A greater proportion of total compensation will, in the future, be based upon achievement of individual and corporate goals. The Executive Directors accordingly agreed to a reduction in their basic salaries with effect from 1 March 2009: the Chief Executive Officer's basic salary was reduced by 25% and the Chief Scientific Officer's basic salary was reduced by 20%.

Bonuses

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

Bonuses were awarded during the year representing between 19% and 21% of basic salary. The Remuneration Committee believe that bonuses are an important element of the total compensation awards to Executive Directors, and as a part of the aforementioned review, has agreed that the bonus potential will be 100% for the Chief Executive Officer and other Executive Directors from 2010/11 onwards.

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, which fall under the HMRC approved Enterprise Management Incentive Scheme, are subject to exacting performance conditions linked to Total Shareholder Return (TSR) and the achievement of commercial deals delivering revenue to the Company. The Company intends to grant additional options subject to a cap, as previously agreed with shareholders, of 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 Chief Executive Officer 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 Remuneration Committee and are one-year rolling contracts. The service contract may be terminated by either party giving 12 months notice to the other. 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 Directors' contracts are summarised below:

	Date of contract	Notice period
Steven Lee	1 September 2004	12 months
Richard Storer	26 April 2006	12 months
Anthony Weir*	17 November 2009	12 months

*Anthony Weir resigned on 23 March 2009.

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. Following the reorganisation of the Group, Non-Executive Directors' fees were cut by between 27% and 55% following reductions that took effect from 1 March 2009 and 1 July 2009.

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	29 April 2010
Stephen Davies	29 April 2010
Andrew Richards	29 April 2010
George Elliott	29 April 2010

Non-Executives 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 2010

Audited information

Directors' remuneration

The Directors received the following remuneration during the year:

Director	Salary and fees 2009/10 £	Taxable benefits 2009/10 £	Bonus 2009/10 £	**Emoluments 2009/10 £**	Pension contributions 2009/10 £	**Total 2009/10 £**	Emoluments 2008/09 £	Pension contributions 2008/09 £	Total 2008/09 £
Executive									
Steven Lee	156,000	252	30,000	**186,252**	–	**186,252**	200,178	–	200,178
Richard Storer[(1)]	142,917	620	20,000	**163,537**	18,146	**181,683**	175,497	8,750	184,247
Darren Millington[(2)]	–	–	–	**–**	–	**–**	58,511	2,500	61,011
Anthony Weir[(3)]	152,946	–	–	**152,946**	13,468	**166,414**	125,820	–	125,820
Non-Executive									
Barry Price	39,667	–	–	**39,667**	–	**39,667**	66,000	–	66,000
Stephen Davies	20,959	–	–	**20,959**	–	**20,959**	27,500	–	27,500
George Elliott	21,875	–	–	**21,875**	–	**21,875**	30,500	–	30,500
Andrew Richards	21,625	–	–	**21,625**	–	**21,625**	27,500	–	27,500
Colin Wall[(4)]	–	–	–	**–**	–	**–**	33,500	–	33,500
	555,989	872	50,000	**606,861**	31,614	**638,475**	745,006	11,250	756,256

(1) Richard Storer waived his entitlement to £10,000 of his bonus. The Company agreed to make an additional one-off pension contribution of £11,000 to his pension plan.
(2) Darren Millington resigned on 29 August 2008.
(3) Anthony Weir resigned on 23 March 2009. The above figure includes termination fees of £119,357.
(4) Colin Wall resigned on 31 January 2009.

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 2009	Granted during the period	Surrendered during the period	**At 31 January 2010**	Price per share (p)	Date from which exercisable	Expiry date
Steven Lee	02-Sept-04	2,020,000	–	–	**2,020,000**	0.495	Note (i)	02-Sep-14
	02-Dec-05	550,000	–	(58,309)	**491,691**	171.5	Note (ii)	02-Dec-16
	28-Aug-07	200,000	–	–	**200,000**	118.5	Note (iii)	28-Aug-10
	27-Oct-09	–	1,000,000	–	**1,000,000**	5.4	Note (vi)	27-Aug-10
		2,770,000	1,000,000	(58,309)	**3,711,691**			
Richard Storer	02-May-06	540,120	–	–	**540,120**	165.0	Note (iv)	02-May-16
	02-May-06	59,880	–	(59,880)	**–**	167.0	Note (v)	02-May-16
	28-Aug-07	175,000	–	–	**175,000**	118.5	Note (iii)	28-Aug-10
	27-Oct-09	–	900,000	–	**900,000**	5.4	Note (vi)	27-Aug-10
		775,000	900,000	(59,880)	**1,615,120**			
Anthony Weir*	–	–	–	–	**–**	–		–

* Anthony Weir resigned on 23 March 2009

Notes:
(i) These options were awarded prior to the Company's flotation at an exercise price equal to the share price at the Company's formation. All shares have vested.
(ii) These options vest in the following proportions: 100,000 on award, 100,000 on 2 December 2006; 100,000 on 2 December 2007 and 250,000 on 2 December 2008. The exercise price of the options was the closing mid-market value of the shares on 30 November 2005.
(iii) These options are performance related, with all share options vesting 28 August 2010 subject to the performance of the Company's share price. Under the terms of this scheme, the extent to which the options vest will be based on the three-year relative TSR performance as compared to the FTSE TechMARK Mediscience Index. Threshold vesting (33% of an award) would require Summit's TSR to equal the index and full vesting would require Summit's TSR to out-perform the index TSR by a minimum of 20% per annum; neither condition was met during the period and no options vested.
(iv) Vesting in the following proportions: 40,120 on 2 May 2007; 200,000 on 2 May 2008 and 300,000 on 2 May 2009.
(v) All share options vested on 2 May 2007.
(vi) These options vest in three instalments on the first, second and third anniversary of the grant subject to key milestones or licence fees being obtained and the performance of Summit's TSR relative to the TSR performance of a group of comparator companies; full vesting will normally only occur if Summit's TSR is in the upper quartile and cumulative milestones or licence fees exceed £15 million.

Directors' shareholdings

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

	Ordinary shares at 31 January 2010	Ordinary shares at 31 January 2009
Executive		
Steven Lee	**2,382,492**	182,492
Richard Storer	**516,229**	16,229
Anthony Weir	**–**	–
Non-Executive		
Barry Price	**614,615**	14,615
Stephen Davies	**7,608,748**	6,208,748
Andrew Richards	**466,068**	149,461
George Elliott	**205,291**	5,291
	11,793,443	6,656,004

The market price of the Company's shares at 31 January 2010 was 5.26 pence. During the year from 1 February 2009, the market price of the Company's shares has ranged from 1.5 pence to 24.5 pence.

