

**Company Registration No. 4217656**

**Summit Pharmaceuticals Europe  
Limited**

**Report and Financial Statements**

**31 March 2005**



# **Summit Pharmaceuticals Europe Limited**

## **Report and financial statements 2005**

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# **Summit Pharmaceuticals Europe Limited**

## **Report and financial statements 2005**

### **Officers and professional advisers**

#### **Directors**

H Arakawa (appointed 10 May 2004)  
Y Oda (appointed 10 May 2004)  
S Kimura (appointed 17 May 2004)  
A Matsutomo (resigned 17 April 2005)  
T Nakaoka (resigned 17 May 2004)  
Y Takeuchi (resigned 17 May 2004)  
T Yoshikawa (resigned 17 May 2004)

#### **Secretary**

Sumitomo Corporation Europe Limited

#### **Registered office**

Vintners' Place  
68 Upper Thames Street  
London EC4V 3BJ

#### **Bankers**

The Bank of Tokyo-Mitsubishi, Ltd  
12-15 Finsbury Circus,  
London EC2M 7BT

The Bank of Tokyo-Mitsubishi, Ltd  
Immermannstrasse, 43  
40210 Dusseldorf

The Bank of Tokyo-Mitsubishi, Ltd  
Madrid Office  
J. Ortega y gasset, 29  
28006 Madrid

The Bank of Tokyo-Mitsubishi, Ltd  
Viale della Liberazione, 18  
20124 Milano

Citibank NA  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

Svenska Handelsbanken  
Kungstradgarden  
Kungstradgardsgatan, 2  
106 70 Stockholm

# **Summit Pharmaceuticals Europe Limited**

## **Report and financial statements 2005**

### **Officers and professional advisers**

#### **Bankers (continued)**

Banca Intesa SpA  
Milano Bovisa  
Viale Edoardo Jenner, 51  
20159 Milano

Banca Nazionale del Lavoro  
Agenzia 10  
Piazza Pasolini, 24 (ang Via Manabrea)  
20159 Milano

#### **Solicitors**

Denton Wilde Sapte  
One Fleet Place  
London EC4M 7WS

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Summit Pharmaceuticals Europe Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the 15 month period ended 31 March 2005. The company's year end has been changed to 31 March from 31 December to coincide with the ultimate parent company's year end.

### **Activities**

The company trades in pharmaceutical products, selling to the United Kingdom, European and other markets. The company is based in London and has branches in Dusseldorf, Milan, Barcelona and Stockholm. The functional currency of the company for the majority of its transactions is the euro. Hence the financial statements have been prepared in euros.

### **Review of developments and results**

The company was incorporated on 16 May 2001 and began trading in August 2001. The company made a loss after tax of €542,000 for the period ended 31 March 2005 (year ended 31 December 2003: loss of €705,000). It has been a period of difficult trading conditions which resulted in a loss for the period. The directors do not recommend the payment of a dividend for the period (2003: €nil).

As at 31 December 2004, Summit Pharma Europe S.p.A. sold its Milan based business (all assets and liabilities) to Summit Pharmaceuticals Europe Limited. Summit Pharmaceuticals Europe Limited financed this acquisition by issuing shares with a value of £1,114,000. The transaction was performed based on the net book value of the business as at 31 December 2004 equal to €1,599,196. Summit Pharmaceuticals Europe Limited established an Italian branch, Summit Pharmaceuticals Europe – Milano sede secondaria, with a registered office in Milan through which Summit Pharmaceuticals Europe Limited is now actively trading in Italy.

### **Future prospects**

The company will continue to grow by expanding its business volume and by making acquisitions through the course of the year.

### **Directors and their interests**

The directors who served throughout the year, except as noted, are shown on page 1. None of the directors had any interest in the share capital of the company or of any other group companies during the period.

### **Directors' and officers' liability**

Directors' and officers' liability insurance has been purchased by the company during the period.

