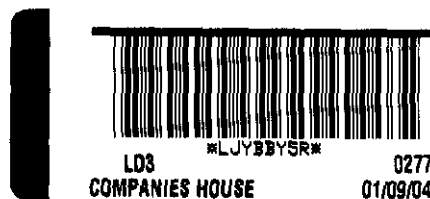


Company Registration No. 4217656

**Summit Pharmaceuticals Europe
Limited**
Report and Financial Statements

31 December 2003





Summit Pharmaceuticals Europe Limited

Report and financial statements 2003

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Reconciliation of movements in shareholders funds	6
Balance sheet	7
Notes to the accounts	8



Summit Pharmaceuticals Europe Limited

Report and financial statements 2003

Officers and professional advisers

Directors

A Matsumoto
T Nakaoka
Y Takeuchi
T Yoshikawa

Secretary

Sumitomo Corporation Europe plc (appointed 16 May 2003)
G D Holman (resigned 16 May 2003)

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

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

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 year ended 31 December 2003.

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, 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

The company was incorporated on 16 May 2001 and began trading in August 2001. The company made a loss after tax of €705,000 (2002: loss of €477,000) for the year ended 31 December 2003. It has been a year of difficult trading conditions which resulted in a loss for the period. The directors do not recommend the payment of a dividend for the year (2002: €nil).

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

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 year.

Auditors

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

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

A Matsumoto
Director


Aug 11th 2004

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 to enable them to ensure that the financial statements comply with the Companies Act. 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.

Deloitte

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

We have audited the financial statements of Summit Pharmaceuticals Europe Limited for the year ended 31 December 2003 which comprise the profit and loss account, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 16. 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 year 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 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

24.5.2004

Summit Pharmaceuticals Europe Limited

Profit and loss account

Year ended 31 December 2003

	Note	2003 €'000	2002 €'000
Turnover: continuing operations	2	27,062	29,236
Cost of sales		(24,696)	(26,959)
Gross profit		2,366	2,277
Administrative expenses		(3,101)	(2,811)
Other operating income		91	-
Operating loss: continuing operations	4	(644)	(534)
Other interest receivable and similar income	5	16	74
Interest payable and similar charges	6	(118)	(17)
Loss on ordinary activities before taxation		(746)	(477)
Tax on loss on ordinary activities	7	41	-
Loss on ordinary activities after taxation for the financial year		(705)	(477)
Loss retained, transferred to reserves		(705)	(477)
Profit and loss account brought forward		(807)	(330)
Profit and loss account carried forward		(1,512)	(807)

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

Reconciliation of movements in shareholders' funds
Year ended 31 December 2003

	2003 €'000	2002 €'000
Loss for the financial period	(705)	(477)
Net decrease in shareholders' funds	(705)	(477)
Opening shareholders' funds	(9)	468
Closing shareholders' funds	(714)	(9)

Summit Pharmaceuticals Europe Limited

Balance sheet

Year ended 31 December 2003

	Note	€'000	2003 €'000	2002 €'000
Fixed assets				
Intangible assets	8	112		154
Tangible assets	9	22		7
Current assets			134	161
Stocks	10	15		127
Debtors	11	5,367		4,463
Investments	12	146		-
Cash at bank and in hand		1,300		804
		6,828		5,394
Creditors: amounts falling due within one year				
Bank loans and overdrafts	13	1,128		-
Trade creditors		1,900		1,262
Amounts owed to group companies		3,545		3,505
Other creditors including taxation and social security	14	1,092		797
Accruals and deferred income		11		-
		7,676		5,564
Net current liabilities			(848)	(170)
Total assets less current liabilities			(714)	(9)
Net liabilities			(714)	(9)
Capital and reserves				
Called up share capital	15		798	798
Profit and loss account			(1,512)	(807)
Equity shareholders' deficit			(714)	(9)

These financial statements were approved by the Board of Directors on Aug 11th 2004.

Signed on behalf of the Board of Directors

A Matsumoto
Director



Notes to the accounts
Year ended 31 December 2003

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the proceeding 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, fittings, tool and equipment	10%-33% per annum
---	-------------------

Investments

Investments held as current assets are stated at cost less provision for any 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.

