summit plc

Summit plc Annual Report and Accounts 2008/09

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 has a commercial track record of signing programme agreements and currently has an out-licensed product portfolio comprising of seven programmes.

Summit's major focus is on developing new therapeutics from its proprietary iminosugar drug discovery platform in the areas of anti-infectives and metabolic diseases, offering a major opportunity for the discovery and development of new medicines.

Our near term strategy is transparent and straightforward.

Summit is a UK drug discovery company with a broad drug pipeline, a world-leading technology platform and a clear strategy to generate sustainable value for shareholders.

Summit plc

Highlights

Commercial

Establishment of Product Portfolio:

- Worldwide licensing agreements with success based milestones and royalties signed with BioMarin for Duchenne muscular dystrophy programme (July 2008) and Evolva for iminosugar programme in bioterrorism (January 2009)

- Co-development agreements signed with Orient Pharma for sialorrhoea programme (Sept 2008) and the Lilly TB Drug Discovery Initiative for tuberculosis programme (Oct 2008)

Post period

- Three cross-license agreements signed with Orient Pharma for acne (SMT D002), glaucoma (SMT D003) and AMD (SMT D004) programmes (May 2009)

Scientific

Advances in iminosugar drug discovery platform:

- Encouraging data generated in therapeutic focus areas of metabolic diseases (diabetes) and anti-infectives (hepatitis C)
- Expansion of compound collection with increased protection following patent filings
- Evolva deal followed positive *in vivo* data against bioterrorism pathogens

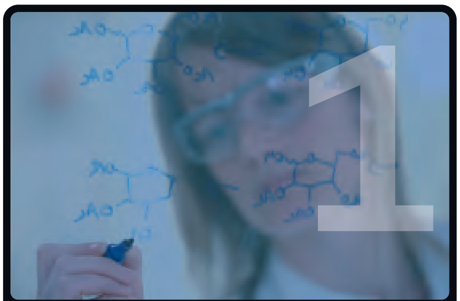
Financial

- $7m equity investment by BioMarin as part of DMD licensing agreement
- Cash position of £2.7m at 31 January 2009 (31 January 2008: £10.0m)
- Net loss of £22.4m for the year ended 31 January 2009 (2008: £10.1m) inclusive of non-cash impairment provision of £12.5m (2007/08: nil)

Post period

Continued refocus on exciting iminosugar platform and instigated plan towards securing long-term future:

- Additional working capital raised through renegotiation and divestment of non-core business operations
- Operational cash-burn halved through on-going extensive restructuring programme



1

Proven track record of exploiting early stage drug discovery programmes.

2

Focused investment on our iminosugars drug discovery platform for the identification and development of novel medicines.

3

Product portfolio of partnered programmes with success-based milestones worth in excess of $160m, requiring no further investment from Summit.

Snapshot of Summit:
Technology and assets

Summit is a UK based drug discovery company with a focus on developing new therapeutics in major areas of unmet medical need from its iminosugar drug discovery platform.

Summit believes iminosugars are the key to gaining access to several disease mechanisms where classical drugs have had little success, and thus offer a major opportunity for the discovery and development of new medicines.

Carbohydrates (sugars) play critical roles in maintaining the correct function of many normal processes in healthy individuals. Altering the way carbohydrates are recognised or modified by the body can be exploited for the treatment of disease. The complexity and diversity of carbohydrates greatly exceeds that of proteins and genes and provides many opportunities for drug discovery with a large and relatively unexploited collection of excellent drug targets.

Iminosugars, due to their sugar-like properties, have the potential to access these unexploited targets by acting as carbohydrate mimics. This allows iminosugars to modulate carbohydrate receptors, carbohydrate processes and the folding behaviour of proteins. These properties, which differ from conventional drugs, also allow iminosugars to access other therapeutic targets and thus biological disease space currently inaccessible to typical small molecule drugs.

Summit has a proven track record of exploiting early-stage drug discovery programmes and currently has seven drug programmes that are the subject of partnering agreements. The programmes are at early-clinical, preclinical or discovery stages of development and are partnered with BioMarin, Orient Pharma, Evolva Biotech and the Lilly TB Drug Discovery Initiative. These programmes form Summit's Product Portfolio. The Portfolio requires no further investment from Summit and may generate future value from success-based milestone payments and sales royalties.

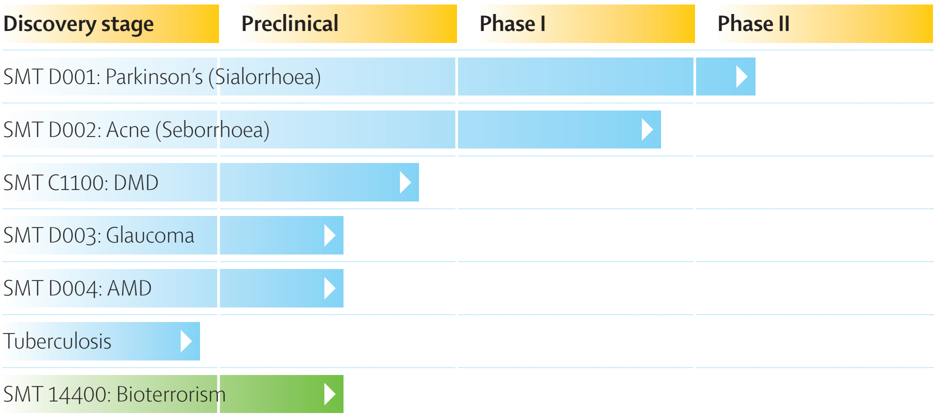
Summit's Partnered Product Portfolio

Our partnered Product Portfolio requires no further investment from the Company but has the potential of generating significant future value.

Since July 2008, Summit has signed seven programme agreements.

Worldwide agreements

Where worldwide agreements have been signed, value will be created from contractual, success-based development and sales milestones to Summit potentially worth over $160 million plus sales royalties. In other co-development agreements, Summit retains valuable territory rights which the Company will use to secure future commercial agreements.



First iminosugar programme deal signed in January 2009 with Evolva

Development and sales milestones, tiered sales royalties
Milestone payment on IND filing
Validates potential of iminosugars

Creating value from iminosugars:

Our iminosugar drug discovery platform represents the main area of future investment for Summit, and it is expected that future programme agreements will originate from this innovative technology platform to increase the size and value of the product portfolio.

Iminosugar drug discovery platform

Iminosugars have the potential to access unexploited drug targets which conventional compounds can't access. We aim to secure further value-enhancing partnerships.

Why Iminosugars?
Technology, focus and opportunity

Validated technology
Iminosugars have the potential to provide new medicines by accessing unexploited targets in drug discovery that conventional compounds cannot access.

- 1st generation iminosugars have provided marketed drugs and clinical candidates
- 1st generation iminosugars were of limited diversity and had side effect issues
- Summit's 2nd generation iminosugars show improved efficacy and selectivity with higher tolerability

Summit's iminosugar platform
Summit is at the forefront of developing 2nd generation iminosugars.

- Significant investment already made in developing our iminosugar drug discovery platform
- Summit's advantage in iminosugars combines scientific expertise, extensive IP protection and proprietary compounds
- First iminosugar licensing deal was signed in January 2009

Therapeutic focus
Summit's 2nd generation iminosugars have the potential to provide drug candidates in a number of major therapeutic areas.

- Summit's primary focus is in metabolic diseases (diabetes) and anti-infectives (hepatitis C)
- Additional disease areas will be exploited through platform collaborations

We believe our expertise in second generation iminosugars provides Summit with a leading position in the discovery and development of new small molecule therapies.

Improved efficacy and selectivity:
Our second generation iminosugars have displayed enhanced specificity and reduced toxicity and offer the potential for the development of drug candidates in many major disease areas.

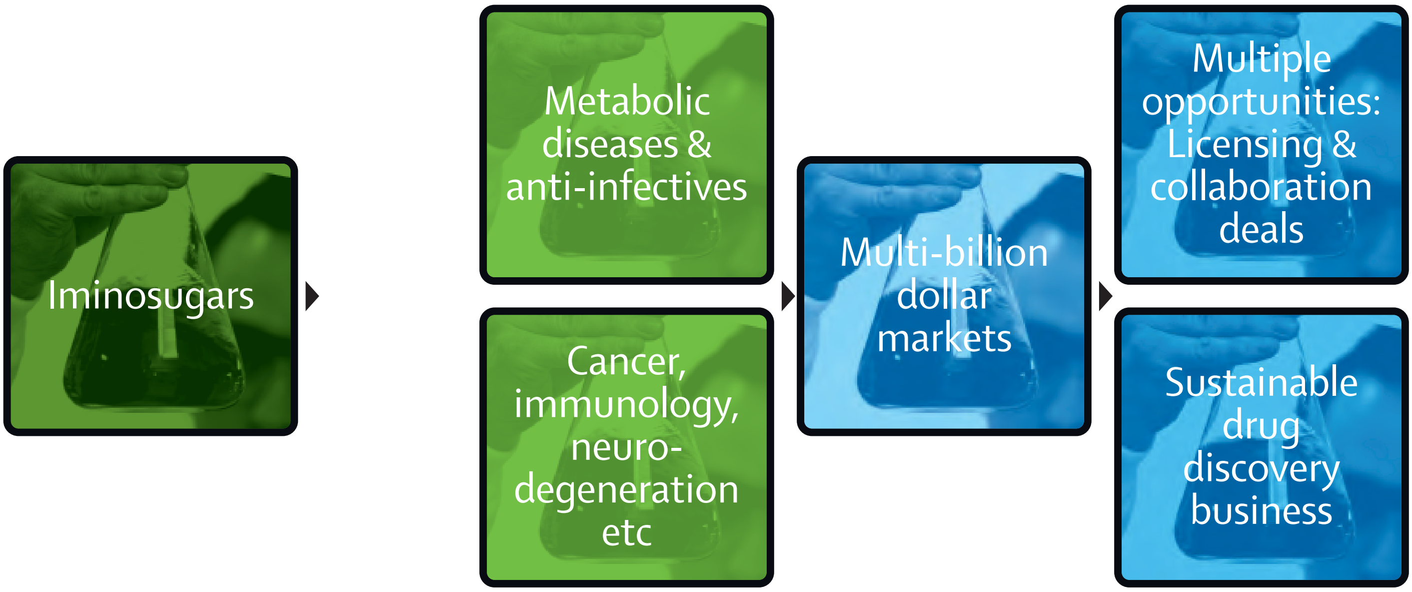
Broad utility across multiple disease areas:
Our second generation iminosugars have displayed activity in a range of diseases including diabetes, viral and bacterial infections, cancer, lysosomal storage disorders and immune disorders.

Potential to access novel biological targets/mechanism of actions:
The chemical nature of iminosugars is very unlike small molecule compounds found in conventional pharmaceutical screening collections and enables Summit to access therapeutic targets that have been relatively unexploited. These targets are rich in therapeutic utility containing both soluble proteins and receptors and covering many protein families including glycoside hydrolases, glycoside transferases, inositol ultilising/metabolising enzymes and carbohydrate receptors.

Structural diversity:
Our growing proprietary collection of iminosugars is mainly comprised of rationally designed synthesised compounds, 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 iminosugars and have expertise in iminosugar 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.