On behalf of the Board

Andrew Richards, PhD
Chairman of Remuneration Committee

5 May 2010

Statement of Directors' Responsibilities

For the year ended 31 January 2010

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

Steven Lee, PhD
Chief Executive Officer

5 May 2010

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 2010 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 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

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 2010 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 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 to be audited 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 Kim Hayward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

5 May 2010

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 2010

	Notes	Year ended 31 January 2010 £000	Year ended 31 January 2009 (Restated) £000
Revenue	4	**189**	185
Cost of sales		**–**	(4)
Gross profit		**189**	181
Other operating income	7	**196**	195
Administrative expenses			
Research and development		**(2,302)**	(5,119)
General and administration		**(2,630)**	(3,490)
Sales and marketing		**(233)**	(779)
Depreciation and amortisation		**(826)**	(1,555)
Accelerated depreciation of leasehold improvements	7	**(1,361)**	–
Impairment	7	**–**	(2,597)
Release of loan	7	**1,211**	–
Share-based payment	21	**(4)**	(154)
Total administrative expenses	7	**(6,145)**	(13,694)
Operating loss		**(5,760)**	(13,318)
Finance income		**8**	299
Finance cost		**(67)**	(81)
Loss before taxation	7	**(5,819)**	(13,100)
Taxation	9	**372**	1,747
Loss for the year from continuing operations		**(5,447)**	(11,353)
Profit/(loss) for the year from discontinued operations	5	**28**	(11,050)
Loss and total comprehensive expense for the year attributable to owners of the parent		**(5,419)**	(22,403)
Basic and diluted loss per Ordinary share for continuing operations	10	**(8.13)p**	(21.26)p
Basic and diluted profit/(loss) per Ordinary share for discontinued operations	10	**0.04p**	(20.70)p

The comparatives have been restated as a result of the discontinued operations this year (Note 5).

The notes on pages 28 to 48 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 January 2010

	Notes	31 January 2010 £000	31 January 2009 £000
ASSETS			
Non-current assets			
Intangible assets	11	**4,535**	4,820
Property, plant and equipment	12	**335**	3,714
		4,870	8,534
Current assets			
Inventories	13	**–**	391
Trade and other receivables	14	**246**	1,495
Current tax		**306**	805
Cash and cash equivalents		**6,082**	2,717
		6,634	5,408
Total assets		**11,504**	13,942
LIABILITIES			
Current liabilities			
Trade and other payables	15	**(1,104)**	(1,732)
Borrowings	16	**–**	(135)
Total current liabilities		**(1,104)**	(1,867)
Non-current liabilities			
Deferred income		**–**	(141)
Provisions	18	**(1,180)**	(1,180)
Borrowings	16	**–**	(1,181)
Deferred tax	19	**(942)**	(1,020)
Total non-current liabilities		**(2,122)**	(3,522)
Total liabilities		**(3,226)**	(5,389)
Net assets		**8,278**	8,553
Equity			
Share capital	20	**6,910**	5,597
Share premium account		**29,633**	25,785
Share-based payment reserve	21	**1,159**	1,176
Merger reserve		**(1,943)**	12,654
Retained earnings		**(27,481)**	(36,659)
Total equity attributable to the equity shareholders of the parent		**8,278**	8,553

The notes on pages 28 to 48 form part of these financial statements.

Approved by the Board of Directors and authorised for issue

Steven Lee, PhD
Chief Executive Officer

5 May 2010

Consolidated Statement of Cash Flows

For the year ended 31 January 2010

	Notes	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Cash flows from operating activities			
Loss before tax from continuing activities		(5,819)	(13,100)
Profit/(loss) before tax from discontinued activities		28	(11,027)
		(5,791)	(24,127)
Adjusted for:			
Finance income		(8)	(304)
Finance cost		69	85
Foreign exchange loss		22	2
Depreciation		2,045	1,182
Amortisation of intangible fixed assets		323	718
Loss on disposal	7	7	198
Impairment loss		–	12,464
Cancellation of loan		(1,211)	–
Share-based payment		(18)	212
Adjusted loss from operations before changes in working capital and provisions		(4,562)	(9,570)
Decrease in trade and other receivables		923	86
Decrease/(increase) in inventories		181	(54)
(Decrease) in trade and other payables		(451)	(1,489)
Cash used by operations		(3,909)	(11,027)
Taxation received		815	898
Net cash used in operating activities		(3,094)	(10,129)
Investing activities			
Proceeds from disposal of discontinued operations		1,507	–
Proceeds from disposal of property, plant and equipment		8	–
Purchase of property, plant and equipment		(48)	(997)
Purchase of intangible assets		(40)	(150)
Interest received		8	304
Net cash used in investing activities		1,435	(843)
Financing activities			
Proceeds from issue of share capital		5,706	3,900
Transaction costs on share capital issued		(552)	–
Repayment of debt during the period		(53)	(204)
Repayment of finance lease costs		(8)	(10)
Interest paid		(69)	(85)
Net cash generated from financing activities		5,024	3,601
Net increase/(decrease) in cash and cash equivalents		3,365	(7,371)
Cash and cash equivalents at beginning of period		2,717	10,088
Cash and cash equivalents at end of year		6,082	2,717

The notes on pages 28 to 48 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 January 2010

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2009	5,597	25,785	1,176	12,654	(36,659)	8,553
Loss for the year from continuing operations	–	–	–	–	(5,447)	(5,447)
Profit for the year from discontinued operations	–	–	–	–	28	28
Total comprehensive expense for the year	–	–	–	–	(5,419)	(5,419)
New share capital issued	1,313	4,400	–	–	–	5,713
Transaction costs on share capital issued	–	(552)	–	–	–	(552)
Transfer following realisation on disposal of discontinued operations	–	–	–	(14,597)	14,597	–
Share-based payment	–	–	(17)	–	–	(17)
At 31 January 2010	**6,910**	**29,633**	**1,159**	**(1,943)**	**(27,481)**	**8,278**

Year ended 31 January 2009

Group	Share capital £000	Share premium account £000	Shares to be issued £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2008	4,967	22,750	1,443	964	11,328	(14,256)	27,196
Loss for the year	–	–	–	–	–	(22,403)	(22,403)
Total comprehensive expense for the year	–	–	–	–	–	(22,403)	(22,403)
New share capital issued	630	3,035	(117)	–	–	–	3,548
Share-based payment	–	–	–	212	–	–	212
Share issue eligible for merger relief	–	–	(1,326)	–	1,326	–	–
At 31 January 2009	5,597	25,785	–	1,176	12,654	(36,659)	8,553

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.