Deferred taxation

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 less tax in the future have occurred at the balance sheet date. Timing differences are differences between 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. 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 year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

Notes to the accounts**Year ended 31 December 2003****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:

	2003 €'000	2002 €'000
Directors' emoluments	286	292
Employee costs during the year (excluding directors):		
Wages and salaries	1,276	1,272
Social security costs	132	106
Other pension costs	32	30
	1,440	1,408

The average number of persons employed by the company in the period was 16 (including directors) (2002: 11). Staff salaries are paid by Sumitomo Corporation Europe Limited, and are recharged to the company.

4. Operating loss

	2003 €'000	2002 €'000
Operating loss is after charging		
Amortisation of goodwill	42	51
Auditors' remuneration for audit services	44	21
Depreciation – owned assets	6	2

5. Other interest receivable and similar income

	2003 €'000	2002 €'000
Bank deposit interest	16	74

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 December 2003

6. Interest payable and similar charges

	2003 €'000	2002 €'000
Bank interest paid	41	17
Interest payable to group companies	77	-
	<u>118</u>	<u>17</u>

7. Tax on loss on ordinary activities

	2003 €'000	2002 €'000
Loss on ordinary activities before tax	<u>(746)</u>	<u>(477)</u>
Tax at 30% thereon	224	143
Effects of:		
Expenses not deductible for tax purposes	(62)	(40)
Capital allowances in period in excess of depreciation	-	1
Utilisation of tax losses	(162)	(103)
Movement in short term timing differences	-	(1)
Prior period adjustments	41	-
Current tax charge for period	<u>41</u>	<u>-</u>

8. Intangible fixed assets

	Goodwill €'000
Cost	
At 1 January 2003	210
Additions	-
At 31 December 2003	<u>210</u>
Accumulated amortisation	
At 1 January 2003	56
Charge for the year	42
At 31 December 2003	<u>98</u>
Net book value	
At 31 December 2003	<u>112</u>
At 31 December 2002	<u>154</u>

Deloitte

Summit Pharmaceuticals Europe Limited

Notes to the accounts

Year ended 31 December 2003

8. Intangible fixed assets (continued)

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 €nil. Consideration was based on the estimated fair value of the trade going forward.

9. Tangible fixed assets

	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
Cost			
At 1 January 2003	20	5	25
Transfers in from group companies	9	-	9
Additions	15	-	15
Disposals	(3)	-	(3)
At 31 December 2003	41	5	46
Accumulated depreciation			
At 1 January 2003	14	4	18
Transfers in from group companies	3	-	3
Charge for the year	6	-	6
Disposals	(3)	-	(3)
At 31 December 2003	20	4	24
Net book value			
At 31 December 2003	21	1	22
At 31 December 2002	6	1	7

10. Stocks

	2003 €'000	2002 €'000
Finished goods and goods for resale	15	127

11. Debtors

	2003 €'000	2002 €'000
Trade debtors due within one year	4,463	3,627
Amounts owed by group undertakings due within one year	198	268
Other debtors due within one year	33	566
Prepayments and accrued income	673	2
	5,367	4,463

Deloitte

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 December 2003

12. Investments

	2003 €'000	2002 €'000
Other Investments (unlisted)	146	-

The management has an intention to dispose the investment to another group of company in the near future. As such, the management is in the opinion that the investments should be held as current assets.

13. Bank loans and overdrafts

	2003 €'000	2002 €'000
Bank loans and overdrafts (unsecured)	1,128	-

14. Other creditors including taxation and social security

	2003 €'000	2002 €'000
This heading includes:		
Corporation tax	6	-
Other taxation and social security costs	(38)	(6)
	(32)	(6)

15. Called up share capital

	2003 £	2002 £
Authorised:		
3,000,000 ordinary shares of £1 each	3,000,000	3,000,000
Called up, allotted and fully paid:		
500,000 ordinary shares of £1 each	500,000	500,000
	€	€
Translated at 1 September 2001	798,400	798,400

Share capital was issued at par, for cash consideration.

Notes to the accounts

Year ended 31 December 2003

16. 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.