Creating value from iminosugars: The opportunity
Our iminosugar platform offers a major opportunity for new medicines and our focus is in two multi-billion dollar therapeutic areas, metabolic diseases and anti-infectives. Our first iminosugar licensing deal was signed in January 2009. With the potential for iminosugars to access unexploited targets which conventional compounds cannot access, we aim to secure further value enhancing partnerships.



Our goal is to secure valuable licensing and partnership agreements to create a sustainable drug discovery business that generates value for shareholders

Summit's 2nd Generation Iminosugars
At the forefront of development

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

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

Patents
Protecting our scientific assets with a strong patent portfolio is essential for Summit to generate commercial value from iminosugar research and development.

- Extensive IP protection: Over 20 iminosugar patents
- Patents provide extensive coverage of composition of matter and utility

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

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

Our expertise in second generation iminosugars provides Summit with an opportunity to create a sustainable business by signing valuable licensing and collaboration agreements.

Iminosugars: Validated platform
First generation iminosugars provided marketed drugs and clinical candidates with Summit's second generation compounds showing improved selectivity and efficacy giving them potential for 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 Product Portfolio comprising seven drug programmes in commercial agreements with partners in the wider industry. Our aim is to sign new iminosugar programme agreements to increase the value of the portfolio and create a sustainable business.

Therapeutic focus: Metabolic diseases
Summit's main programme in Metabolic diseases targets diabetes. The programme is focused on identifying novel compounds for use as drugs in both type I and type II diabetes treatment and more importantly, compounds which can reverse the underlying cause of the disease, restoring normal function and thus fulfilling a large unmet medical need.

Therapeutic focus: Anti-virals
Iminosugars have the key properties required to meet the desired criteria for new anti-viral agents. Screening of our iminosugars has already identified a number of hits against viruses including hepatitis C and influenza and these compounds are the focus of further research and development activity.

Summit's advantage: Combining three core elements
Our expertise, together with strong IP protection of over twenty iminosugar patents and the largest, most diverse proprietary collection of iminosugars affords us a valuable advantage.

Evolution of Summit's iminosugar platform

Oct 04

IPO technology platforms in:
- Carbohydrates
- Zebrafish

Apr 06

CSO Richard Storer appointed

Dec 06

Acquired iminosugar assets of MNL Pharma

2007-08

Recruitment of leading academic authorities

Jul 07

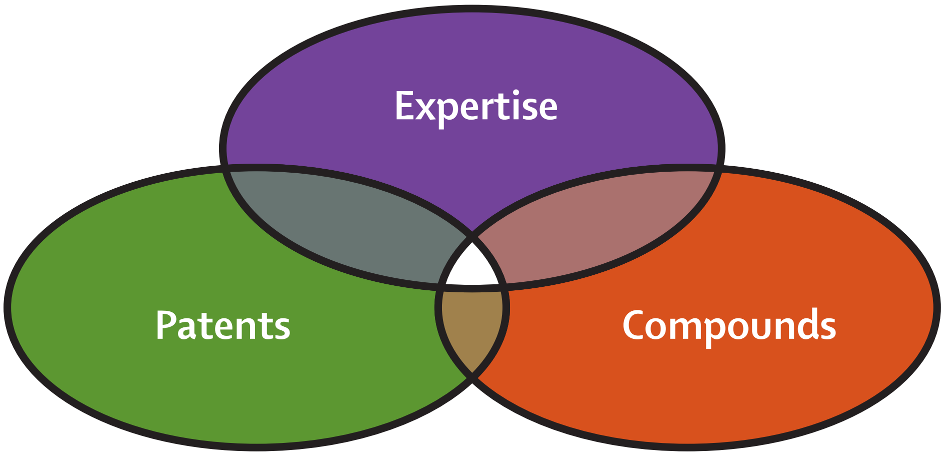
First iminosugar co-development deal

2008

Development of iminosugar platform

Jan 09

First iminosugar licencing deal



Summit is at the forefront of developing 2nd generation iminosugar drugs, focusing in two multi-billion dollar therapeutic areas offering major opportunities for the discovery of new medicines

Chairman and Chief Executive's Statement

Introduction

Summit remains committed to delivering value to shareholders through the development and commercialisation of early-stage drug discovery programmes. Over the period under review, your Company has made progress in delivering this strategy having signed a total of seven programme deals, including the Company's first major out-licensing agreement.

However in common with many other businesses in the current economic climate Summit experienced financial difficulties during the period, which culminated in an attempted fundraising that was unable to reach the minimum threshold to proceed, as announced to shareholders in February 2009. The financial difficulties have been reflected in the Company's share price performance during the period and as a Board, we share the concerns and frustration that this will have caused shareholders. As a consequence, a number of steps were taken, including implementation of an extensive restructuring programme, as the business works towards securing its longer-term future.

We remain confident about the underlying potential within the business. With our focus on developing new therapies in major areas of unmet medical need from our iminosugar drug discovery platform and, notwithstanding the current financial difficulties, we believe that this potential can be realised to create a sustainable business for the benefit of shareholders.

Strategy

Targeting early stage programme deals

Summit's strategy is to focus on the development of its drug programmes up to a late preclinical or early clinical stage and then to seek partners to undertake the more expensive registration studies and product commercialisation. The point at which individual programmes will be out-licensed will seek to balance the specific needs of the programme with extracting maximum value for the benefit of the business and shareholders.

Since July 2008, Summit has entered into seven programme agreements that encompass a broad range of therapeutic areas. These programmes were either the original assets that the business had been developing since formation or ones that were acquired through M&A activity. As outlined later, Summit's focus is on developing iminosugar based therapeutics and it is expected that future programme agreements will originate from this innovative technology platform.

Our strategy has consistently recognised a developing trend over the last decade within the pharmaceutical industry of licensing deals being signed at increasingly early stages of development. Indeed, Ernst & Young's 2009 global biotechnology report, Beyond Borders, stated that in 2008, 11 of the 15 largest European deals involved discovery programmes or assets in preclinical development and further supported our confidence in our strategy of commercialising programmes at an early stage.

Re-focusing and restructuring of the business

Over the period, and as part of the Board's continual review of our R&D programmes, it was decided that the iminosugar drug discovery platform represented the best opportunity for the business to create significant future value and to date the Group has refocused its efforts to concentrate on the development of this innovative platform. As a result, and in view of the prevailing financial environment, it was also decided that a controlled restructuring programme within the business would occur, including the potential disposal of non-core assets at an appropriate time to extract best value and control costs.

During the period, Summit attempted to secure additional finance to provide additional working capital to support the development of the iminosugar platform. This fundraising coincided with a period of significant uncertainty in global financial markets and negative sentiment towards the sector, key factors that contributed towards falling short of reaching our fundraising target. Shareholders were updated on these events in February 2009 and the news resulted in a sharp fall in the share price.

As a consequence, the Board stepped up activities around its restructuring programme as part of our efforts to secure the financial future of the Company. In summary, this programme has three objectives: To raise additional working capital; reduce future expenditure; and accelerate activities within the business to focus on the development and commercialisation of the iminosugar drug discovery platform. Progress has been made in all three areas.

To date, the restructuring programme has involved the renegotiation of the existing licensing agreements and disposal of non-core assets to raise short-term working capital and reduce research and development costs of the business. These activities resulted in an impairment provision for the period being recognised. In addition, the leases for the Cambridge and Wales facilities were terminated, while more favourable terms of rent for some of the remaining leases were negotiated. Headcount numbers were also reduced by 50%, a necessary action towards safeguarding the future of the business, and on behalf of the Board we thank the staff affected for the hard work and efforts during their time with the business. In addition the Board, which had already reduced in size during the period, agreed reductions in fees as outlined in the Remuneration Report.

Collectively, these activities have more than halved the operational cash-burn of the business, a figure that is expected to fall further during 2009 as the restructuring programme continues.

Rationalised and refocused: A pivotal year

The decision to focus on iminosugars occured over the last 18 months as the Board viewed it as representing the best opportunity for creating a sustainable business that will generate value for our shareholders. The platform is now approaching a stage where we believe it can begin to generate significant value.

Iminosugars

Summit's focus for creating future value is our proprietary iminosugar drug discovery platform. It is our belief that this innovative technology platform provides a major opportunity for the discovery of new medicines and has application in a number of major therapeutic areas with major unmet medical needs. Iminosugars now represent our sole area of investment with our internal research and development currently concentrated in the therapy areas of metabolic diseases and anti-infectives, both of which represent multi-billion dollar markets.

The decision to focus on iminosugars occurred during the last 18 months as the Board recognised the assets and activities around the platform represented the best immediate opportunity for creating a sustainable business that will generate future value for our shareholders. The Company was founded with two technology platforms in carbohydrate chemistry and zebrafish biology respectively. It was from within the carbohydrate platform that the diversity and broad application of iminosugars, small molecules that mimic carbohydrates, has emerged. Over the last three years, the iminosugar platform has evolved under the guidance of our Chief Scientific Officer, Dr Richard Storer. The substantial level of investment that has already been made into the development of this technology means that the platform is now approaching a stage where we believe it can begin to generate significant value through commercial agreements with partners in the pharmaceutical and life sciences industries.

This belief was supported by the signing of the first iminosugar programme licensing agreement with Evolva Biotech in January 2009. The details of the agreement will be discussed later, but its signing provided important validation of the potential of the platform. Our target over the coming months is to generate significant value from this platform through the signing of new licensing agreements within our focus areas of metabolic diseases and anti-infectives. Importantly, we are already generating encouraging data from the programmes in these areas and we hope to be able to report on their continued progress over the coming months. In addition, we will seek collaborations in the many other disease areas where iminosugars are expected to find utility.

Barry Price
Chairman

Steven Lee
Chief Executive Officer

Chairman and Chief Executive's Statement

Product Portfolio
During the period, Summit entered into a number of programme agreements, including the Company's first major licensing agreement, with partners in the pharmaceutical industry. The establishment of these commercial agreements fulfilled a key objective for the business and the progress made exceeded our targets set at the start of the period with seven agreements being signed. Together, these agreements now form our Product Portfolio that could generate future value from contractual success based milestone and royalty payments but requires no further investment by Summit.

Licensing of SMT C1100 for Duchenne muscular dystrophy to BioMarin
In July 2008, Summit entered into an exclusive worldwide licensing agreement with the US biotechnology company BioMarin Pharmaceuticals Inc. for our preclinical candidate SMT C1100. This candidate is under development to treat Duchenne muscular dystrophy (DMD), a fatal genetic disease for which there is currently no cure.

On signature, BioMarin made a $7 million equity investment in Summit at a 25% premium to the share price at that time. The total development and commercialisation milestones payable by BioMarin amounted to $136 million, in addition to which Summit would receive tiered royalties on sales that rise to a low-teen percentage.

In March 2009, this license agreement with BioMarin was renegotiated as part of Summit's restructuring programme. Under the terms of the restructured deal, BioMarin acquired full ownership of the DMD programme, including the preclinical candidate SMT C1100. In particular, BioMarin assumed all future preclinical and nonclinical development costs for SMT C1100 that were to be borne by Summit under the original licensing agreement. This was in exchange for a clinical development milestone of $1 million that was anticipated to be payable in 2010. The changes to the agreement provided Summit with a short term cash advantage, although the overall effect on the Company's financial position is broadly neutral.