There is a credit to the share-based payment reserve this year due to the fall in staff numbers as a result of the transactions detailed in Note 5, Discontinued operations.

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.

A further £13,271,000 was established in the year ended 31 January 2008 as a result of the premium arising on shares issued to acquire DanioLabs Limited and Dextra Laboratories Limited in March 2007. The issue of the shares as deferred consideration in the year to 31 January 2009 as part of the acquisition of DanioLabs Limited resulted in a further £1,326,000 being established. Both of these amounts have been transferred to retained earnings on their realisation by virtue of the disposals detailed in Note 5.

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 profits arising from the date of acquisition are included.

Notes to the Financial Statements

For the year ended 31 January 2010

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 financial information in these financial statements has been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

Management are confident about the Group's ability to continue as a going concern as a result of the cost reductions made over the last year, the successful fund raise in December 2009 and the future opportunities for the business that are outlined in the Chairman and Chief Executive's Statement.

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'.

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.

Other intangible assets 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

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 11 for details.

1. Basis of accounting (continued)

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 aquired 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 grant are treated as revenue as they are more akin to contract research than government assistance and are part of a wider funding and revenue sharing agreement. The monies received through this grant 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.

Inventories

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

Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to 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.

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) a Monte-Carlo 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.

Notes to the Financial Statements

For the year ended 31 January 2010

1. Basis of accounting (continued)

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 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.

Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the Consolidated Statement of Comprehensive Income (including the comparative period) as a single line which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

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 management team including the Chief Executive Officer, Chief Scientific Officer and the Chief Financial Officer.

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 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. In particular, where arrangements result in multiple deliverables, there may be significant judgement in separating the different revenue generating activities. 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 tests annually whether Goodwill, Intangible assets or Property plant and equipment have suffered any impairment, in accordance with the accounting policy stated in Note 1. 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 2010 and 31 January 2009 are presented in Note 11.

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 18.

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 21, '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 2010

3. Changes to accounting policies

During the period ended 31 January 2010 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 Financial Reporting Interpretations (IFRIC)	
IFRIC 11, IFRS 2	Group treasury share transactions
IFRIC 12	Service concession arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction
IFRIC 15	Agreements for the construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

International Accounting Standards (IAS/IFRS)	
IAS 27 and IFRS 1	Cost of an Investment in a subsidiary, jointly-controlled entity or associate
IAS 32 and IAS 1	Puttable Financial Instruments and Obligations arsing on Liquidation
IAS 39	Financial Instruments: recognition and measurement (amendment)
IFRS 1	First-time adoption of International Financial Reporting Standards (revised)
IFRS 2	Share-Based Payment: Vesting Conditions and Cancellations (amendment)
IFRS 7	Improving Disclosures about Financial Instruments (amendments)
IAS 23	Borrowing Costs (amendments)
IAS 32	Financial Instruments: Presentation (amendments)

The following standards which became effective in the period have had an impact on the financial statements:

International Accounting Standards (IAS/IFRS)	
IAS 1	Presentation of Financial Statements (Revised)
IFRS 8	Operating Segments

IAS 1(Revised) has led to changes in the format of the primary statements. Primarily, the reconciliation of the movement in equity is now a primary statement and not a note to the accounts and the Consolidated Statement of Income is now shown as Consolidated Statement of Comprehensive Income. The Group has adopted a '1' statement approach.

The Group early adopted IFRS 8 'Operating Segments' for the year ended 31 January 2008 on its transition to IFRS. Further details about how the Group has identified its segments and chief operating decision maker are detailed in Note 4.

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	Additional Exemptions for First-time Adopters (amendments)	1 January 2010
IFRS 2	Group cash-settled share-based payment transactions (amendment)	1 July 2009
IFRS 3	Business combinations (revised)	1 July 2009
IFRS 9	Financial Instruments	1 January 2013
IAS 24	Related Party Disclosure (revised)	1 January 2011
IAS 27	Consolidated and Separate Financial Statements (amendments)	1 July 2009
IAS 32	Classification of Rights Issues (amendment)	1 February 2010
IAS 39*	Financial Instruments 'Recognition and measurement – Amendments for eligible hedged items'	1 July 2009

International Financial Reporting Interpretations (IFRIC)		Effective date
IFRIC 14, IAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011
IFRIC 17*	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18*	Transfer of assets from customers	1 July 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 April 2010

* Not endorsed by the EU as at the date of approval of these financial statements.

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

For the year ended 31 January 2010	Continuing	Discontinued		
	Drug Discovery £000	Carbohydrate Services £000	Zebrafish Services £000	Total £000
Segment revenue	**189**	**1,112**	**171**	**1,283**
Segment result	**(5,447)**	**(228)**	**256**	**28**
At 31 January 2010				
Segment assets and liabilities				
Non-current assets				
Intangible assets	4,535	–	–	
Property, plant and equipment	335	–	–	–
	4,870	**–**	**–**	**–**
Current assets				
Trade and other receivables	246	–	–	–
Current tax	306	–	–	–
Cash and cash equivalents	6,082	–	–	–
	6,634	**–**	**–**	**–**
Current liabilities				
Trade and other payables	(1,104)	–	–	–
Borrowings	–	–	–	–
	(1,104)	**–**	**–**	**–**
Non-current liabilities				
Provisions	(1,180)	–	–	–
Deferred tax	(942)	–	–	–
	(2,122)	**–**	**–**	**–**
Information about profit or loss for the year				
Interest revenue	8	–	–	–
Interest expense	(67)	(1)	–	(1)
Depreciation	(1,864)	(120)	(4)	(124)
Amortisation	(323)	–	–	–
Share option charge	(4)	21	–	21
Taxation	372	23	–	23
Additions to non-current assets				
Intangibles assets	68	–	–	–
Property, plant and equipment	30	6	2	8

