

SUMMIT (OXFORD) LIMITED

ANNUAL REPORTS

FOR THE YEAR ENDED

31 JANUARY 2008

Registered No 04636431

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SUMMIT (OXFORD) LIMITED

COMPANY INFORMATION

Directors	S G Davies S K C Lee R Storer
Secretary	Sharonjeev Benning-Prince
Company Number	04636431
Registered Office	91 Milton Park Abingdon Oxfordshire OX14 4RY
Auditors	BDO Stoy Hayward LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

SUMMIT (OXFORD) LIMITED

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SUMMIT (OXFORD) LIMITED

Directors' Report

For the period ended 31 January 2008

The directors present their report and the audited financial statements for the year ended 31 January 2008

PRINCIPAL ACTIVITIES OF THE BUSINESS

The principal activity of the company is that of the provision of drug research and discovery services to the pharmaceutical and biotechnology industries. There has been no significant change in this activity in the year.

RESULTS AND DIVIDENDS

The company made a loss after tax of £6,137,196 (2007: loss of £2,999,371)

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year were as follows:

S G Davies

S K C Lee

R Storer

D M Millington (resigned 31 July 2008)

D R Norwood (resigned 31 January 2008)

J C Taylor (resigned 31 January 2008)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 and 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,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on a 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

BDO Stoy Hayward LLP has expressed its willingness to continue in office as auditors for the year. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

This report was approved by the board on 10 November 2008 and signed on its behalf



Steven Lee

Chief Executive Officer

SUMMIT (OXFORD) LIMITED

Independent Auditors' Report to the Shareholder of Summit (Oxford) Limited For the year ended 31 January 2008

We have audited the financial statements of Summit (Oxford) Limited for the year ended 31 January 2008 which comprise the profit and loss account, the balance sheet 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 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 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 and 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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. It also includes an assessment of the significant estimates and judgments 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.

SUMMIT (OXFORD) LIMITED

Independent Auditors' Report to the Shareholder of Summit (Oxford) Limited

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Emphasis of Matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the ability of the Company to continue as a going concern, which is dependent on the ability of the parent company, Summit Corporation plc, to provide financial support to the Company. These conditions along with other matters disclosed in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

BDO Stoy Hayward LLP

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Southampton

13 November, 2008.

SUMMIT (OXFORD) LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2008

	Notes	2008 £	2007 £
Turnover	2	1,514,108	1,033,823
Cost of sales		(307,566)	(303,673)
Gross profit		1,206,542	730,150
Administrative expenses		(9,404,398)	(5,171,586)
Other operating income		714,288	80,357
Operating loss	3	(7,483,568)	(4,361,079)
Interest receivable		762,169	872,766
Loss on ordinary activities before taxation		(6,721,399)	(3,488,313)
Tax on loss on ordinary activities	6	584,203	488,942
Loss on ordinary activities after taxation	16	(6,137,196)	(2,999,371)

All amounts relate to continuing operations

There were no recognised gains or losses other than those included in the profit and loss account

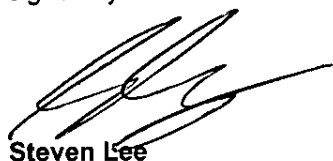
The notes on pages 8 to 20 form part of these financial statements