Summit now remains eligible to receive success-based development and regulatory milestones of up to $50 million plus sales milestones of $85 million and tiered royalty payments rising to a low-teen percentage.

Agreement with Orient Pharma for SMT D001 for sialorrhoea
The sialorrhoea programme was also subject of two separate agreements during the period under review. As with the DMD programme, the second agreement formed part of the Company's post-period restructuring activities.

In September 2008, Summit entered into a co-development agreement with Taiwan based Orient Pharma (Orient). Under the terms of this agreement, Orient gained commercial rights over SMT D001 in Asia-Pacific and Australasia and were responsible for future clinical development, manufacturing and distribution costs of SMT D001 in these territories. Summit retained commercial rights in the world's major territories including North America and Europe and would have access to all clinical data generated by Orient.

This agreement was superseded in May 2009 with the signing of a new agreement that saw Orient take full ownership of the programme. The terms of this agreement involved Orient making an equity investment in Summit shares of $500,000 as a price of 13.5 pence, which was approximately 2.5 times the share price at that time. In addition, Summit is eligible to receive undisclosed royalties on worldwide sales of the product.

Co-development agreement with Lilly TB Drug Discovery Initiative
In October 2008, Summit entered into a co-development agreement with the Lilly TB Drug Discovery Initiative, (the Initiative), a public-private partnership created by the pharmaceutical company Eli Lilly to fund the discovery and development of new tuberculosis (TB) drugs. Summit provided to the Initiative novel compounds that have shown *in vitro* cell-killing activity against *Mycobacterium tuberculosis*, the bacteria that causes TB. The Initiative is responsible for all future R&D costs worldwide and has commercial rights to the compounds in the developing world for the treatment of respiratory diseases. Summit has exclusive access to the data generated and retains commercial rights to these compounds in all indications for the developed world.

Licensing of SMT 14400 for bioterrorism to Evolva
In January 2009, Summit entered into an exclusive worldwide license with Evolva Biotech for SMT 14400, and it preferred isomer SMT 15000, two iminosugars being developed as a potential treatment for infectious diseases associated with bioterrorism.

Under the terms of the agreement, Summit received an undisclosed payment on signature and will receive additional payments throughout preclinical development, a milestone payment at filing of an IND and further future success based development and regulatory milestone payments. Evolva is responsible for all development costs. On successful commercialisation, Summit is eligible to receive tiered royalties, rising to a low-teen percentage, and sales related milestone payments.

Commercial progress: Generating future value

Summit is committed to the development and commercialisation of early-stage drug discovery programmes. Over the period under review, your Company has made significant progress, having signed a total of seven programme deals, including the Company's first major licensing agreement.

SMT 14400 originated from our iminosugar drug discovery platform and the licensing agreement provides validation of the potential of our second generation iminosugars. The compound is an immunomodulator, a compound that works by selectively boosting aspects of the human immune system. The deal followed evaluation of the compound by Evolva in *in vivo* preclinical studies that has shown it to be active against viral and bacterial pathogens, and is well tolerated. Evolva has a strong capability in this area and has attracted significant funding from the Defense Threat Reduction Agency (DTRA), a US-federal body developing technologies to counter the threat of biological agents.

Co-development agreement with Orient Pharma for acne (SMT D002), glaucoma (SMT D003) and AMD (SMT D004) programmes

The final three agreements were signed after the year end in May 2009 with Orient and cover Summit's clinical and preclinical 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 associated with the products within its territories. Summit retains valuable rights to the products in North America, Europe and the rest of the world and has rights to access data generated by Orient. Our intention is to use these data, which will include clinical trial results, to secure future commercial agreements within our territories.

Product Portfolio highlights

Summit entered into seven programme agreements to create our Product Portfolio, which has the potential to generate future value through milestone and royalty payments but requires no further investment from Summit.

- Licensing of SMT C1100 for Duchenne muscular dystrophy (DMD) to BioMarin
- Agreement with Orient Pharma for SMT D001 for sialorrhoea
- Co-development agreement with Lilly TB Drug Discovery Initiative
- Licensing of SMT 14400 for bioterrorism to Evolva
- Co-development agreements with Orient Pharma for acne (SMT D002), glaucoma (SMT D003) and AMD (SMT D004) programmes

Chairman and Chief Executive's Statement

Financial Review
A critical feature of the period under review was not being able to secure additional equity funding, which has led to increased activities around our restructuring programme. This programme to date has resulted in a number of one-off charges and impairments as the Company works towards reconstructing its finances.

During the period under review, the fee-for-service operations had a difficult trading period as a consequence of the difficult economic climate with revenues lower at £1.8 million (2007/08: £3.0 million). Following our financial year end, Summit sold its zebrafish services division in May 2009 to Evotec AG for the consideration of £500,000 cash to leave only one services business, Dextra Laboratories. With our focus on the development of the iminosugar drug discovery platform, this standalone business now represents a potential future divestment opportunity, which the Board is actively marketing.

In the Income Statement an impairment provision of £12.5 million (2007/08: nil) was recognised during the period. The sale of the zebrafish business was the principal reason for this impairment that resulted in a £8.4 million goodwill provision. In addition, a £1.4 million goodwill provision for Dextra Laboratories was recognised following a review of the fair value of the assets by the management, while a £2.6 million intangible assets provision was also recognised. Research and development investment was lower at £5.8 million (2007/08: £7.7 million) and reflected the reduced levels of research activity outside of iminosugars but this figure was off-set by the drop in revenue and grant income. Excluding impairments, the operating loss for the period was £11.8 million (2007/08: 11.7 million).

A research and development tax credit of £750,000 (2007/08: £720,000) was recognised during the 12 months under review and the Company expects to receive this credit in the second half of 2009.

The cash outflow for the 12 months to 31 January 2009 was £7.3 million and compared to a cash outflow of £8.2 million over the previous 12 month period. The Company received £3.9 million in the period from the issue of new shares, of which £3.5 million was in respect of shares issued to BioMarin. At 31 January 2009, the Group had cash reserves of £2.7 million (2007/08: £10.0 million).

Working Capital
As already discussed, the business increased activities in its restructuring programme after the financial year end as part of the efforts towards securing the future of the business. This programme has already extended the cash life of the business into the Autumn of 2009 and significantly reduced the operating cash-burn of the Group.

The Group will, however, need to raise additional sources of finance to secure its longer-term future. The Board and management are actively marketing the diabetes and hepatitis C iminosugar programmes as out-licensing opportunities and the Dextra business unit for sale. They are also in discussion with the Group's financial advisers regarding sources of additional capital and other strategic transactions. The timing and amount of any funds that may be realised through asset disposals or a new fund-raise, however, represent a material uncertainty. The Board are confident that its plans will allow the Group to continue its operations for the foreseeable future. Based on this assessment, the Board have prepared these statements on a going concern basis.

Board Changes
The Board underwent a number of changes during the period that included the departure of Darren Millington as Chief Financial Officer and Colin Wall as a Non-Executive Director. On behalf of the Board, we would like to thank Darren and Colin for their efforts during the time with the Company. Anthony Weir was appointed Chief Financial Officer in November 2008 and subsequently left the Company in March 2009 by mutual consent. As already highlighted, the Board agreed after the year end to reduce their fees as outlined in the Remuneration Report.

Sustainable discovery and development: The way forward

We remain confident about the underlying potential within the business and with our focus on the development of our iminosugar drug discovery platform, believe we are capable of creating a sustainable business for the benefit of shareholders.

Summary

The past 18 months has been a period of mixed fortunes; good progress was made in developing and commercialising our internal drug discovery programmes but the progress made within this side of the business was accompanied by considerable efforts towards restructuring the business to overcome its current financial difficulties.

The Company continues to take necessary and decisive action and is making good progress towards securing the long term financial future of the business. We remain confident that these immediate financial issues can be resolved and believe, through our iminosugar drug discovery platform and Product Portfolio, that the business is well equipped to generate value in the future for our shareholders.

We would like to thank shareholders for their continuing support and we will provide updates on the progress being made within the business over the coming months. Finally, we would like to thank all our staff who have endured a difficult few months for their continued dedication and loyalty as we all strive towards achieving our ambition of developing Summit into a successful and sustainable business.

Barry Price, PhD
Chairman

Steven Lee, PhD
Chief Executive Officer

27 July 2009

Outlook

We are making good progress towards securing the long term future of the business.

- Company strategy clearly defined, with ongoing commitment to delivering value despite current economic climate
- On-going restructuring programme extended cash into Autumn 2009 and halved future operating cash-burn
- Since July 2008, Summit has entered into seven programme agreements that encompass a broad range of therapeutic areas
- Iminosugar drug discovery platform poised to generate future commercial opportunities

With our innovative iminosugar platform targeting areas of major unmet medical need, and our strategy of commercialising programme at an early stage, we have confidence Summit is well equipped to generate future value for our shareholders.

Board of Directors

Barry Price, PhD
Non–Executive Chairman
Dr Price (65) 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. Since 1996, Dr Price has been a Non-executive Director of Shire plc and during his time in the position, he has seen Shire develop into one of the UK's largest life science companies. Dr Price is also 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 (42) joined Summit as Chief Executive 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 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 is a Fellow of the Royal Society of Chemistry.

Professor Stephen Davies
Non–Executive Director
Professor Davies (59) 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, Prof. 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 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, Prof. Davies has received numerous awards for his contribution to organic chemistry. Prof. Davies currently holds directorships with Oxeco plc, Isis Innovations Ltd and Sci-ink Ltd.

Andrew Richards, PhD
Non–Executive Director
Dr Richards (49) 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, BioWisdom Ltd, Theradeas Ltd, Aitua Ltd, Cancer Research Technology Ltd (the commercial arm of CR-UK), Babraham Bioscience Technology Ltd, Arecor Ltd and is Chairman of Altacor Ltd. He is also a founding member of the Cambridge Angels, a member of the council of the BBSRC and a Director of the Bioindustry Association (BIA). Dr Richards is a Cambridge graduate with a PhD in enzyme chemistry.

George Elliott, BA, CA
Non–Executive Director
Mr Elliott (56) joined the Summit Board of Directors in April 2007. For seven years, 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 Memory Inc. and holds Non-Executive Directorships with ClearSpeed plc, 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 2009

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 2009.

Principal activities
The principal activity of Summit and the Group is the discovery and development of new therapeutics from its iminosugar 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 Joint Statement.

Directors
The Directors who served during the period were:

Executive	
Steven Lee, PhD	Chief Executive Officer
Richard Storer, DPhil	Chief Scientific Officer
Darren Millington, ACMA	Chief Financial Officer, resigned 29 August 2008
Anthony Weir, ACA	Chief Financial Officer, appointed 17 November 2008, 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
Colin Wall, PhD	Non-Executive director, resigned 31 January 2009

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 R&D 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.

R&D 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 in iminosugars may be superseded by direct competitors. Alternative technologies could be developed that undermine the Group's commercial activities or make our current technology 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 along with any income that can be generated from divestments. Failure to generate additional funding from any of these sources may lead to postponement of drug programmes and a reduction in R&D operations. The ability of the Group to continue to operate on a going concern basis should also be considered as a financial risk and is discussed in further detail within the Notes to the Financial Statements.