### **Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
H. Arakawa  
Director

28 September 2005

# **Summit Pharmaceuticals Europe Limited**

## **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Summit Pharmaceuticals Europe Limited**

We have audited the financial statements of Summit Pharmaceuticals Europe Limited for the period ended 31 March 2005 which comprise the profit and loss account, the reconciliation of movements in equity shareholders' funds, the balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

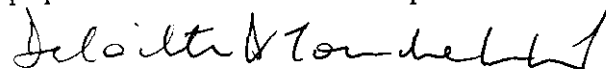
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards 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. 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 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 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

7 October 2005

## Summit Pharmaceuticals Europe Limited

### Profit and loss account Period ended 31 March 2005

	Note	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
<b>Turnover: continuing operations</b>	2	44,202	27,062
Cost of sales		(40,759)	(24,696)
Gross profit		3,443	2,366
Administrative expenses		(3,956)	(3,101)
Other operating income		2	91
<b>Operating loss: continuing operations</b>	4	(511)	(644)
Other interest receivable and similar income	5	16	16
Interest payable and similar charges	6	(128)	(118)
<b>Loss on ordinary activities before taxation</b>		(623)	(746)
Tax on loss on ordinary activities	7	81	41
<b>Loss on ordinary activities after taxation for the financial period/year</b>		(542)	(705)
<b>Loss retained, transferred from reserves</b>		(542)	(705)
Profit and loss account brought forward		(1,514)	(809)
Profit and loss account carried forward		(2,056)	(1,514)

There are no recognised gains or losses for the current period or prior year other than those shown in the profit and loss account.



## Summit Pharmaceuticals Europe Limited

### Reconciliation of movements in equity shareholders' funds Period ended 31 March 2005

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Loss for the financial period/year	(542)	(705)
Increase in share capital	1,599	-
Net increase in equity shareholders' funds/(deficit)	1,057	(705)
Opening equity shareholders' deficits	(714)	(9)
Closing equity shareholders' funds/(deficit)	343	(714)

# Summit Pharmaceuticals Europe Limited

## Balance sheet As at 31 March 2005

			31 March 2005 €'000	31 December 2003 (restated - see note 10) €'000
	Note	€'000	€'000	€'000
<b>Fixed assets</b>				
Intangible assets	8	59		112
Tangible assets	9	64		22
Investments	10	187		146
<b>Current assets</b>			310	280
Stocks	11	1,775		15
Debtors	12	10,901		5,367
Cash at bank and in hand		1,413		1,300
		14,089		6,682
<b>Creditors: amounts falling due within one year</b>				
Bank loans and overdrafts	13	2,408		1,128
Trade creditors		5,135		1,900
Amounts owed to group companies		5,276		3,545
Other creditors including taxation and social security	14	893		1,092
Accruals and deferred income		159		11
		13,871		7,676
<b>Net current assets/(liabilities)</b>			218	(994)
<b>Total assets less current liabilities</b>			528	(714)
Provision for liabilities and charge	15		(185)	-
<b>Net assets/(liabilities)</b>			343	(714)
<b>Capital and reserves</b>				
Called up share capital	17		2,399	800
Profit and loss account			(2,056)	(1,514)
<b>Equity shareholders' funds/(deficit)</b>			343	(714)

These financial statements were approved by the Board of Directors on 28 September 2005

Signed on behalf of the Board of Directors

  
H. Arakawa  
Director

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts Period ended 31 March 2005

### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current period and the preceding year.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Intangible fixed assets

Goodwill is amortised on a straight line basis over a period of five years.

#### Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provisions for impairment. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset. The rates of depreciation generally in use are as follows:

Plant and machinery, fixtures and fittings	10%-33% per annum
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#### Investments

Investments held as fixed assets are stated at cost less any provision required for impairment.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads.

#### Foreign currencies

Monetary assets and liabilities expressed in foreign currencies have been translated into euro at the rates of exchange ruling at the balance sheet date or at the contractual rates at which the balance will be settled. Transactions are translated into euro at the rates of exchange ruling at the date of the transaction. Resulting differences on exchange are charged or credited to the profit and loss account.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

#### Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

### Period ended 31 March 2005

#### 1. Accounting policies (continued)

##### Cash flow statement

The company has adopted FRS 1 (Revised), and in accordance with the provisions therein, no cash flow statement has been prepared. A consolidated cash flow statement can be found in the published accounts of the ultimate parent company Sumitomo Corporation.