SUMMIT (OXFORD) LIMITED**BALANCE SHEET**

As at 31 January 2008

	Notes	31 January 2008 £	31 January 2007 £
Fixed assets			
Intangible assets	7	1,354,065	377,668
Tangible assets	8	2,462,397	2,624,054
		<u>3,816,462</u>	<u>3,001,722</u>
Current assets			
Stock	9	222,488	187,444
Debtors	10	4,948,253	1,114,714
Cash on short term deposit		7,621,594	15,079,702
Cash at bank		1,822,689	3,209,392
		<u>14,615,024</u>	<u>19,591,252</u>
Creditors' amounts falling due within one year	11	(2,164,240)	(1,427,111)
Net current assets		<u>12,450,784</u>	<u>18,164,141</u>
Total assets less current liabilities		16,267,246	21,165,863
Creditors, amounts falling due after more than one year	12	(24,564,021)	(24,792,154)
Provision for liabilities and charges	13	(1,180,800)	(100,000)
Net liabilities		<u>(9,477,575)</u>	<u>(3,726,291)</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Share premium account	16	99,000	99,000
Capital contribution	16	863,636	477,724
Profit and loss account	16	<u>(10,441,211)</u>	<u>(4,304,015)</u>
Equity shareholder's (deficit)	17	<u>(9,477,575)</u>	<u>(3,726,291)</u>

The financial statements were approved by the board and authorised for issue on 10 November 2008 and signed by order of the board



Steven Lee
Chief Executive Officer

The notes on pages 8 to 20 form part of these financial statements

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The accounting policies have been applied consistently throughout the period.

Going Concern

The accounts have been prepared on a going concern basis which assumes that the Company's immediate parent undertaking, Summit Corporation plc (formerly VASTox plc), has confirmed its intention to continue its financial support of the Company so as to ensure that it is able to meet its liabilities as they fall due for at least a period of twelve months after the date of approval of these financial statements.

However, the directors of Summit Corporation plc 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 the Group can continue in operation for the foreseeable future. These actions include reductions to the cost base or delaying spend on pipeline programmes, and raising additional finance from a number of sources, an equity financing or out-licensing programmes at an earlier stage.

The uncertainty in generating future cash resources may cast doubt as to the ability of Summit Corporation plc to provide financial support to the Company. Nevertheless, the directors of Summit (Oxford) Limited believe that support will be forthcoming and the parent company will have adequate resources to continue, therefore these financial statements have been prepared on a going concern basis.

Turnover

The recognition of income received, such as license fees, contract research fees, up front payments and milestone payments is dependent on the terms of the arrangement, having regard to the risks and rewards of the arrangement, and the existence of any performance or repayment obligations with any third party.

Summit recognises turnover when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable and recoverability is assured. Amounts received are recognised immediately as turnover where there are no substantial risks, there are no ongoing obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred. In addition to direct costs, a proportion of facility costs and other overheads are allocated as R&D expenditure. This allocation is made to fairly reflect the level of resources engaged in the Company's R&D activities.

Intangible assets - Goodwill

Goodwill arising on the acquisition of a business represents the excess of any fair value over the identifiable net assets acquired with the business. Goodwill is recognised as an asset and written off over a 20 year period on a straight-line basis. In addition, goodwill is reviewed for impairment annually and whenever there is an indicator of impairment.

1. ACCOUNTING POLICIES CONTINUED

Intangible assets – Patents and trademarks

Intangible fixed assets are stated at historic cost less amortisation. Amortisation is calculated to write off the cost of intangible fixed assets in equal instalments over their estimated useful lives as follows

Patents (once awarded)	10 years
Licenses	Over the period of the license agreement

Depreciation and tangible fixed assets

Tangible fixed assets are stated at historic cost less depreciation. Historic cost comprises the purchase price plus any incidental costs of acquisition and commissioning. Depreciation is calculated to write off the cost, less residual value, of tangible fixed assets 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

Intellectual property

Intellectual property consists of patents, trademarks and other similarly identifiable rights. Intellectual property acquired separately from a business are carried initially at cost and amortised on a straight-line basis over their estimated useful economic lives from the time they are first available for use

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 retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account

Stock

Stocks 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

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases

Government Grants

Revenue based grants are credited to the profit and loss account so as to match them with expenditure towards which they are intended to contribute

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

SUMMIT (OXFORD) LIMITED

1. ACCOUNTING POLICIES CONTINUED

Pensions

The Company operates a defined contribution scheme for its employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Cash flow statement

The Company has taken advantage of the exemption conferred upon it by FRS 1 "Cash Flow Statements" (revised 1996) not to prepare a cash flow statement whereby the cash flows of the Company are incorporated into those of the ultimate parent undertaking and these financial statements are publicly available.