Results and dividends income statement
The Consolidated Income Statement for the year is set out on page 24. The Group's loss for the financial year after taxation was £22,403,000 (2007/08: loss of £10,122,000).

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 (2007/08: nil).

Directors' Report

For the year ended 31 January 2009

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. Sales forecasts are produced on a weekly basis for review by the Executive Management Committee.

Financial Key Performance Indicators (KPIs)

The Directors consider cash, milestone receipts from licencees and R&D investment to be the Group's KPIs. These are discussed within the Chairman and Chief Executive's Joint Statement.

Research and development

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

Post Balance Sheet Events

Events that occurred after the year ended 31 January 2009 are reviewed within Note 27, Post Balance Sheet Events.

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 2009, the number of creditor days outstanding for the Group was 39 days (2007/08: 75 days). The Company had no trade creditors at 31 January 2009 or 31 January 2008.

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 creditors 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 19 Financial Instruments in the notes to the accounts for IFRS 7 disclosure regarding Financial Instruments.

Substantial shareholdings

On 1 July 2009 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	%
Professor Stephen Davies	6,208,748	10.6
BioMarin Pharmaceutical Inc	5,126,577	8.8
Vidacos Nominees Limited	4,470,000	7.7
Professor Kay Davies	3,838,380	6.6
Barclayshare Nominees Limited	3,102,429	5.3
IP2IPO Limited	3,040,400	5.2
Orient Pharma (Samoa) Co Ltd	2,332,000	4.0
Forest Nominees Limited	1,985,735	3.4

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 20 August 2009 at the Company's registered office, 91 Milton Park, Abingdon, Oxfordshire, UK, OX14 4RY.

Auditors

BDO Stoy Hayward 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
Chief Executive Officer

27 July 2009

Corporate Governance Report

For the year ended 31 January 2009

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 2009, the Board comprised four Non-Executive Directors, including the Chairman, and three Executive Directors. This composition followed the resignations on 29 August 2008 and 31 January 2009 of Darren Millington as Chief Financial Officer and Dr Colin Wall as Non-Executive Director and the appointment on 17 November 2008 of Anthony Weir as Chief Financial Officer. Anthony Weir subsequently resigned as Chief Financial Officer on 23 March 2009, post the period under review, to leave the Board comprising four Non-Executive Directors and two Executive Directors. With the exceptions of Darren Millington and Anthony Weir, all directors served throughout the period under review.

Directors' biographies are on page 14.

The Board is responsible to the shareholders for the proper management of the Group and meets formally at least 10 times a year 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 to strategically review the activities of the business during its on-going 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, a Remuneration Committee and a Nominations Committee, each of which has formal terms of reference approved by the Board.

The 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 Groups internal financial controls and risk management systems; and
- Overseeing the Groups 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.

Remuneration Committee

During the financial year the Remuneration Committee comprised Colin Wall (Chairman), George Elliott and Andrew Richards. Other Directors are able to attend the meeting by invitation only. Subsequent to Colin Wall's resignation on 31 January 2009, Andrew Richards has assumed the role of Chairman.

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.

Corporate Governance Report

For the year ended 31 January 2009

Nominations Committee

The Nominations Committee comprised Barry Price (Chairman), Professor Stephen Davies and Colin Wall. The Combined Code requires there to be a formal, rigorous and transparent procedure for the appointment of new Directors which should be meritocratic and made against objective criteria. Given the reduction in the number of Directors during the period under review the Board agreed that the work of the Nominations Committee in reviewing the composition, balance and skills of the Board together with the appointment of new Directors and re-appointment and orderly succession of existing Directors, will be assumed by the full Board in the future.

The terms of reference for all committees are available on the request from the Company Secretary.

Attendance at Board meetings and committees

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

Attendance	Board	Remuneration	Nominations	Audit
Barry Price	11/11	–	2/2	–
George Elliott	9/11	2/2	–	3/3
Andrew Richards	11/11	2/2	–	2/3
Steven Lee	11/11	–	–	–
Richard Storer	11/11	–	–	–
Darren Millington – resigned on 29 August 2008	5/5	–	–	–
Stephen Davies	9/11	–	2/2	3/3
Colin Wall – resigned on 31 January 2009	9/11	2/2	1/2	–
Anthony Weir – appointed on 17 November 2008, resigned on 23 March 2009	2/2	–	–	–

Risk management and internal control

The Risk Committee is responsible for the development of a risk management strategy within the Group. The committee is also responsible for overseeing the implementation of the requirements of this strategy.

The Risk Committee is chaired by George Elliott and comprises of Andrew Richards, Richard Storer and senior staff representing human resources and finance.

Summit has an organisational structure with clearly defined lines of reporting and responsibility. The structure is reviewed regularly to ensure appropriate levels of delegation and authority. All Group employees are required to adhere to specified codes of conduct, policies and procedures.

Although the Company does not have an internal audit function, the Board has reviewed the effectiveness of internal financial, operational and compliance controls during the year and is satisfied that these have been followed during the year.

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 2009

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 which 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 2008/09 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 provided by independent remuneration consultants, and each Executive's performance and contribution to the Company during the year.

Bonuses

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

No bonuses were awarded during the year.

Share options

The Company issues share options to Directors and staff to reward loyalty and performance and to enable valued employees to share in the success of the Company.

No options were awarded during the year.

Pension

The Group operates a defined contribution pension scheme which is available to all employees including Executive Directors. 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 after a probationary period. In exceptional circumstances, the Company may offer a relocation allowance to new Executive Directors.

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 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
Darren Millington†	9 May 2006	12 months
Anthony Weir*	17 November 2008	12 months

†Darren Millington resigned on 29 August 2008.
*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.

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	26 September 2006
Stephen Davies	24 September 2004
Andrew Richards	22 March 2007
George Elliott	19 April 2007
Colin Wall†	26 September 2006

†Colin Wall resigned on 31 January 2009.

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 2009

Post period end review of Directors' remuneration
As part of Summit's restructuring programme, Executive Director's have agreed to a cut in their basic salaries of between 20 and 25 per cent. Non-Executive Directors have also agreed to a reduction in their fees of between 27 and 55 per cent.

In order to incentivise Executive Directors and employees it is proposed to adopt a new share incentive programme that will be subject to exacting performance conditions linked to Total Shareholder Return (TSR) and the achievement of commercial deals delivering revenue to the Company. Details of a new scheme will be submitted to shareholders in due course.

Audited information

Directors' remuneration

The Directors received the following remuneration during the year:

Director	Salary and fees 2008/09 £	Taxable benefits 2008/09 £	**Emoluments 2008/09 £**	Pension contributions 2008/09 £	**Total 2007/08 £**	Emoluments 2007/08 £	Pension contributions 2007/08 £	Total 2007/08 £
Executive								
Steven Lee	200,000	178	**200,178**	–	**200,178**	360,200	–	360,200
Richard Storer	175,000	497	**175,497**	8,750	**184,247**	253,719	8,750	262,469
Darren Millington(1)	58,333	178	**58,511**	2,500	**61,011**	138,415	5,000	143,415
Anthony Weir(2)	125,820	–	**125,820**	–	**125,820**	–	–	–
Non-Executive								
Barry Price	66,000	–	**66,000**	–	**66,000**	66,000	–	66,000
Stephen Davies	27,500	–	**27,500**	–	**27,500**	27,500	–	27,500
George Elliott	30,500	–	**30,500**	–	**30,500**	22,721	–	22,721
Andrew Richards	27,500	–	**27,500**	–	**27,500**	23,657	–	23,657
Colin Wall(3)	33,500	–	**33,500**	–	**33,500**	33,500	–	33,500
	744,153	853	**745,006**	11,250	**756,256**	925,712	13,750	939,462

(1) Darren Millington resigned on 29 August 2008
(2) Anthony Weir was appointed on 17 November 2008 and resigned on 23 March 2009
(3) 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 2008	Lapsed during the period	Exercised during the period	**At 31 January 2009**	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	–	–	**550,000**	171.5	Note (ii)	02-Dec-16
	28-Aug-07	200,000	–	–	**200,000**	118.5	Note (iii)	28-Aug-10
		2,770,000	–	–	**2,770,000**			
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
		775,000	–	–	**775,000**			
Darren Millington †	01-Jul-05	60,000	–	–	**60,000**	169.5	Note (vi)	01-July-15
	02-Dec-05	90,000	(30,000)	–	**60,000**	171.5	Note (vi)	02-Dec-15
	02-Nov-06	250,000	(166,667)	–	**83,333**	135.0	Note (vi)	02-Nov-16
	28-Aug-07	100,000	(100,000)	–	**–**	118.5	Note (iii)	28-Aug-10
		500,000	(296,667)	–	**203,333**			
Anthony Weir*	–	–	–	–	**–**	–		–

† Darren Millington resigned on 29 August 2008
* Anthony Weir was appointed on 17 November 2008 and 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 share options were granted at 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 Group'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 share options vest in three equal proportions on the first, second and third anniversaries of their grant. The share options were granted at the closing mid-market price of the shares on the day prior to the award of the options.

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 2009	Ordinary shares at 31 January 2008
Executive		
Steven Lee	**182,492**	182,492
Richard Storer	**16,229**	16,229
Darren Millington	**5,168**	5,168
Anthony Weir	**–**	–
Non-Executive		
Barry Price	**14,615**	10,081
Stephen Davies	**6,208,748**	6,208,748
Colin Wall	**74,000**	74,000
Andrew Richards	**149,461**	149,461
George Elliott	**5,291**	3,127
	6,656,004	6,649,306

The market price of the Company's shares at 31 January 2009 was 23.75 pence. During the year from 1 February 2008, the market price of the Company's shares has ranged from 21.0 pence to 89.5 pence.

On behalf of the Board

Andrew Richards, PhD

Chairman of Remuneration Committee

27 July 2009

Statement of Directors' Responsibilities

For the year ended 31 January 2009

Directors' responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the Company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice.

Group financial statements

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- Consistently select and apply appropriate accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Parent company financial statements

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

27 July 2009

Independent Auditors' Report

To the Shareholders of Summit Corporation plc

We have audited the Group and parent company financial statements (the 'financial statements') of Summit Corporation plc for the year ended 31 January 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman and Chief Executive's Statement, the Corporate Governance Report and the Statement of Directors' Responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 January 2009 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 January 2009;
- the consolidated and parent company financial statements have been properly prepared in accordance with the Companies Act 1985;
- the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the provisions of Schedule 7A of the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. This depends on its ability, by Autumn 2009, to secure additional sources of cash through at least one of a number of options identified, with the likelihood of a second option needing to be taken in Spring 2010. The potential options identified are: the signing of further out-licensing contracts, the commercialisation of compounds, the sale of Dextra Laboratories Limited or a fund raising, as well as curtailing expenditure levels.