#### 2. Turnover and profits

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the European Union, is attributable to one activity, the trading of chemicals. In the opinion of the directors, it is seriously prejudicial to the interests of the company and not meaningful to give an analysis of turnover, profit or assets by geographical area nor is it appropriate to provide an analysis of turnover, profit or assets by class of business given the nature of the company's activities.

#### 3. Information regarding directors and employees

Emoluments calculated for disclosure purposes under the Companies Act 1985 are as follows:

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Directors' emoluments	131	286
Employee costs during the period/year (excluding directors):		
Wages and salaries	1,550	1,276
Social security costs	268	132
Other pension costs	63	32
	1,861	1,440

The average number of persons employed by the company in the period was 27 (including directors) (2004: 16). Staff salaries are paid by Sumitomo Corporation Europe Limited and are recharged to the company.

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

### Period ended 31 March 2005

#### 4. Operating loss

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Operating loss is after charging:		
Amortisation of goodwill	53	42
Auditors' remuneration for audit services	104	44
Other fees to auditors	111	-
Depreciation – owned assets	14	6
	<u>          </u>	<u>          </u>

#### 5. Other interest receivable and similar income

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Bank deposit interest	16	16
	<u>          </u>	<u>          </u>

#### 6. Interest payable and similar charges

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Bank interest paid	97	41
Interest payable to group companies	31	77
	<u>          </u>	<u>          </u>
	128	118
	<u>          </u>	<u>          </u>

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

### Period ended 31 March 2005

#### 7. Tax on loss on ordinary activities

##### (a) Analysis of credit in period/year

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Current tax:		
UK corporation tax on profits of the period/year	-	-
Group relief	125	41
Foreign tax	(36)	-
Total current tax	89	41
Deferred tax:		
Origination and reversal of timing differences	(8)	-
Tax credit on loss on ordinary activities	81	41

##### (b) Factors affecting tax for the period/year

	15 months ended 31 March 2005 €'000	12 months ended 31 December 2003 €'000
Loss on ordinary activities before tax	(623)	(746)
Tax at 30% thereon	187	224
Effects of:		
Expenses not deductible for tax purposes	(25)	(62)
Utilisation of tax losses	(138)	(162)
Movement in short term timing differences	(24)	-
Overseas tax rates	(36)	-
Group relief	125	41
Current tax credit for period/year	89	41

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts Period ended 31 March 2005

### 8. Intangible fixed assets

	<b>Goodwill €'000</b>
<b>Cost</b>	
At 1 January 2004 and 31 March 2005	210
<b>Accumulated amortisation</b>	
At 1 January 2004	98
Charge for the period	53
At 31 March 2005	151
<b>Net book value</b>	
At 31 March 2005	59
At 31 December 2003	112

This goodwill relates to the consideration for the acquisition of the Dusseldorf branch from Summit Chemicals Europe GmbH. The book value and fair value of net assets acquired was Enil. Consideration was based on the estimated fair value of the trade going forward.

### 9. Tangible fixed assets

	<b>Plant and machinery €'000</b>	<b>Fixtures and fittings €'000</b>	<b>Total €'000</b>
<b>Cost</b>			
At 1 January 2004	41	5	46
Acquisition of overseas branch	149	119	268
Additions	35	-	35
Disposals	(1)	-	(1)
At 31 March 2005	224	124	348
<b>Accumulated depreciation</b>			
At 1 January 2004	20	4	24
Acquisition of overseas branch	134	113	247
Charge for the period	12	1	14
Disposals	(1)	-	(1)
At 31 March 2005	165	119	284
<b>Net book value</b>			
At 31 March 2005	59	5	64
At 31 December 2003	21	1	22

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

Period ended 31 March 2005

### 10. Investments

	Other investments (unlisted) €'000
<b>Cost and net book value</b>	
At 1 January 2004 (restated)	146
Additions	41
	<hr/>
At 31 March 2005	187
	<hr/>

In the prior year, the management was intending to dispose the investment to another group company in the near future. As such, the management was of the opinion that the investment should be held as a current asset. However during the year, the management decided to hold the investments as long term investments, and the prior year balance sheet has been restated to reflect the change. The reclassification does not impact net assets or retained loss for the year.