Share-based payments

Summit Corporation plc (formerly VASTox plc) issues share options to group employees to attract, retain and incentivise staff. Staff within the group are employed by wholly owned subsidiaries and therefore Summit (Oxford) Limited records the details of the share option charge as if it were the entity issuing the share options. This is treated as a capital contribution in the equity shareholder's funds of the company. 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 as disclosed in note 15, Share Based Payment. The selection of different assumptions could affect the future results of the Company.

In accordance with FRS 20 – 'Share based payment', share options are measured at fair value at their grant date. The fair value for the majority of the options is calculated using the Black-Scholes formula and charged to the profit and loss on a straight-lines basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditions upon the Group achieving certain predetermined financial criteria) a Monte-Carlo model has been used. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimate of changes in market based conditions.

2. TURNOVER

The Company operates one primary revenue earning business, in a number of geographical areas, being the provision of contracted chemical genomics research. The main geographical areas are listed below.

	2008	2007
	£	£
UK	685,550	468,089
USA	200,000	136,559
Europe	604,558	412,788
Rest of the world	24,000	16,387
	1,514,108	1,033,823

SUMMIT (OXFORD) LIMITED

3. OPERATING LOSS

The operating loss before taxation is stated after charging/(crediting)

	2008	2007
	£	£
Operating leases - land and buildings	562,421	337,381
Depreciation charge	553,755	340,180
Amortisation charge	228,816	36,236
Charitable income	(221,891)	-
Grant income	(492,397)	(80,357)
<i>Auditors' remuneration</i> for audit services	8,000	5,000

The figures within the auditors' remuneration note in the Summit Corporation plc (formerly VASTox plc) consolidated financial statements include fees charged by the company's auditors to Summit (Oxford) Limited in respect of non- audit services. As such, no separate disclosure has been given above.

4. DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the Company computed in accordance with Schedule 6 of the Companies Act 1985 are shown below. The highest paid director had aggregate emoluments of £360,200 (2007 £381,425). The Company paid no pension contributions in respect of the highest paid director (2007 nil).

	2008	2007
	£	£
Aggregate emoluments	1,089,936	755,402
Pension contributions	20,750	13,916
	1,110,686	769,318

Of the above emoluments £175,000 termination costs were incurred for a director whose services were no longer required in the reorganised Group structure.

The total number of directors accruing benefits under the company's defined contribution scheme is 3 (2007 3).

SUMMIT (OXFORD) LIMITED**5 EMPLOYEES**

The average number of employees during the year was

	2008 £	2007 £
Technical, research and development	52	37
Administration and overheads	26	11
	78	48

Their aggregate remuneration comprised

	2008 £	2007 £
Wages and salaries	3,285,302	1,942,474
Social security costs	364,806	218,217
Pension costs	95,801	54,074
Share based payment	385,912	403,898
	4,131,821	2,618,663

6. TAXATION

The tax credit represents

	2008 £	2007 £
Adjustment in respect of prior periods	18,503	(16,802)
R&D tax credits in period	(602,706)	(472,140)
	(584,203)	(488,942)

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the United Kingdom of 20% (2007 19%) The differences are explained as follows

	2008 £	2007 £
Loss on ordinary activities before taxation	(6,721,399)	(3,488,313)
Tax thereon at 20%/19%	(1,344,280)	(662,779)
Expenses not deductible for tax purposes	96,664	89,974
Movement in short-term timing differences	5,262	3,289
Increase in losses carried forward to future periods	712,358	451,448
Capital allowances in excess of depreciation	62,874	(255,709)
Difference in rate regarding R&D tax credits	150,676	88,526
Tax relief for qualifying R&D expenditure	(270,685)	(186,889)
Changes in rates	(15,575)	-
Prior period adjustments	18,503	(16,802)
Current tax charge for the year	(584,203)	(488,942)