These conditions, along with other matters explained in Note 1 of the financial statements; indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. No adjustments have been provided in these financial statements to reflect any loss in the value of assets or increase in liabilities that would arise should the Group be unable to continue as a going concern.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors

27 July 2009

Consolidated Income Statement

For the year ended 31 January 2009

	Notes	Year ended 31 January 2009 £000	Year ended 31 January 2008 (Restated) £000
Revenue	4	**1,831**	3,030
Cost of sales		**(1,058)**	(1,264)
Gross profit		**773**	1,766
Other operating income	7	**315**	1,079
Administrative expenses			
Research and development		**(5,754)**	(7,712)
General and administration		**(4,031)**	(3,676)
Sales and marketing		**(1,079)**	(1,091)
Depreciation and amortisation		**(1,894)**	(1,650)
Impairment	7	**(12,464)**	–
Share-based payment		**(212)**	(486)
Total and administrative expenses	5	**(25,434)**	(14,615)
Operating loss		**(24,346)**	(11,770)
Finance income		**304**	775
Finance cost		**(85)**	(38)
Loss before taxation	7	**(24,127)**	(11,033)
Taxation	9	**1,724**	911
Loss for the year attributed to equity shareholders of the parent		**(22,403)**	(10,122)
Basic and diluted loss per Ordinary share	10	**41.96p**	21.13p

All of the activities of the Company are classed as continuing.

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

Consolidated Balance Sheet

As at 31 January 2009

	Notes	31 January 2009 £000	31 January 2008 (Restated) £000
ASSETS			
Non-current assets			
Goodwill	11	**–**	9,767
Intangible assets	12	**4,820**	8,131
Property, plant and equipment	13	**3,714**	4,268
		8,534	22,166
Current assets			
Inventories	14	**391**	337
Trade and other receivables	15	**1,495**	1,581
Current tax		**805**	719
Cash and cash equivalents		**2,717**	10,088
		5,408	12,725
Total assets		**13,942**	34,891
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(1,732)**	(3,129)
Borrowings	18	**(135)**	(188)
Total current liabilities		**(1,867)**	(3,317)
Non-current liabilities			
Deferred income	17	**(141)**	(97)
Provisions	20	**(1,180)**	(1,180)
Borrowings	18	**(1,181)**	(1,222)
Deferred tax	21	**(1,020)**	(1,879)
Total non-current liabilities		**(3,522)**	(4,378)
Total liabilities		**(5,389)**	(7,695)
Net assets		**8,553**	27,196
Equity			
Share capital	22	**5,597**	4,967
Share premium account		**25,785**	22,750
Shares to be issued		**–**	1,443
Share-based payment reserve	23	**1,176**	964
Merger reserve		**12,654**	11,328
Retained earnings		**(36,659)**	(14,256)
Total equity attributable to the equity shareholders of the parent		**8,553**	27,196

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

27 July 2009

Consolidated Cash Flow Statement

For the year ended 31 January 2009

	Notes	**Year ended 31 January 2009 £000**	Year ended 31 January 2008 £000
Cash flows from operating activities			
Loss before tax		**(24,127)**	(11,033)
Adjusted for:			
Finance income		**(304)**	(775)
Finance cost		**85**	38
Foreign exchange loss		**2**	–
Depreciation		**1,182**	766
Amortisation of intangible fixed assets		**718**	884
Loss on disposal	7	**198**	–
Impairment loss		**12,464**	–
Share-based payment		**212**	486
Adjusted loss from operations before changes in working capital and provisions		**(9,570)**	(9,634)
(Increase)/decrease in trade and other receivables		**86**	(189)
(Increase) in inventories		**(54)**	(79)
Increase/(decrease) in trade and other payables		**(1,489)**	1,376
Cash used by operations		**(11,027)**	(8,526)
Taxation received		**898**	454
Net cash used in operating activities		**(10,129)**	(8,072)
Investing activities			
Acquisition of businesses net of cash required		**–**	406
Purchase of property, plant and equipment		**(997)**	(1,846)
Purchase of intangible assets		**(150)**	(97)
Interest received		**304**	775
Net cash used in investing activities		**(843)**	(762)
Financing activities			
Proceeds from issue of share capital		**3,900**	142
Proceeds from receipt of loan		**–**	600
Repayment of debt during the period		**(204)**	(71)
Repayment of finance lease costs		**(10)**	–
Interest paid		**(85)**	(38)
Net cash generated from financing activities		**3,601**	633
Net (decrease)/increase in cash and cash equivalents		**(7,371)**	(8,201)
Cash and cash equivalents at beginning of period		**10,088**	18,289
Cash and cash equivalents at end of year		**2,717**	10,088

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

Consolidated Statement of Changes in Equity

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 recognised income and 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**

Year ended 31 January 2008

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 2007	3,722	22,327	–	478	(1,943)	(4,134)	20,450
Loss for the year	–	–	–	–	–	(10,122)	(10,122)
Total recognised income and expense for the year	–	–	–	–	–	(10,122)	(10,122)
New share capital issued	1,245	423	–	–	–	–	1,668
Share-based payment	–	–	–	486	–	–	486
New shares to be issued	–	–	1,443	–	–	–	1,443
Merger relief	–	–	–	–	13,271	–	13,271
At 31 January 2008	4,967	22,750	1,443	964	11,328	(14,256)	27,196

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 10 pence per share.

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

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

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 deferred shares as part of the acquisition of DanioLabs Limited, as detailed in Note 22 Share capital, resulted in a further £1,326,000 being established.

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 2009

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. The Directors have reviewed the working capital requirements of the Group over the next 12 months and have identified a number of steps that need to be taken to manage the cash position to ensure it can continue in operation for the foreseeable future. These actions include managing and reducing research and overhead costs and raising finance from other sources. The Directors have identified a number of areas where costs may be reduced including the restriction of R&D projects to core projects, premises lease costs, staff costs and Directors' fees. The Group has provided confidential information on its pre-clinical diabetes and Hepatitis-C programmes to a number of prospective major pharmaceutical and biotech partners that have expressed interest with a view to the negotiation and completion of an out-license deal. We are discussing fund-raising options with our financial advisors and we are also in a process that may lead to the sale of one of the Group's wholly owned subsidiaries, Dextra Laboratories Limited. The Group's future as an independent entity will depend upon management's ability to complete at least one of the above fund-raising options in the Autumn of 2009 with a likelihood of needing to complete a second in Spring 2010. The Directors are confident that this can be achieved. The timing and extent of such transactions required to remain as a going concern however represent a material uncertainty and therefore the Group may be unable to realise it's assets and discharge it's liabilities in the normal course of business.

No adjustments have been provided in these accounts to reflect any loss in the value of assets or increase in liabilities that would arise should the Group be unable to continue as a going concern.

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 Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

Business combinations

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

Goodwill

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

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.

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

Patents (once filed):	Over the period of the relevant patents
Drug programmes:	Over the period of the relevant patents
Licenses:	Over the period of the licence agreement

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

1. Basis of accounting (continued)

Impairment of assets

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

An impairment loss is recognised for the amount by which the assets 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 12 for details.

Property, plant and equipment

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

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

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

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. The provisions held at the year end relate to contingent consideration arising from the acquisition of MNL Pharma Limited in the year ending 31 January 2007 and the remaining costs of the onerous lease following the transfer of trade and assets from the Cambridge site.

Revenue recognition

Group revenue comprises the value of sales from products and income (excluding VAT and taxes, trade discounts and intra-Group transactions) derived from contracts for services. Revenue from product sales is recognised when the risks and rewards of ownership have been transferred to the customer. Where the Group is to undertake R&D activities 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. Royalty revenue is recognised as it is earned and on notification to the Group. 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.

Grant income

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

Foreign currencies

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

Inventories

Inventories consist of chemical compounds held for resale or for further processing, both in the services and carbohydrate businesses, 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 Income Statement on an accruals basis.

Leased assets

Costs in respect of operating leases are charged to the Consolidated Income Statement 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.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts, hire are capitalised in the Consolidated Balance Sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included in liabilities in the balance sheet .

The interest element of the rental obligations are charged to the Consolidated Income Statement over the periods of the hire purchase contracts on a straight line basis over the lease term.

Notes to the Financial Statements

For the year ended 31 January 2009

1. Basis of accounting (continued)

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 Income Statement 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 balance sheet 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.

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 balance sheet 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 balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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

Segmental analysis

Segmental analysis is provided in line with internal management information as required by the Board of Directors. Details of the approach are set out in Note 4 below.

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 on 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 the provision of screening services and from catalogue sales. The Group enters a variety of arrangements with its customers from which it may earn all, or some of, these revenue streams. The application of the Group's revenue recognition policy set out in Note 1 to its more complex agreements 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 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 2009 and 31 January 2008 are presented in Note 12.

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. (See Note 20).

2. Critical accounting estimates and judgements (continued)

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 23, 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 balance sheet date, and any adjustment to tax payable in respect of previous years. The ultimate receivable for any issues arising may vary from the amounts provided, and is dependent upon negotiations with the relevant tax authorities.

3. Future changes to accounting policies

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 2*	Share-based payment (Amendment)	1 January 2009
IFRS 8	Operating segments	1 January 2009
IAS 1	Presentation of Financial Statements (Amendment)	1 January 2009
IAS 23	Borrowing Costs (Amendment)	1 January 2009
IAS 32	Financial Instruments: Presentation (Amendment)	1 January 2009
IFRS 1/IAS 27	Cost of an investment in a subsidiary, jointly controlled entity or associate	1 January 2009
IFRS 3*	Business combinations (Amendment)	1 July 2009
IAS 27	Consolidated and separate financial statements	1 July 2009
IAS 39*	Financial Instruments 'Recognition and measurement – Amendments for eligible hedged items'	1 July 2009

International Financial Reporting Interpretations (IFRIC)		Effective date
IFRIC 13	Customer Loyalty Programmes	1 July 2008
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRIC 15*	Agreements for the construction of real estate	1 January2009
IFRIC 14, IAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction	1 July 2009
IFRIC 17*	Distribution of non-cash assets to owners	1 July 2009
IFRIC 18*	Transfer of assets from customers	1 July 2009

* 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.