Notes to the Financial Statements

For the year ended 31 January 2010

4. Segmental reporting (continued)

For the year ended 31 January 2009	Continuing Drug Discovery £000	Discontinued Carbohydrate Services £000	Zebrafish Services £000	Total £000
Segment revenue	**185**	**916**	**730**	**1,646**
Segment result	**(11,353)**	**(2,565)**	**(8,485)**	**(11,050)**
At 31 January 2009				
Segment assets and liabilities				
Non-current assets				
Intangible assets	4,820	–	–	–
Property, plant and equipment	2,245	1,290	179	1,469
	7,065	**1,290**	**179**	**1,469**
Current assets				
Inventories	226	165	–	165
Trade and other receivables	475	358	662	1,020
Current tax	805	–	–	–
Cash and cash equivalents	2,509	142	66	208
	4,015	**665**	**728**	**1,393**
Current liabilities				
Trade and other payables	(1,321)	(309)	(102)	(411)
Borrowings	(113)	(14)	(8)	(22)
	(1,434)	**(323)**	**(110)**	**(433)**
Non-current liabilities				
Deferred income	–	(141)	–	(141)
Provisions	(1,180)	–	–	–
Borrowings	(1,083)	(17)	(81)	(98)
Deferred tax	(997)	(23)	–	(23)
	(3,260)	**(181)**	**(81)**	**(262)**
Information about profit or loss for the year				
Interest revenue	299	5	–	5
Interest expense	(78)	(1)	(6)	(7)
Depreciation	(805)	(344)	(33)	(377)
Amortisation	(718)	–	–	–
Impairment	(2,597)	(1,378)	(8,489)	(9,867)
Share option charge	(212)	–	–	–
Taxation	1,747	(23)	–	(23)
Additions to non-current assets				
Intangibles assets	150	–	–	–
Property, plant and equipment	240	536	38	574

Following the sale of Dextra Laboratories Limited and the Zebrafish service business, the Summit Group comprised six legal entities, of which three are trading. These included the five subsidiary companies detailed in Note 33 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 Discovery.

The Drug Discovery segment covers Summit's licensing revenue business, all research and development activities carried out by the Group, including the Seglin™ (iminosugar) drug discovery technology platform, the partner funded drug programmes (see pages 2 to 11 for more details) and any other discovery stage research.

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 Discovery segment different opportunities to develop individual drug programmes may emerge and change this position for future periods. Acknowledging that the Group may secure further out-licensing agreements or significant grants, the Directors anticipate developing an appropriately refined segmental reporting methodology during the coming year.

4. Segmental reporting (continued)

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 2010		Year ended 31 January 2009	
	Continuing £000	**Discontinued £000**	Continuing £000	Discontinued £000
UK	**34**	**365**	1	414
USA	**23**	**303**	25	246
Europe	**132**	**342**	159	679
Rest of the world	**–**	**273**	–	307
	189	**1,283**	185	1,646

5. Discontinued operations

On 7 May 2009, the Zebrafish business, which was held within part of Summit (Oxford) Limited and the whole of the subsidiary Summit Asia Pte Limited, was sold to Evotec AG. The proceeds for the sale were £500,000, plus a working capital adjustment of £57,000 and resulted in an overall profit of £275,000.

On 2 September 2009 Dextra Laboratories Limited, the carbohydrate services business, was sold to NZP Holding Limited. The proceeds for the sale were £950,000 plus a final net asset adjustment of £29,000 and resulted in an overall loss of £240,000. For further details regarding these transactions please see the Chairman and Chief Executive's Statement.

The profit on the sale of the discontinued operations was calculated as follows:

	Zebrafish Services £000	Carbohydrate Services £000	Total £000
Consideration received			
Cash	557	979	1,536
	557	979	1,536
Cash disposed of	17	–	17
Net assets disposed (other than cash):			
Property, plant and equipment	225	1,107	1,332
Intangibles	–	3	3
Trade and other receivables	40	286	326
Other financial assets	–	210	210
Trade and other payables	–	(142)	(142)
Other financial liabilities	–	(245)	(245)
	265	1,219	1,484
Pre-tax gain/(loss) on disposal of discontinued operations	275	(240)	35
Related tax expense	–	–	–
	275	(240)	35

Notes to the Financial Statements

For the year ended 31 January 2010

5. Discontinued operations (continued)

The results of the discontinued operations which have been included in the Consolidated Statement of Comprehensive Income were as follows:

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Revenue	1,283	1,646
Expenses	(1,313)	(12,673)
Loss before tax of discontinued operations	(30)	(11,027)
Tax	23	(23)
Loss after tax of discontinued operations	(7)	(11,050)
Profit on sale of discontinued operations	35	–
Tax	–	–
	35	–
Profit/(loss) on discontinued operations	28	(11,050)

During the period, the discontinued operations absorbed £184,000 of the Group's net operating cash flows (2009: £1,720,000), £15,000 (2009: £526,000) in respect of investing activities and £8,000 (2009: £10,000) in respect of financing activities.

6. Directors and employees

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

	31 January 2010 £000	31 January 2009 £000
Technical, research and development	56	112
Administration	17	30
	73	142

The parent company had no employees in the current or previous financial years. On 31 January 2010, the number of people employed by the Group was 31.

Their aggregate remuneration comprised:

	31 January 2010 £000	31 January 2009 £000
Wages and salaries	2,633	4,953
Social security costs	250	503
Pension costs	162	223
Share-based payment	(17)	212
	3,028	5,891

In respect of Directors' remuneration, the Company has taken advantage of the permission in paragraph 1(6) of Schedule 6 to the Companies Act 1985 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 19 to 21, which form part of these financial statements.

Disclosures relating to key management identified required by IAS 24 are already included in the Directors' Remuneration Report are also re-presented below in the required format.

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Short-term employee benefits	487	745
Post-employment benefits	32	11
Other long-term benefits	–	–
Termination benefits	119	–
Share-based payment	4	(30)
	642	726

7. Loss before taxation

	Note	Year ended 31 January 2010 Continuing £000	Year ended 31 January 2010 Discontinued £000	Year ended 31 January 2009 Continuing £000	Year ended 31 January 2009 Discontinued £000
Other operating income					
Grant income		**13**	**26**	174	120
Other income		**183**	**–**	21	–
		196	**26**	195	120
Non-recurring items					
Administration costs		**–**	**–**	141	–
Slow moving stock provision		**226**	**–**	–	13
Accelerated depreciation of leasehold improvements	12	**1,361**	**–**	–	–
Release of loan	16	**1,211**	**–**	–	–
Impairments					
Goodwill		**–**	**–**	–	9,767
Intangible assets	11	**–**	**–**	2,597	–
Property, plant and equipment		**–**	**–**	–	100
		–	**–**	2,597	9,867
Profit/(loss) on disposals					
Discontinued operations	5	**–**	**35**	–	–
Intangible assets		**(25)**	**–**	(127)	–
Property, plant and equipment		**(11)**	**(6)**	(71)	–
		(36)	**29**	(198)	–
Other					
Share-based payments	21	**4**	**(21)**	154	58
Employer pension contributions	6	**162**	**49**	128	95
Foreign exchange loss/(gain)		**12**	**12**	36	(34)
Amortisation of intangible assets	11	**323**	**–**	718	–
Depreciation of property, plant and equipment	12	**503**	**125**	622	560

Following a deed of variation signed on 16 June 2009, the landlord of one of the properties released the Group from its obligations to repay the remaining loan balance outstanding as at 29 September 2009. In conjunction with this release, management reassessed the useful economic life associated with the leasehold improvements funded by the loan and as a result an accelerated depreciation charge of £1,361,000 has been included in the year. Both these items are considered to be exceptional in nature.