SUMMIT (OXFORD) LIMITED**6. TAXATION CONTINUED****Unrecognised deferred tax**

The deferred tax liability in respect of accelerated capital allowances of £426,048 (2007 £488,922) has been offset against a deferred tax asset of the same amount in relation to trading losses carried forward

There is an additional unprovided deferred tax asset in relation to the trading losses carried forward of £1,067,348 (2007 £279,566) because in the opinion of the directors, there is insufficient evidence that the asset will be recovered

7 INTANGIBLE ASSETS.

	Intangible assets £	Goodwill £	Total £
Cost			
At 1 February 2007	311,541	115,130	426,671
Updating provisional fair values	1,205,213	-	1,205,213
Reclassification to intangibles	115,130	(115,130)	-
At 31 January 2008	1,631,884	-	1,631,884
Amortisation			
At 1 February 2007	(49,003)	-	(49,003)
Provided for in the year	(228,816)	-	(228,816)
At 31 January 2008	(277,819)	-	(277,819)
Net book value			
At 1 February 2007	262,538	115,130	377,668
At 31 January 2008	1,354,065	-	1,354,065

SUMMIT (OXFORD) LIMITED

On 14 December 2006, Summit (Oxford) Limited acquired the trade and certain assets from MNL Pharma Limited. Provisional values were reported in the 2006/07 Annual Report, with the valuation and classification revised in the year ended 31 January 2008. An element of £115k previously classified as Goodwill has been reclassified within Intangible assets, in line with FRS 10.

The SMT 14400 (formerly MNLP462a) programme is a collective term for the patents, scientific results, synthesis methods and unpatented know – how (e.g. recorded in lab-books) that would be offered in any sale of the programme to a third party. Summit management believes that the most reliable method to value this asset is by reference to the way in which it was acquired through a competitive bid. As there were a number of bidders seeking to acquire the assets, and there were a significant number of iterations to finalise the bid value, it is reasonable to assume that the value of MNL Pharma is best estimate as the price paid less any sums clearly highlighted for other reasons. This approach would value the SMT 14400 asset at £1,380,800 being the fair value of the consideration less the sum paid for fixed assets.

SMT 14400 has filed for the 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 in question is due to expire on 23 January 2023, giving amortisation period of 16 years.

Amortisation of intangible assets is included in the line "Administrative expenses" shown on the face of the Profit and Loss account.

8 TANGIBLE FIXED ASSETS

	Leasehold improvement £	Laboratory equipment £	Office and IT equipment £	Total £
Cost				
At 1 February 2007	1,756,180	1,206,165	129,859	3,092,204
Additions	77,420	228,788	85,890	392,098
At 31 January 2008	1,833,600	1,434,953	215,749	3,484,302
Depreciation				
At 1 February 2007	(226,241)	(196,703)	(45,206)	(468,150)
Provided during the year	(179,489)	(319,986)	(54,280)	(553,755)
At 31 January 2008	(405,730)	(516,689)	(99,486)	(1,021,905)
Net book value				
At 1 February 2007	1,529,939	1,009,462	84,653	2,624,054
At 31 January 2008	1,427,870	918,264	116,263	2,462,397

9 STOCK

	2008 £	2007 £
Raw material stock	222,488	187,444

SUMMIT (OXFORD) LIMITED**10. DEBTORS**

	2008 £	2007 £
Trade debtors	21,957	282,628
Corporation tax recoverable	602,706	472,140
Amounts owed by group undertakings	3,891,866	-
Other debtors	46,891	241,284
Prepayments and accrued income	384,833	118,662
	4,948,253	1,114,714

11. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Loan repayments	207,408	66,373
Trade creditors	1,443,365	1,150,640
Other creditors	54,984	-
Social security and other taxes	22,836	79,371
Accruals and deferred income	435,647	130,727
	2,164,240	1,427,111