Notes to the Financial Statements

For the year ended 31 January 2009

4. Segmental reporting

For the year ended 31 January 2009	Discovery Services £000	Carbohydrate Services £000	Zebrafish Services £000	Corporate and Other £000	Total £000
Segment revenue	**185**	**916**	**730**	**–**	**1,831**
Segment result	**(9,044)**	**(2,490)**	**(7,998)**	**(2,871)**	**(22,403)**
At 31 January 2009					
Segment assets and liabilities					
Non-current assets					
Intangible assets	4,820	–	–	–	4,820
Property, plant and equipment	1,983	1,290	179	262	3,714
	6,803	**1,290**	**179**	**262**	**8,534**
Current assets					
Inventories	226	165	–	–	391
Trade and other receivables	216	358	662	259	1,495
Current tax	805	–	–	–	805
Cash and cash equivalents	236	142	66	2,273	2,717
	1,483	**665**	**728**	**2,532**	**5,408**
Current liabilities					
Trade and other payables	(1,111)	(309)	(102)	(210)	(1,732)
Borrowings	(97)	(14)	(8)	(16)	(135)
	(1,208)	**(323)**	**(110)**	**(226)**	**(1,867)**
Non-current liabilities					
Deferred income	–	(141)	–	–	(141)
Provisions	(1,180)	–	–	–	(1,180)
Borrowings	(931)	(17)	(81)	(152)	(1,181)
Deferred tax	(997)	(23)	–	–	(1,020)
	(3,108)	**(181)**	**(81)**	**(152)**	**(3,522)**
Information about profit or loss for the year					
Interest revenue	17	5	–	282	304
Interest expense	(67)	(1)	(6)	(11)	(85)
Depreciation	(745)	(344)	(33)	(60)	(1,182)
Amortisation	(718)	–	–	–	(718)
Impairment	(2,597)	(1,378)	(8,489)	–	(12,464)
Share option charge	–	–	–	(212)	(212)
Taxation	1,747	(23)	–	–	1,724
Additions to non-current assets					
Intangibles assets	150	–	–	–	150
Property, plant and equipment	214	536	38	26	814

4. Segmental reporting (continued)

For the year ended 31 January 2008	Discovery Services £000	Carbohydrate Services £000	Zebrafish Services £000	Corporate and Other £000	Total £000
Segment revenue	**49**	**2,004**	**977**	**–**	**3,030**
Segment result	**(9,314)**	**123**	**27**	**(958)**	**(10,122)**
Segment assets					
Non-current assets					
Goodwill	–	1,378	8,389	–	9,767
Intangible assets	8,131	–	–	–	8,131
Property, plant and equipment	2,377	1,148	539	204	4,268
	10,508	**2,526**	**8,928**	**204**	**22,166**
Current assets					
Inventories	45	70	222	–	337
Trade and other receivables	622	356	22	581	1,581
Current tax	719	–	–	–	719
Cash and cash equivalents	269	375	–	9,444	10,088
	1,655	**801**	**244**	**10,025**	**12,725**
Current liabilities					
Trade and other payables	(2,297)	(462)	(233)	(234)	(3,226)
Borrowings	(122)	–	(66)	–	(188)
	(2,419)	**(462)**	**(299)**	**(234)**	**(3,414)**
Non-current liabilities					
Provisions	(1,180)	–	–	–	(1,180)
Borrowings	(690)	–	(532)	–	(1,222)
Deferred tax	(1,879)	–	–	–	(1,879)
	(3,749)	**–**	**(532)**	**–**	**(4,281)**
Information about profit or loss for the year					
Interest revenue	3	109	53	610	775
Interest expense	(31)	(1)	–	(6)	(38)
Depreciation	(432)	(106)	(187)	(41)	(766)
Amortisation	(884)	–	–	–	(844)
Share option charge	–	–	–	(486)	(486)
Taxation	(911)	–	–	–	(911)
Additions to non-current assets					
Goodwill	–	1,378	8,389	–	9,767
Intangibles assets	6,673	–	–	–	6,673
Property, plant and equipment	1,550	361	179	320	2,410

During the period, the Summit Group comprised six legal trading entities. These included the five subsidiary companies detailed in Note 36 and the Group holding company, Summit Corporation plc. For the purposes of segmental reporting, the activities of the six entities are covered by four segments: Discovery Services, Carbohydrate Services, Zebrafish Services, and Corporate and Other.

The Discovery Services segment covers all research and development activities carried out by the Group and includes the iminosugar drug discovery platform, the drug programmes that form the Product Portfolio (see pages 8 to 13 for more details) and any other discovery stage research. Discovery Services were undertaken by three trading entities: Summit (Oxford) Limited, Summit (Cambridge) Limited and Summit (Wales) Limited.

Carbohydrate Services can entirely be attributed to the trading entity Dextra Laboratories Limited ("Dextra"). Dextra is a provider of specialist carbohydrate chemistry services to third party companies in the pharmaceutical and life sciences industries.

All Zebrafish Services were undertaken at Summit (Oxford) Limited and Summit (Asia) Pte Limited and covers the provision of zebrafish screening services to the pharmaceutical and life sciences industries to test the safety and efficacy of potential new drugs. Summit (Asia) Pte Limited was incorporated on 21 October 2008 and started trading in January 2009.

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4. Segmental reporting (continued)

The Corporate and Other segment covers activities at Summit Corporation plc and Summit (Oxford) Limited. Summit Corporation plc's activity is entirely attributable to the Corporate and Other segment, which for both entities generally comprised non-cash, non-revenue generating costs such as share based payments and the amortisation of intangible assets. The Corporate and Other segment is not re-allocated for internal purposes to the other trading entities due to it being monitored separately as a cost centre.

The Discovery Services segment comprises Summit's licensing revenue business and includes the iminosugar drug discovery platform and the Product Portfolio. Summit's services revenue was generated by two service businesses in zebrafish screening and carbohydrate chemistry. In order to allow the trading entities to function, the Corporate and Other segment comprises the non-allocated costs incurred in providing the facilities, finance, human resource and information technology services to each of the entities.

Basis of allocation of Summit (Oxford) Limited activity

A number of allocation bases have been employed in determining the reportable segment profit or loss, and the assets utilised by each. Certain costs can be traced directly to a segment activity, and wherever possible, this has been the allocation base. Where costs are shared or incurred on a basis which does not vary directly in line with activity, a number of allocation bases have been established:

Per capita: certain costs and assets vary, to a certain extent, by headcount. Costs and assets relating to information technology, for example, can vary both directly and indirectly by headcount, and are allocated on a direct basis.

Activity per square meter: Utility, facility and other building usage costs are allocated on the basis of the area occupied by each segment.

Personnel costs: Where costs are based on salaries, these are allocated on an individual by individual basis to the relevant segment.

Revenue derivation

Carbohydrate Services segment

The Carbohydrate Services derived its revenues from the sale of carbohydrate products (£288,000 of total revenue) and the provision of bespoke services (£628,000 of total revenue) to its clients in the pharmaceuticals and life sciences industries predominantly in the UK, the USA and Europe.

There were three major customers comprising 41% (£425,000) of total carbohydrate revenue in the year, of which £266,000 and £159,000 was derived from the UK and Europe respectively.

Zebrafish Services segment

The Zebrafish Services derived all of its revenues from its drug screening services. It earned revenues from customers predominantly in Europe, but also in the UK, USA and the Far East.

There were three major customers comprising 38% (£246,000) of total zebrafish revenue in the year, of which £133,000 and £113,000 was derived in the UK and Europe respectively.

Geographical segmentation

As discussed above, 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 2009 £000	Year ended 31 January 2008 £000
UK	**415**	948
USA	**271**	837
Europe	**838**	1,016
Rest of the world	**307**	229
	1,831	3,030

5. Change of comparatives

Following a review of operations it was agreed that overhead costs within general and administration would not be allocated to cost of sales and that depreciation would not be allocated to research and development expenditure. The prior year amounts have been adjusted as follows; cost of sales has been reduced by £359,000, research and development by £695,000 with a corresponding credit to general and administration of £1,054,000.

An adjustment has also been made to correctly reflect the split between current and non-current liabilities for the deferred income resulting from the contributions made from a landlord of one of the premises occupied towards refurbishment costs. This adjustment resulted in an increase to non-current liabilities of £97,000 and a subsequent decrease to current liabilities of the same amount.

6. Directors and employees

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

	31 January 2009 £000	31 January 2008 £000
Technical, research and development	**112**	112
Administration and overheads	**30**	23
	142	135

The parent company had no employees in the current or previous financial years. On 31 January 2009, the number of people employed by the Group was 100.

Their aggregate remuneration comprised:

	31 January 2009 £000	31 January 2008 £000
Wages and salaries	**4,953**	5,325
Social security costs	**503**	607
Pension costs	**223**	168
	5,679	6,100

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 Remuneration Report, however, are re-presented below in the required format.

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Short-term employee benefits	**745**	1,161
Post-employment benefits	**11**	21
Other long-term benefits	**–**	–
Termination benefits	**–**	175
Share-based payment	**(30)**	263
	726	1,620

The share-based payment in respect of Directors is a credit this year due to change in the composition of the Directors who hold share options.

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7. Loss before taxation

	Note	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Other operating income			
Grant income		**294**	653
Charity income		**–**	222
Other income		**21**	204
		315	1,079
Non-recurring items			
Administration costs		**141**	459
Impairments			
Goodwill	11	**9,767**	–
Intangible assets	12	**2,597**	–
Property, plant and equipment	13	**100**	–
		12,464	
Loss on disposals			
Intangible assets		**127**	–
Property, plant and equipment		**71**	–
Other			
Share-based payments	23	**212**	486
Employer pension contributions	6	**223**	168
Other employee benefits		**–**	58
Foreign exchange loss/(gain)		**2**	(28)
Amortisation of intangible assets	12	**718**	884
Depreciation of property, plant and equipment	13	**1,182**	766
Operating lease rentals		**1,059**	840

Included within administrative expenses are items incurred in the period following the transfer of the trade and assets of Summit (Cambridge) Limited to Summit (Oxford) Limited (a fellow subsidiary) in July 2008, that will not recur in future periods. These items comprised relocation and removal costs totalling £16,000 and redundancy costs totalling £125,000

Please see Note 12 Intangible assets for further information on the disposal which led to the loss shown above.

8. Auditors' remuneration

Services provided by the Group's auditor

It is the Group's policy to employ the auditors on assignments additional to their statutory audit duties where their expertise and experience with the Group are important, principally tax advice and due diligence reporting on acquisitions, or where they are awarded assignments on a competitive basis.

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Fees payable to the Company's auditors for the audit of the Consolidated Financial Statements	**32**	25
Fees payable to the Company's auditors for the audit of the Company's subsidiaries	**28**	19
Audit-related regulatory reporting	**67**	10
Total audit fees	**127**	54
Further assurance services	**–**	1
Tax advisory services	**19**	46
Total non-audit fees	**19**	47
Total fees payable	**146**	101

9. Taxation

Analysis of charge in period	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
United Kingdom corporation tax at 28% (2008: 30%)		
Current tax credit	**(746)**	(720)
Prior year adjustment	**(96)**	19
Deferred tax	**(882)**	(210)
Taxation	**(1,724)**	(911)

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 Ordinary activities before tax	**(24,127)**	(11,033)
Loss on Ordinary activities multiplied by standard rate of corporation tax in the United Kingdom (Current tax) of 28% (2008: 30%), and deferred tax at 28% (2008: 28%)	**(6,756)**	(3,310)
Effect of:		
Non-deductible expenses	**2,812**	177
Enhanced deductions for R&D expenditure	**(562)**	(536)
Losses surrendered for R&D tax credits	**637**	630
Capital allowances in excess of depreciation (not recognised)	**171**	94
Increase in losses to carry forward (not recognised)	**2,075**	1,982
Movement in short term temporary differences (not recognised)	**(5)**	18
Impact of rate change on deferred tax (recognised in the accounts)	**–**	15
Prior year adjustments	**(96)**	19
Total taxation	**(1,724)**	(911)

There are no current tax liabilities as at 31 January 2009 (2008 – 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 Balance Sheet is the result of this transaction.

The increase in non-deductible expenses this year can be attributed in main to the impairment provisions as detailed in Notes 11 Goodwill and 12 Intangible assets.

10. Loss per share

The loss per share has been calculated by dividing the loss for the year of £22,403,000 (for the year ended 31 January 2008: restated loss of £10,122,000) by the weighted average number of shares in issue during the year to 31 January 2009: 53,389,132 (for the year ended 31 January 2008: 47,902,499).

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

Potentially dilutive shares capable of vesting under the share options currently in issue totalled 5,741,811 as at 31 January 2009 (7,152,990 as at 31 January 2008).