Included in other income this year is rental income totalling £150,000 and £12,000 for transitional accountancy and IT support as part of the disposals detailed in Note 5.

8. Auditors' remuneration

Services provided by the Group's auditor

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

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Fees payable to the Company's auditors for the audit of the Consolidated Financial Statements	**25**	32
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**8**	28
Audit-related regulatory reporting	**19**	67
Total audit fees	**52**	127
Further assurance services	**2**	–
Tax advisory services	**24**	19
Total non-audit fees	**26**	19
Total fees payable	**78**	146

Notes to the Financial Statements

For the year ended 31 January 2010

9. Taxation

Analysis of charge in period	**Year ended 31 January 2010 £000**	Year ended 31 January 2009 £000
United Kingdom corporation tax at 28% (2009: 28%)		
Current tax credit	**(306)**	(746)
Prior year adjustment	**(11)**	(96)
Deferred tax	**(55)**	(905)
Taxation	**(372)**	(1,747)

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	**(5,819)**	(13,100)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom (Current tax) of 28% (2009: 28%), and deferred tax at 28% (2009: 28%)	**(1,629)**	(3,668)
Effect of:		
Non-deductible expenses/(receipts)	**170**	(27)
Enhanced deductions for R&D expenditure	**(283)**	(562)
Difference in rate regarding R&D tax credits	**306**	637
Capital allowances in excess of depreciation (not recognised)	**451**	149
Increase in losses to carry forward (not recognised)	**643**	1,826
Movement in short term temporary differences (not recognised)	**–**	(6)
Tax losses utilised	**(19)**	–
Prior year adjustments	**(11)**	(96)
Total taxation	**(372)**	(1,747)

There are no current tax liabilities as at 31 January 2010 (2009: Nil).

The credit for deferred tax is the result of temporary differences arising on the recognition of intangible assets on the acquisition of Summit (Cambridge) Limited. The deferred tax liability shown on the face of the Consolidated Statement of Financial Position is the result of this transaction.

10. Loss per share

The loss per share for continuing operations has been calculated using the loss for the year attributable to continuing operations of £5,447,000 (year ended 31 January 2009: loss of £11,353,000) and dividing this by the weighted average number of shares in issue during the year to 31 January 2010: 67,010,402 (for the year ended 31 January 2009: 53,389,132). The profit per share for discontinued operations has been calculated using the profit attributable to discontinued operations of £28,000 (for the year ended 31 January 2009: loss of £11,050,000) and dividing this by the weighted average number of shares in issue during the year to 31 January 2010: 67,010,402 (for the year ended 31 January 2009: 53,389,132).

Since the Group has reported a net loss for continuing activities, diluted loss per share is equal to basic loss per share. The diluted profit per share for discontinued operations is reported as the same as the basic profit per share due to the limited impact that the number of options where the exercise price is lower than the average share price for the period has on the weighted average number of shares.

Potentially dilutive shares capable of vesting under the share options currently in issue totalled 8,516,754 as at 31 January 2010 (31 January 2009: 5,741,811).

11. Intangible assets

Year ended 31 January 2010

Cost	Sialorrhoea and seborrhoea programmes £000	Acquired Iminosugar related programmes £000	Other patents and licences £000	Total £000
At 1 February 2009	7,460	1,380	208	9,048
Additions	–	–	68	68
Disposals	–	–	(211)	(211)
At 31 January 2010	**7,460**	**1,380**	**65**	**8,905**
Amortisation and impairment				
At 1 February 2009	(3,899)	(187)	(142)	(4,228)
Provided in the year	(195)	(86)	(42)	(323)
Disposals	–	–	181	181
At 31 January 2010	**(4,094)**	**(273)**	**(3)**	**(4,370)**
Net book amount				
At 31 January 2009	3,561	1,193	66	4,820
At 31 January 2010	**3,366**	**1,107**	**62**	**4,535**

Year ended 31 January 2009

Cost	Sialorrhoea and seborrhoea programmes £000	Acquired Iminosugar related programmes £000	Other patents and licences £000	Total £000
At 1 February 2008	7,460	1,380	224	9,064
Additions	–	–	150	150
Disposals	–	–	(166)	(166)
At 31 January 2009	**7,460**	**1,380**	**208**	**9,048**
Amortisation and impairment				
At 1 February 2008	(750)	(101)	(82)	(933)
Provided in the year	(552)	(86)	(74)	(712)
Impairment	(2,597)	–	–	(2,597)
Disposals	–	–	14	14
At 31 January 2009	**(3,899)**	**(187)**	**(142)**	**(4,228)**
Net book amount				
At 31 January 2008	6,710	1,279	142	8,131
At 31 January 2009	**3,561**	**1,193**	**66**	**4,820**

In accordance with IAS 38, Intangible assets have been reviewed for signs of impairment.

Intangible assets recognised on acquisition of Summit (Cambridge) Limited (formerly DanioLabs Limited):
The most valuable of Summit (Cambridge) Limited's assets were its drug development programmes with the main value represented by the patents that protect the use of the compounds for the sialorrhoea and seborrhoea indications. Provided that these patents are granted in the major pharmaceutical markets and are robust in the face of potential competitors, the programmes will continue to have value.

The programmes were fair valued on acquisition using a discounted cash flow calculation which assessed the potential cash flows arising from the programmes over an expected development timeline, which were then adjusted for outcome probability at each potential stage of the programme. In line with the Group's accounting policies these assets are being amortised over 20 years from the date of filing which expire on 31 January 2026 and 30 June 2027 giving a remaining useful economic life of 16 years and 17.4 years respectively.