### 11. Stocks

	31 March 2005 €'000	31 December 2003 €'000
Finished goods and goods for resale	1,775	15
	<hr/>	<hr/>

### 12. Debtors

	31 March 2005 €'000	31 December 2003 €'000
Trade debtors	9,304	4,463
Amounts owed by group undertakings	310	198
Other debtors	6	33
Group relief receivable	89	-
Deferred taxation (note 16)	54	-
Prepayments and accrued income	1,138	673
	<hr/>	<hr/>
	10,901	5,367
	<hr/>	<hr/>

### 13. Bank loans and overdrafts

	31 March 2005 €'000	31 December 2003 €'000
Bank loans and overdrafts (unsecured)	2,408	1,128
	<hr/>	<hr/>



# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

Period ended 31 March 2005

### 14. Other creditors including taxation and social security

	31 March 2005 €'000	31 December 2003 €'000
Other creditors	804	1,124
Corporation tax	-	6
Other taxation and social security costs	89	(38)
	<u>893</u>	<u>1,092</u>

### 15. Provision for liabilities and charges

	31 March 2005 €'000	31 December 2003 €'000
Employee's retirement allowance	<u>185</u>	<u>-</u>
		€'000
At 1 January 2004		-
Acquisition of overseas branch		<u>185</u>
At 31 March 2005		<u>185</u>

#### Employees' retirement allowance

This allowance relates to the provision for compensation payable upon termination of employment by the company. The amounts are provided in accordance with the requirement in each country in which the company has a branch.

# Summit Pharmaceuticals Europe Limited

## Notes to the accounts

### Period ended 31 March 2005

#### 16. Deferred taxation

The movements in deferred tax are as follows:

	€'000
At 1 January 2004	-
Charged to profit and loss account	(8)
Amounts arising on acquisition of business	62
	<hr/>
At 31 March 2005	54
	<hr/>

The deferred tax asset has been recognised within debtors, see note 12.

	31 March 2005 €'000	31 December 2003 €'000
Short term timing differences	54	-
	<hr/>	<hr/>

#### 17. Called up share capital

	31 March 2005 €'000	31 December 2003 €'000
<b>Authorised:</b>		
3,000,000 (2003: 3,000,000) ordinary shares of £1 each	3,000,000	3,000,000
	<hr/>	<hr/>
<b>Called up, allotted and fully paid:</b>		
1,614,000 (2003: 500,000) ordinary shares of £1 each	1,614,000	500,000
	<hr/>	<hr/>
	€	€
Translated at 1 September 2001:	800,100	800,100
Translated at 31 December 2004	1,599,196	-
	<hr/>	<hr/>
	2,399,296	800,100
	<hr/>	<hr/>

Share capital was issued at par, for cash consideration. During the year, the company allotted 1,114,000 ordinary shares with a nominal value of £1 in connection with the acquisition of Summit Pharmaceuticals Europe – Milan Branch.

# **Summit Pharmaceuticals Europe Limited**

## **Notes to the accounts**

**Period ended 31 March 2005**

### **18. Ultimate and intermediate parent companies**

The immediate parent company is Sumitomo Corporation Europe Holding Limited, which owns 80% of the share capital. Sumitomo Corporation Europe Holding Limited heads the smallest group of which the company is a member and for which group accounts are prepared. The group accounts are available from the registered office, at Vintners' Place, 68 Upper Thames Street, London EC4V 3BJ.

The company's ultimate parent company and controlling party is Sumitomo Corporation, a company incorporated in Japan, which ultimately controls 100% of the share capital. Sumitomo Corporation heads the largest group of which the company is a member and for which group accounts are prepared.

The group accounts for Sumitomo Corporation are available at 8-11 Harumi, 1-chome, Chuo-ku, Tokyo, Japan.