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For the year ended 31 January 2009

11. Goodwill

Cost	Summit (Cambridge) Limited £000	Dextra Laboratories Limited £000	Total £000
At 1 February 2008 and 31 January 2009	**8,389**	**1,378**	**9,767**
Impairment			
At 1 February 2008	–	–	–
Charge in the year	(8,389)	(1,378)	(9,767)
At 31 January 2009	**(8,389)**	**(1,378)**	**(9,767)**
Net book value			
At 1 February 2008	8,389	1,378	9,767
At 31 January 2009	**–**	**–**	**–**

Goodwill represents the difference between the amount paid in consideration for the tangible net assets of the companies acquired, less the intangible assets for which values have been clearly identified and defined.

The goodwill arising on the Summit (Cambridge) Limited) acquisition represented the value of intangible assets for which a value cannot be readily assigned within the definition of IAS 38. Following the transfer of the trade and assets from Summit (Cambridge) Limited to Summit (Oxford) Limited during the year and in light of the subsequent sale of the zebrafish business in May 2009, as detailed in Note 27, the management have reviewed the carrying value of the goodwill and have made an impairment provision of the total balance.

An impairment provision has been made for the full amount of goodwill that was recognised on the acquisition of Dextra Laboratories Limited of £1,377,658. Management have assessed the fair value of Dextra Laboratories net assets as an individual entity on both a value in use and a fair value less costs to sell basis, and have concluded on the latest available evidence that the recognition of an impairment provision against the goodwill is required. This impairment is recognised in the Group's Carbohydrate Services segment as shown in Note 4.

12. Intangible assets

Cost	Drug programmes relating to Summit (Cambridge) Limited £000	Drug programmes relating to MNL Pharma Limited £000	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**

12. Intangible assets (continued)

Cost	Drug programmes relating to Summit (Cambridge) Limited £000	Drug programmes relating to MNL Pharma Limited £000	Patents and licences £000	Total £000
At 1 February 2007	–	1,380	127	1,057
Additions	7,460	–	97	7,557
At 31 January 2008	**7,460**	**1,380**	**224**	**9,064**
Amortisation and impairment				
At 1 February 2007	–	(11)	(38)	(49)
Provided in the year	(750)	(90)	(44)	(884)
At 31 January 2008	**(750)**	**(101)**	**(82)**	**(933)**
Net book amount				
At 31 January 2007 as restated	–	1,369	89	1,458
At 31 January 2008	**6,710**	**1,279**	**142**	**8,131**

Intangible assets recognised on acquisition of Summit (Cambridge) Limited

The most valuable of Summit (Cambridge) Limited's assets were its drug development programmes with the main value represented by the patents, which 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.

Both programmes have been reviewed for evidence of impairment. As at 31 July 2008 an impairment provision of £1,033,000 was recognised with a further provision of £1,564,000 being put through at 31 January 2009. The provisions are included in the line 'Impairments' on the face of the Consolidated Income Statement.

The impairment provision has been calculated by updating the discounted cash flow calculations following the licensing deals that have been signed which affect these programmes. Further information on the licensing of these programmes can be found in Note 27, Post balance sheet events and also the Chairman and Chief Executive's Joint Statement.

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.

At 31 January 2009 the carrying value for the sialorrhoea programme was impaired down to the net present value of the programme whilst the net present value of the seborrhoea programme exceeded its carrying value by £587,000.

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For the year ended 31 January 2009

12. Intangible assets (continued)

Intangible assets recognised on acquisition of the key assets of MNL Pharma Limited:
The SMT14400 (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 SMT14400 assets at £1,380,800 being the fair value of consideration less the sum paid for fixed assets.

SMT14400 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.

During the year the Group terminated an exclusive agreement covering a patent relating to a muscular dystrophy zebrafish model generated by a third party. The license was terminated when the Group had no further use for the patent as the model yielded no data suitable for commercialisation. Costs which had been capitalised as an intangible asset associated with the agreement amounted to £164,000.

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

13. Property, plant and equipment

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**

Cost	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
At 1 February 2007	1,756	1,206	130	3,092
Additions	493	1,439	132	2,064
Acquisitions	33	275	38	346
At 31 January 2008	2,282	2,920	300	5,502
Depreciation				
At 1 February 2007	(226)	(197)	(45)	(468)
Charge for the year	(241)	(434)	(91)	(766)
At 31 January 2008	(467)	(631)	(136)	(1,234)
Net book value				
At 1 February 2007	1,530	1,009	85	2,624
At 31 January 2008	**1,815**	**2,289**	**164**	**4,268**

The net book value of fixed assets of £3,714,313 includes an amount of £30,527 (2008: £nil) in respect of assets held under finance leases and hire purchase contracts. The depreciation charged in the year in respect of such assets amounted to £10,176 (2008: £nil).

14. Inventories

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Raw materials	**226**	267
Finished goods	**165**	70
	391	337

The amount of inventory expense included in cost of sales for the year was £45,000 (2008: £32,000). There was a write down in value of inventories of £3,000 in the period (2008: £nil).

15. Trade and other receivables

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Trade receivables	**651**	189
Other receivables	**77**	547
Prepayments and accrued income	**767**	845
	1,495	1,581

16. Trade and other payables

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Trade payables	**675**	1,813
Other taxes and social security costs	**253**	49
Accruals and deferred income	**558**	1,279
Other creditors	**246**	85
	1,732	3,226

17. Deferred Income

The Group has received contributions from the landlord in respect of the refurbishment of the laboratory facilities at one of its locations. The amount received is not returnable and is being released to the Consolidated Income Statement in line with the depreciation of the assets to which it relates. A further £108,000 is included in current liabilities in respect of this.

18. Borrowings

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Due within one year		
Loans	**121**	188
Hire purchase	**14**	–
	135	188
Due after one year		
Loans	**1,164**	1,222
Hire purchase	**17**	
	1,181	1,222

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For the year ended 31 January 2009

18. Borrowings (continued)

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Loans	**1,285**	1,410

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Debt due within one year	**63**	66
Debt due in second year	**63**	66
Debt due in third to fifth years inclusive	**189**	199
Debt due after five years	**219**	267
	534	598

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Debt due within one year	**141**	141
Debt due in second year	**141**	141
Debt due in third to fifth years inclusive	**423**	423
Debt due after five years	**482**	670
	1,187	1,375
Less future finance charges	**(436)**	(563)
	751	812

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

The Group also took out a hire purchase agreement during the year.

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Hire purchase contracts	**31**	–

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

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £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 are secured on the assets acquired.

19. Financial instruments

	Note	**Year ended 31 January 2009 £000**	Year ended 31 January 2008 £000
Cash and cash equivalents		**2,717**	10,088
Loans and receivables			
Trade and other receivables	15	**1,495**	1,581
Other liabilities			
Trade and other payables	16	**1,732**	3,129
Borrowings	18	**1,316**	1,410
		3,048	4,539

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 Balance Sheet, all of which mature within one year.

We have compared fair value to book value for each class of financial asset and liability, and 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 2009 £000	Year ended 31 January 2008 £000
On dated deposit – fixed rate	**–**	7,622
On current account	**2,717**	2,466
	2,717	10,088

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 2009, the dated deposit facility returned an average rate after fees of 4.75% (2008: 5.46%).

The Group's exposure to interest rate risk is illustrated with regard to the opening and closing cash balances and the difference an increase or decrease of 1% in interest rates would have made based on the average cash balance of £6,402,000 in the year:

Year ended 31 January 2009	–1%	Actual	+1%
Interest rate	3.75	4.75	5.75
Interest received (£000)	240	304	368

Year ended 31 January 2008	–1%	Actual	+1%
Interest rate	4.46	5.46	6.46
Interest received (£000)	633	775	917

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For the year ended 31 January 2009

19. 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.

The Group is also exposed to foreign currency risk due to the inclusion of its Singapore based subsidiary, Summit (Asia) Pte Limited, in the Group accounts. The risk attached to this is minimal as this subsidiary was disposed of post year end in May 2009 after only four months of trading under Group ownership. Please see Note 27 Post balance sheet events for more information.

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 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 2009 are all fully recoverable apart from the amount disclosed below which has been provided for. Of the £651,000 trade receivables, an amount of £161,000 debt was overdue based on our normal terms of business and of this amount £46,000 has been provided for as payment is not anticipated.

The Group's revenues from product sales are mainly derived from agreements with a small number of major pharmaceutical companies and relationships with pharmaceutical wholesale distributors and retail pharmacy chains. However, such clients typically have significant cash resources and as such the risk from concentration of credit is considered minimal. The Group has taken positive action to manage any credit risk associated with these transactions, operating clearly defined credit evaluation and debtor collection procedure.

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 from 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 three 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 18). Provisions are amounts contingent upon events taking place, and the recognition of deferred taxation is dependent upon future profits arising.

20. Provisions

Cost	MNL Pharma deferred consideration on acquisition £000
At 31 January 2009 and at 1 February 2008	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 (previously known as MNLP462a and now known as SMT14400), 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 SMT14400, or a back-up candidate emerging from the 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.

21. Deferred tax liability

Cost	Total £000
At 1 February 2008	1,879
Additions during the year	23
Impairment	(727)
Amount written off to the Consolidated Income Statement in line with intangible asset amortisation rates	(155)
At 31 January 2009	**1,020**

Deferred income tax assets of £2,881 (2008: £17,000) relating to provisions and £6,143,868 (2008 - £2,900,000) 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 £588,074 (2008 - £646,000) in respect of accelerated capital allowances are not recognised as we would expect to offset these against future trading losses.

22. Share capital

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Authorised		
75,000,000 Ordinary shares of 10p each	**7,500**	6,000
Alloted, called up and fully paid		
55,968,237 Ordinary shares of 10p each	**5,597**	4,967

Share capital increased in the period from 49,668,427 due to the placing of 1,173,233 Ordinary 10 pence shares on 25 March 2008 and 5,126,577 Ordinary 10 pence shares on 22 July 2008. The shares rank pari passu with existing shares. The equity placings raised a combined total of £3.9 million. The shares issued on 25 March 2008 related to the deferred issue of shares following the acquisition of DanioLabs Limited. The equity investment on 22 July 2008 was part of the worldwide licensing agreement with BioMarin Pharmaceuticals Inc. ('BioMarin') for the Duchenne muscular dystrophy programme and further details can be found in the Chairman and Chief Executive's Joint Statement. The shares issued to BioMarin are subject to a 12 month lock-in period followed by a 12 month orderly market agreement.