Both programmes have been reviewed for evidence of impairment: no indicators were identified.

Notes to the Financial Statements

For the year ended 31 January 2010

11. Intangible assets (continued)

The key assumptions in the discounted cash flow calculations used to arrive at the value in use of the programmes are as follows:

- The prevalence of the medical conditions the programmes are aimed at assisting.
- The expected market share of the programmes once they reach the market.
- Future possible licensing deals.
- Future milestones and royalties based on the current licensing deals the Group have entered into.

A discount factor of 12% has been used over the forecast period.

Intangible assets 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.

Summit management believes that the most reliable method to value this asset is by reference to the way in which it was acquired: through a competitive bid. As there were a number of bidders seeking to acquire the assets, and there were a significant number of iterations to finalise the bid value, it is reasonable to assume that the value of the key assets of MNL Pharma Limited is best estimated as the price paid (less any sums clearly highlighted for other assets). This approach would value the SMT 14400 assets at £1,380,800 being the fair value of consideration less the sum paid for fixed assets.

SMT 14400 has filed for a first medical use patent, which is a key asset in the therapeutic programme, and therefore management believes that the most appropriate treatment is to amortise the intangible asset over the life of this patent. The patent is due to expire on 23 January 2023, giving an amortisation period of 16 years with a remaining useful economic life of 12.8 years.

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

12. Property, plant and equipment

Year ended 31 January 2010

Cost	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
At 1 February 2009	2,393	3,176	342	5,911
Recategorisation	1,048	(1,048)	–	–
Additions	5	8	25	38
Disposals	(215)	(312)	(21)	(548)
Disposals of subsidiaries	(1,073)	(672)	(45)	(1,790)
At 31 January 2010	**2,158**	**1,152**	**301**	**3,611**
Depreciation				
At 1 February 2009	(822)	(1,175)	(200)	(2,197)
Recategorisation	(283)	283	–	–
Charge for the year	(225)	(392)	(67)	(684)
Accelerated depreciation	(1,361)	–	–	(1,361)
Disposals	215	99	7	321
Disposal of subsidiaries	322	301	22	645
At 31 January 2010	**(2,154)**	**(884)**	**(238)**	**(3,276)**
Net book value				
At 1 February 2009	1,571	2,001	142	3,714
At 31 January 2010	**4**	**268**	**63**	**335**

Year ended 31 January 2009

Cost	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
At 1 February 2008	2,282	2,920	300	5,502
Additions	111	623	80	814
Disposals	–	(367)	(38)	(405)
At 31 January 2009	2,393	3,176	342	5,911
Depreciation				
At 1 February 2008	(467)	(631)	(136)	(1,234)
Charge for the year	(355)	(729)	(98)	(1,182)
Impairment	–	(100)	–	(100)
Disposals	–	285	34	319
At 31 January 2009	(822)	(1,175)	(200)	(2,197)
Net book value				
At 1 February 2008	1,815	2,289	164	4,268
At 31 January 2009	**1,571**	**2,001**	**142**	**3,714**

Notes to the Financial Statements

For the year ended 31 January 2010

13. Inventories

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Raw materials	–	226
Finished goods	–	165
	–	391

There was a write down in value of inventories of £226,000 in the period in respect of slow moving inventories (2008/09: £3,000).

14. Trade and other receivables

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Trade receivables	41	651
Other receivables	77	77
Prepayments and accrued income	128	767
	246	1,495

15. Trade and other payables

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Trade payables	149	675
Other taxes and social security costs	65	253
Accruals and deferred income	884	558
Other creditors	6	246
	1,104	1,732

16. Borrowings

The split of the borrowings can be broken down as follows.

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Due within one year		
Loans	–	121
Hire purchase	–	14
	–	135
Due after one year		
Loans	–	1,164
Hire purchase	–	17
	–	1,181

16. Borrowings (continued)

The Group had two loan commitments with one of its landlords.

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Loans	–	1,285

The first loan, received on 27 September 2006, attracted no interest (and was in substance a lease incentive) and was repayable over the term of the Group's lease as follows:

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Debt due within one year	–	63
Debt due in second year	–	63
Debt due in third to fifth years inclusive	–	189
Debt due after five years	–	219
	–	534

The second loan, entered into on 30 September 2007, was recognised at fair value, using an interest rate of 11%, and was repayable over the term of the Group's lease, as follows:

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Debt due within one year	–	141
Debt due in second year	–	141
Debt due in third to fifth years inclusive	–	423
Debt due after five years	–	482
	–	1,187
Less future finance charges	–	(436)
	–	751

On 16 June 2009 the Company signed a deed of variation on the lease with their landlord, which as a direct result, terminated the remaining balance of the loans as at 29 September 2009.

The Group also previously held a hire purchase agreement.

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Hire purchase contracts	–	31

Future commitments under hire purchase and finance lease agreements were as follows:

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Debt due within one year	–	15
Debt due in second year	–	19
	–	34
Less future finance charges	–	(3)
	–	31

Net obligations under finance leases and hire purchase contracts were secured on the assets acquired.

Notes to the Financial Statements

For the year ended 31 January 2010

17. Financial instruments

	Note	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Cash and cash equivalents		**6,082**	2,717
Loans and receivables			
Trade and other receivables	14	**246**	1,495
Other liabilities			
Trade and other payables	15	**1,104**	1,732
Borrowings	16	**–**	1,316

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.

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 2010 £000	Year ended 31 January 2009 £000
On dated deposit: fixed rate	**–**	–
On current account	**6,082**	2,717
	6,082	2,717

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 2010, the banking facility returned an average rate after fees of 0.40% (2008/09: 4.75%).

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 £1,236,000 in the year:

Year ended 31 January 2010	–1%	Actual	+1%
Interest rate	–	0.40	1.40
Interest received (£000)	–	8	28

Year ended 31 January 2009	–1%	Actual	+1%
Interest rate	3.75	475	5.75
Interest received (£000)	240	304	378

17. Financial instruments (continued)

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.

Foreign exchange risk arises when future commercial transactions, recognised assets, liabilities and net investments in subsidiaries are denominated in a currency that is not the subsidiary's functional currency. 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 2010 are fully recoverable. Of the £41,283 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. Recent events in the financial services industry will require a review of Summit's investment policy for the coming year.

Cash balances maintained during the year have been held with two major UK banking institutions. We do not believe that this constituted a major credit risk and the treasury rates available to us in placing larger balances with any particular institution have been extremely favourable.

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, only borrowings can be analysed for maturity (see Note 16). 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.

Notes to the Financial Statements

For the year ended 31 January 2010

18. Provisions

Cost	MNL Pharma deferred consideration on acquisition £000
At 31 January 2010 and as at 1 February 2009	1,180

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 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 iminosugar library. Summit is obliged to make the following payments:

- £50,000 upon IND ('Investigative New Drug') approval (or equivalent).
- £100,000 upon successful completion of a Phase I trial.
- £200,000 upon successful completion of a Phase IIa trial (or equivalent).
- £250,000 upon successful completion of a Phase IIIa trial (or equivalent).
- £400,000 upon regulatory approval in the US, EU or Japan.
- Royalties of 1.5% on net sales.

The precise timing of these payments is unpredictable, and would be dependent on decisions to be made by the senior management of the Group, and where applicable, a licensing partner.

19. Deferred tax liability

Cost	Total £000
At 1 February 2009	1,020
Disposals	(23)
Amount written off to the Consolidated Statement of Comprehensive Income in line with intangible asset amortisation rates	(55)
At 31 January 2010	**942**

Deferred income tax assets of £1,000 (2009: £2,881) relating to provisions and £6,318,000 (2009: £6,143,868) on tax losses have not been recognised to the extent that they are not regarded as recoverable in the foreseeable future. Deferred tax liabilities of £37,000 (2009: £588,074) in respect of accelerated capital allowances are not recognised as we would expect to offset these against future trading losses.

20. Share capital

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Authorised		
225,297,867 Ordinary shares of 1p each	**2,253**	2,253
524,702,133 deferred shares of 1p each	**5,247**	5,247
	7,500	7,500
Alloted, called up and fully paid		
166,249,806 Ordinary shares of 1p each	**1,663**	560
524,702,133 deferred shares of 1p each	**5,247**	5,037
	6,910	5,597

On 29 May 2009 Orient Pharma Limited made a $500,000 (£314,820) equity investment *via* a subscription for 2,332,000 new Ordinary 10 pence shares at a price of 13.5 pence per share. This was in exchange for full ownership of the clinical candidate SMT D001, which is being developed to treat sialorrhoea, a non-motor symptom of Parkinson's disease. The shares issued to Orient are subject to a 12 month lock-in period followed by a 12 month orderly market agreement.

20. Share capital (continued)

On 20 August 2009 the shareholders approved a reorganisation of the share capital, the effect of which is that for each issued Ordinary share of 10p held, shareholders were issued with one new Ordinary share of 1p and nine deferred shares of 1p each. The remaining authorised but unissued share capital was also subdivided into 10 new Ordinary shares of 1p each. The deferred shares have no voting or dividend rights and on a return of capital there is the right to receive the amount paid up after the holders of 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 30 December 2009 the number of Ordinary shares in issue increased to 166,249,806 following the placing of 107,949,569 Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,845,717.

21. Share Option Scheme

At 31 January 2009 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	99,000	02 Dec 06	02 Dec 15
	13 Oct 06	136.0	71,400	13 Oct 07	13 Oct 16
	28 Nov 06	136.0	10,000	28 Nov 07	28 Nov 16
	28 Mar 07	131.0	31,684	28 Mar 08	28 Mar 17
	30 Mar 07	74.1	23,701	30 Mar 08	30 Mar 17
	21 Nov 07	114.0	270,515	21 Nov 08	21 Nov 17
	27 Oct 09	5.40	4,305,000	27 Oct 10	27 Oct 19
			4,811,300		
Unapproved scheme					
	02 Sep 04	0.5	2,020,000	02 Sep 04	02 Sep 14
	02 Dec 05	171.5	495,073	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
	28 Mar 07	131.0	6,630	28 Mar 08	28 Mar 17
	30 Mar 07	45.0	108,085	30 Mar 08	30 Mar 17
	21 Jun 07	121.5	2,371	21 Jun 08	21 Jun 17
	28 Aug 07	118.5	375,000	28 Aug 08	28 Aug 17
	21 Nov 07	114.0	53,175	21 Nov 08	21 Nov 17
			3,705,454		
			8,516,754		

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 2010**	Weighted average exercise price (p)	Year ended 31 January 2009
Outstanding at 1 February	**89**	**5,741,811**	95	7,152,990
Granted during the year	**5**	**4,320,000**	–	–
Lapsed/surrendered during the year	**130**	**(1,545,057)**	119	(1,411,179)
Exercised during the year	**–**	**–**	–	–
Number of outstanding options at 31 January	**39**	**8,516,754**	89	5,741,811

As at 31 January 2010, 3,781,465 share options were capable of being exercised with a weighted average exercise price of 71 pence (2009: 4,166,921 with a weighted average exercise price of 80 pence). The options outstanding at 31 January 2010 had a weighted average exercise price of 39 pence (2009: 89 pence), and a weighted average remaining contractual life of 7.7 years (2009: 7.0 years). 400,238 EMI options were surrendered during the year prior to the new grant to ensure the entire grant met the requirements of being an approved EMI scheme for all current employees. The full fair value of these options had either already been recognised in the Group's financial statements or were fully accounted for in the charge for the year.

The total fair value option charge for the year was a credit of £17,000 (2008/09: debit of £212,000). The charge is a credit this year due to the changes in staff numbers as part of the restructuring process.

Notes to the Financial Statements

For the year ended 31 January 2010

21. 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 Sep 04	Unapproved	2,020,000	0.5	0.5	–	2.1	4.9%
02 Dec 05	EMI	99,000	171.5	168.5	41	3.0	4.2%
02 Dec 05	Unapproved	495,073	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	71,400	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%
28 Mar 07	EMI	31,684	136.0	129.0	45	3.0	4.9%
28 Mar 07	Unapproved	6,630	131.0	129.0	121	3.0	4.9%
30 Mar 07	EMI	23,701	74.1	131.0	77	3.0	5.0%
30 Mar 07	Unapproved	108,085	45.0	131.0	96	3.0	4.9%
21 Jun 07	Unapproved	2,371	121.5	121.5	46	3.0	5.5%
28 Aug 07	Unapproved	375,000	118.5	118.5	44	3.0	5.1%
21 Nov 07	Unapproved	53,175	114.0	114.0	42	3.0	4.6%
21 Nov 07	EMI	270,515	114.0	114.0	42	3.0	4.6%
27 Oct 09	EMI	4,305,000	5.4	5.1	3	5.0	2.7%
		8,516,754					

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

a. Black-Scholes valuation methodology was used for all options, other than those in (b) and (g) below.
b. The award of 375,000 unapproved share options made on 28 August 2007 is performance related, as described in the Directors' Remuneration Report, and has been modelled using a Monte-Carlo methodology.
c. Figures in the range 18-32% 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 27 October 2009 is the average of the fair values calculated per possible vesting instalment.