Notes to the Financial Statements

For the year ended 31 January 2009

23. 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					
	30 Sep 04	135.0	44,442	30 Sep 05	30 Sep 14
	17 Jul 05	169.5	58,997	17 Jul 06	17 Jul 15
	02 Dec 05	171.5	408,236	02 Dec 06	02 Dec 15
	22 May 06	167.0	59,880	22 May 07	22 May 16
	13 Oct 06	136.0	123,400	13 Oct 07	13 Oct 16
	28 Nov 06	136.0	10,000	28 Nov 07	28 Nov 16
	28 Mar 07	131.0	49,184	28 Mar 08	28 Mar 17
	30 Mar 07	74.1	153,276	30 Mar 08	30 Mar 17
	21 Nov 07	114.0	761,820	21 Nov 08	21 Nov 17
			1,669,235		
Unapproved scheme					
	02 Sep 04	0 .5	2,020,000	02 Sep 04	02 Sep 14
	17 Jul 05	169.5	1 ,003	17 Jul 06	17 Jul 15
	02 Dec 05	171.5	556,764	02 Dec 06	02 Dec 15
	22 May 06	165.0	540,120	22 May 07	22 May 16
	13 Oct 06	136.0	115,000	13 Oct 07	13 Oct 16
	02 Nov 06	135.0	83,333	02 Nov 07	02 Nov 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	6,691	21 Jun 08	21 Jun 17
	28 Aug 07	118.5	375,000	28 Aug 08	28 Aug 17
	21 Nov 07	114.0	259,950	21 Nov 08	21 Nov 17
			4,072,576		
			5,741,811		

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 2009**	Weighted average exercise price (p)	Year ended 31 January 2008
Outstanding at 1 February	**95**	**7,152,990**	91	4,750,184
Granted during the year	**–**	**–**	106	2,622,840
Lapsed during the year	**119**	**(1,411,179)**	121	(177,548)
Exercised during the year	**–**	**–**	74	(42,486)
Number of outstanding options at 31 January	**89**	**5,741,811**	95	7,152,990

As at 31 January 2009, 4,166,921 share options were capable of being exercised (2008: 3,281,963). The options outstanding at 31 January 2009 had a weighted average exercise price of 89 pence (2008: 95 pence), and a weighted average remaining contractual life of 7.0 years (2008: 8.2 years).

23. 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%
30 Sep 04	EMI	44,442	135.0	135.0	36	2.1	4.8%
17 Jul 05	EMI	58,997	169.5	169.5	43	3.0	4.2%
17 Jul 05	Unapproved	1,003	169.5	169.5	43	3.0	4.2%
02 Dec 05	EMI	408,236	171.5	168.5	41	3.0	4.2%
02 Dec 05	Unapproved	556,764	171.5	168.5	41	3.0	4.2%
22 May 06	EMI	59,880	167.0	167.0	44	3.0	4.2%
22 May 06	Unapproved	540,120	165.0	167.0	45	3.0	4.6%
13 Oct 06	EMI	123,400	136.0	136.0	36	3.0	4.6%
13 Oct 06	Unapproved	115,000	136.0	136.0	36	3.0	4.6%
02 Nov 06	Unapproved	83,333	135.0	135.0	35	3.0	4.6%
28 Nov 06	EMI	10,000	136.0	136.0	36	3.0	4.5%
28 Mar 07	EMI	49,184	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	153,276	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	6,691	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	259,950	114.0	114.0	42	3.0	4.6%
21 Nov 07	EMI	761,820	114.0	114.0	42	3.0	4.6%
		5,741,811					

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) below.
b. The award of 375,000 unapproved share options made on 28 August 2007 is performance related, as described in the 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.

24. Capital commitments

At 31 January 2009 the Group had capital commitments totalling £32,000 (2007/08: £43,000), all due within one year.

25. Leasing commitments

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

Leases which expire	**Year ended 31 January 2009 £000**	Year ended 31 January 2008 £000
Not later than one year	**791**	882
Later than one year and not later than five years	**2,407**	3,289
Later than five years	**1,281**	205
	4,479	4,376

In April 2009 the Group successfully negotiated the termination of the onerous leases at its former Cambridge facility. A provision of £882,013 had been made at 31 July 2008 but following this termination this has been reduced to £39,474 as at 31 January 2009. The termination of the lease cost £35,000 as well as forfeiture of the £30,270 deposit. The figures above have been adjusted to reflect this.

Notes to the Financial Statements

For the year ended 31 January 2009

26. Related party transactions

Transactions with related parties were as follows:

Name	Relationship	Business	Status	Amount
Colin Wall	Non-Executive Director	Odgers Ray & Berndtson	Supplier	£82,456

The amount was not outstanding at year end.

27. Post balance sheet events

A number of events have occurred within the Group's operations which are disclosed below.

In May 2009 the Group decided to close the facility in Wales to reduce the Group's overhead costs. The lease was successfully ended with no termination fee and 18 staff were made redundant. One individual has been retained on a consultancy basis by Summit (Wales) Limited. A reliable estimate of the overall financial effect of this transaction cannot be made.

Following the decision to focus the Group's activities on iminosugar drug discovery research, the Board decided to seek the divestment of the zebrafish services business, including the Singapore based subsidiary, Summit (Asia) Pte Limited. On 7 May 2009, the zebrafish business was sold to Evotec AG. The proceeds for the sale was £500,000 which resulted in an overall profit of £217,475. A total of 13 employees were transferred with the zebrafish business. For further details regarding this transaction please see the Chairman and Chief Executive's Joint Statement. A reliable estimate of the overall financial effect of this transaction cannot be made.

On 29 May 2009 Orient Pharma 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. Under the agreement Summit will also be eligible for royalties on worldwide sales of the product. The share capital increased to 58,300,237 due to the placing of 2,332,000 Ordinary 10 pence shares which rank pari passu with existing shares. The shares issued to Orient are subject to a 12 month lock-in period followed by a 12 month orderly market agreement. A reliable estimate of the overall financial effect of this transaction cannot be made.

On 16 June 2009 the Group signed a deed of variation on the lease of the Oxford property with their landlord which, as a direct result, will terminate the remaining balance of the loans shown in Note 18 as at 29 September 2009. The financial effect of this deed of variation is a cash flow saving of £1,206,080 over the remaining life of the loans.

Summit Corporation plc individual financial statements

Company Balance Sheet

As at 31 January 2009

	Notes	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Fixed assets			
Investments	30	**4,757**	19,497
Current assets			
Debtors – due after more than one year	31	**4,000**	23,701
Debtors – due within one year	31	**–**	351
		4,000	24,052
Net current assets		**8,757**	43,549
Current liabilities due within one year	32	**(23)**	(32)
Net assets		**8,734**	43,517
Capital and reserves			
Called up share capital	33	**5,597**	4,967
Share premium account	34	**25,785**	22,750
Shares to be issued	34	**–**	1,443
Merger reserve	34	**14,596**	13,271
Share based payment reserve	34	**1,176**	964
Profit and loss account	34	**(38,420)**	122
Equity shareholder's funds	35	**8,734**	43,517

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

27 July 2009

Summit Corporation plc individual financial statements

Notes to the Individual Financial Statements

of Summit Corporation plc

28. 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 36. These are held at cost, being the fair value at the date of exchange of assets acquired, liabilities incurred or assumed, and the equity instruments issued by the Company in exchange for control, plus directly attributable costs. 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 balance sheet 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 balance sheet 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 income statement 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 balance sheet 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 23 above.

Related party transactions

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

29. Profit of the parent company

Loss in the year

No profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985. The Company's loss for the year was £38,543,722 (2007/08: £45,648).

Directors' remuneration

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

Auditors' remuneration

Auditors' remuneration is disclosed in Note 8 above.

30. Investments

Cost	Investment in subsidiaries £000	Capital contributions for share options £000	Total £000
At 1 February 2008	18,533	964	19,497
Additions	–	212	212
As at 31 January 2009	**18,533**	**1,176**	**19,709**
Impairment			
At 1 February 2008	–	–	–
Charge for the year	(14,944)	(8)	(14,952)
At 31 January 2009	**(14,944)**	**(8)**	**(14,952)**
Net book value			
At 1 February 2008	18,533	964	19,497
At 31 January 2009	**3,589**	**1,168**	**4,757**

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.

As a result of the closure of Summit (Cambridge) Limited the cost of investment in respect of this company has been impaired.

31. Debtors

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Amounts owed by group undertakings	**4,000**	23,701
Other debtors	**–**	351
	4,000	24,052

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

32. Creditors

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Other creditors	**23**	32

33. Share capital

	Year ended 31 January 2009 £000	Year ended 31 January 2008 £000
Authorised		
75,000,000 Ordinary shares of 10p each	**7,500**	6,000
Alloted, called up and fully paid		
55,968,237 Ordinary shares of 10p each	**5,597**	4,967

Share capital increased in the period from 49,668,427 due to the placing of 1,173,233 Ordinary 10 pence shares on 25 March 2008 and 5,126,577 Ordinary 10 pence shares on 22 July 2008. The shares rank pari passu with existing shares. The equity placings raised a combined total of £3.9 million. The shares issued on 25 March 2008 related to the deferred issue of shares following the acquisition of DanioLabs Limited. The equity investment on 22 July 2008 was part of the worldwide licensing agreement with BioMarin Pharmaceuticals Inc. ('BioMarin') for the Duchenne muscular dystrophy programme and further details can be found in the Chairman and Chief Executive's Joint Statement. The shares issued to BioMarin are subject to a 12 month lock-in period followed by a 12 month orderly market agreement.

Notes to the Individual Financial Statements

of Summit Corporation plc

34. Reserves

Year ended 31 January 2009

	Share premium account £000	Shares to be issued 000s	Share-based payment reserve £000	Merger reserve £000	Profit and loss account £000	Total £000
At 1 February 2008	22,750	1,443	964	13,271	122	38,550
New share capital issued	3,035	–	–	–	–	3,035
Shares to be issued	–	(1,443)	–	–	–	(1,443)
Share-based payment	–	–	212	–	–	212
Share issue eligible for merger relief	–	–	–	1,325	–	1,325
Loss for the period	–	–	–	–	(38,542)	(38,542)
At 31 January 2009	**25,785**	**–**	**1,176**	**14,596**	**(38,420)**	**3,137**

Information pertaining to the share options issued in the period are analysed in Note 23 above. The share based payment reserve is borne on behalf of the underlying subsidiaries.

35. Reconciliation of movement in shareholders' funds

	31 January 2009 £000	31 January 2008 £000
Opening shareholders' funds	**43,517**	26,695
Shares issued during the year	**630**	1,245
Shares to be issued	**(1,443)**	1,443
Share premium on issued shares (net of expenses)	**3,035**	423
Merger Reserve established on acquisition of investments	**1,325**	13,271
Share-based payment	**212**	486
Loss for the financial year	**(38,542)**	(46)
Closing shareholders' funds	**8,734**	43,517

36. 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
Dextra Laboratories Limited	Great Britain	100%	103,600 £1 Ordinary shares
Summit (Asia) Pte Limited	Singapore	100%	100 Singapore $1 Ordinary shares
Summit Discovery 1 Limited	Great Britain	100%	1,000 £1 Ordinary shares
Summit Discovery 2 Limited	Great Britain	100%	1,000 £1 Ordinary shares

The principal activities of Summit (Oxford) Limited, Summit (Asia) Pte Limited and Summit (Cambridge) Limited, prior to the transfer of trade and assets to Summit (Oxford) Limited was the provision of zebrafish screening services and proprietary drug discovery. The principal activity of Summit (Wales) Limited during the year was also in proprietary drug discovery. Dextra Laboratories Limited is primarily engaged in the sale of carbohydrate catalogue products and the provision of bespoke carbohydrate products and related services.

Summit Discovery 1 Limited is a dormant company, as was Summit Discovery 2 Limited prior to being dissolved in March 2009.

Summit (Asia) Pte Limited was incorporated on 21 October 2008 and commenced trading in January 2009.

Company Information

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
K Innocent, ACIS

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