22. Capital commitments

At 31 January 2010 the Group had no capital commitments (31 January 2009: £32,000).

23. Leasing commitments

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

Leases which expire	**Year ended 31 January 2010 £000**	Year ended 31 January 2009 £000
Not later than one year	**160**	791
Later than one year and not later than five years	**675**	2,407
Later than five years	**5**	1,281
	840	4,479

Following on from the lease renegotiations detailed in Notes 7 and 16, the Group entered into an agreement in respect of a new lease and the subsequent deed of surrender of their existing lease in December 2009 for their main Oxford facility.

The lease is a five year lease, with a three year break clause exerciseable by either party. The Group has also entered into a sub-lease to maintain the use of part of their existing laboratory space.

24. Related party transactions

There were no transactions with related parties that require disclosure.

See Note 6 for details of key management emoluments.

Summit Corporation plc individual financial statements

Company Balance Sheet

As at 31 January 2010

	Notes	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Fixed assets			
Investments	27	**3,033**	4,757
Current assets			
Debtors – due after more than one year	28	**8,409**	4,000
Debtors – due within one year	28	**35**	–
		8,444	4,000
Net current assets		**11,477**	8,757
Current liabilities due within one year	29	**(12)**	(23)
Net assets		**11,465**	8,734
Capital and reserves			
Called up share capital	30	**6,910**	5,597
Share premium account	31	**29,633**	25,785
Merger reserve	31	**–**	14,596
Share-based payment reserve	31	**1,159**	1,176
Profit and loss account	31	**(26,237)**	(38,420)
Equity shareholder's funds	32	**11,465**	8,734

The notes on pages 50 to 52 form part of these financial statements.

Approved by the Board of Directors and authorised for issue.

Steven Lee, PhD
Chief Executive Officer

5 May 2010

Summit Corporation plc individual financial statements

Notes to the Individual Financial Statements

of Summit Corporation plc

25. 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 33; 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 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) a Monte-Carlo 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 21 on page 47.

Related party transactions

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

26. 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 £2,413,417 (2008/09: £38,543,722).

Directors' remuneration

The remuneration of the Directors is disclosed in the Directors' Remuneration Report on pages 19 to 21.

Auditors' remuneration

Auditors' remuneration is disclosed in Note 8 above.

27. Investments

Cost	Investment in subsidiaries £000	Capital contributions for share options £000	Total £000
At 1 February 2009	18,533	1,176	19,709
Disposals	(1,655)	(52)	(1,707)
As at 31 January 2010	**16,878**	**1,124**	**18,002**
Impairment			
At 1 February 2009	(14,944)	(8)	(14,952)
Charge for the year	–	(17)	(17)
At 31 January 2010	**(14,944)**	**(25)**	**(14,969)**
Net book value			
At 1 February 2009	3,589	1,168	4,757
At 31 January 2010	**1,934**	**1,099**	**3,033**

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.

28. Debtors

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Amounts owed by group undertakings	**8,409**	4,000
Other debtors	**35**	–
	8,444	4,000

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

29. Creditors

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Other creditors	**12**	23

30. Share capital

	Year ended 31 January 2010 £000	Year ended 31 January 2009 £000
Authorised		
225,297,867 Ordinary shares of 1p each	**2,253**	2,253
524,702,133 deferred shares of 1p each	**5,247**	5,247
	7,500	7,500
Alloted, called up and fully paid		
166,249,806 Ordinary shares of 1p each	**1,663**	560
524,702,133 deferred shares of 1p each	**5,247**	5,037
	6,910	5,597

Summit Corporation plc individual financial statements

Notes to the Individual Financial Statements

of Summit Corporation plc

30. Share capital (continued)

On 29 May 2009 Orient Pharma Limited made a $500,000 (£314,820) equity investment *via* a subscription for 2,332,000 new Ordinary 10 pence shares at a price of 13.5 pence per share. This was in exchange for full ownership of the clinical candidate SMT D001, which is being developed to treat sialorrhoea, a non-motor symptom of Parkinson's disease. The shares issued to Orient are subject to a 12 month lock-in period followed by a 12 month orderly market agreement.

On 20 August 2009 the shareholders approved a reorganisation of the share capital, the effect of which is that for each issued ordinary share of 10p held, shareholders would be issued with one new Ordinary share of 1p and nine deferred shares of 1p each. The remaining authorised but unissued share capital was also subdivided into 10 new Ordinary shares of 1p each. The deferred shares have no voting or dividend rights and on a return of capital there is the right to receive the amount paid up after the holders of 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 30 December 2009 the number of Ordinary shares in issue increased to 166,249,806 following the placing of 107,949,569 Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,845,717.

31. Reserves

Year ended 31 January 2010

	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2009	25,785	1,176	14,596	(38,420)	3,137
New share capital issued	3,848	–	–	–	3,848
Transfer following realisation on disposal of discontinued operations	–	–	(14,596)	14,596	–
Share-based payment	–	(17)	–	–	(17)
Loss for the period	–	–	–	(2,413)	(2,413)
At 31 January 2010	**29,633**	**1,159**	**–**	**(26,237)**	**4,555**

Information pertaining to the share options issued in the period are analysed in Note 21 on page 47. The share-based payment reserve is borne on behalf of the underlying subsidiaries.

32. Reconciliation of movement in shareholders' funds

	31 January 2010 £000	31 January 2009 £000
Opening shareholders' funds	**8,734**	43,517
Shares issued during the year	**1,313**	630
Shares to be issued	**–**	(1,443)
Share premium on issued shares (net of expenses)	**3,848**	3,035
Merger Reserve established on acquisition of investments	**–**	1,325
Share-based payment	**(17)**	212
Loss for the financial year	**(2,413)**	(38,542)
Closing shareholders' funds	**11,465**	8,734

33. 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.

Company Information

Board of Directors

B Price, PhD	Non-Executive Chairman
S Lee, PhD	Chief Executive Officer
R Storer, DPhil	Chief Scientific Officer
Professor S Davies	Non-Executive Director
A Richards, PhD	Non-Executive Director
G Elliott, BA, CA	Non-Executive Director

Company Secretary
RJ Spencer, ACA

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