12. CREDITORS: Amounts falling due after more than one year

	2008 £	2007 £
Amounts owed to parent undertaking	23,578,304	24,194,799
Loan	985,717	597,355
	24,564,021	24,792,154

The first loan, entered into on 27 September 2006, attracts no interest (and is in substance a lease incentive) and is repayable over the term of the lease, as follows

Analysis of loan:

	2008 £	2007 £
Debt due within one year	66,373	66,373
Debt due in first to second years inclusive	66,373	66,373
Debt due in second to fifth years inclusive	199,119	199,118
Debt due after five years	265,490	331,864
	597,355	663,728

SUMMIT (OXFORD) LIMITED**12. CREDITORS: Amounts falling due after more than one year Continued**

The second loan, entered into on 30 September 2007 is repayable over the term of the lease, as follows

Analysis of loan.

	2008 £	2007 £
Debt due within one year	141,035	-
Debt due in first to second years inclusive	141,035	-
Debt due in second to fifth years inclusive	313,700	-
Debt due after five years	-	-
	<u>595,770</u>	<u>-</u>

13. PROVISION FOR LIABILITIES AND CHARGES

	2008 £	2007 £
Opening Balance	100,000	-
Updating provisional fair values	1,080,800	100,000
Closing Balance	<u>1,180,800</u>	<u>100,000</u>

On 13 December 2006, Summit (Oxford) Limited acquired the assets of MNL Pharma Limited ("MNL"), a company that entered into administration in October 2006. Summit (Oxford) Limited acquired all rights to MNL's lead drug candidate (previously known as MNLP462a and now known as SMT14400), a library of iminosugars and all assets held at MNL's Aberystwyth facility. Under the terms of the agreement, VCG 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 (Oxford) Limited 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

Of the above payments, an initial provision of £100,000 was made for in 2007, however, this value has been reassessed, and a revised final fair value of £1,180,000 has been assigned. The precise timing of these payments is unpredictable, and would be dependent on decisions to be made by the senior management of the Group.

SUMMIT (OXFORD) LIMITED**14. SHARE CAPITAL**

	2008	2007
	£	£
Authorised		
2,000 ordinary shares of £1 each	2,000	2,000
	2008	2007
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

15. SHARE BASED PAYMENT

Summit Corporation plc (formerly VASTox plc) grants options to employees of Summit (Oxford) Limited (formerly VASTox Chemical Genomics Limited) over its ordinary shares at not less than the market value on the date of the grant. Details of each scheme are given in Summit Corporation plc (formerly VASTox plc) consolidated financial statements. The options vest over three years from the date of grant and have a term of ten years from the date of vesting. Exercise of options is subject to continued employment. Options are forfeited if the employee leaves the company before they vest. Employees are not entitled to dividends on shares attached to vesting or unexercised options. The first grant of share options to Summit (Oxford) Limited employees was made on 2 September 2004.

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

	2008	2007
	£	£
Outstanding at 1 February 2007	4,750,184	3,283,884
Granted during the year	1,365,766	1,466,300
Lapsed during the year	(147,621)	-
Exercised during the year	-	-
Number of outstanding options at 31 January 2008	5,968,329	4,750,184

SUMMIT (OXFORD) LIMITED**15. SHARE BASED PAYMENT CONTINUED**

As at 31 January 2008, 3,281,963 share options were capable of being exercised (2007 2,567,217) The options outstanding at 31 January 2008 had a weighted average exercise price of 91 pence (2007 91 pence), and a weighted average remaining contractual life of 8.2 years (2007 8.5 years)

Summit Corporation plc (formerly VASTox plc) operates a number of share-based incentive schemes as detailed above. 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	Share price at grant date	Fair value per option	Award life Years	Risk free rate
30 Sep 04	EMI	66,663	135.0	135.0	36	3.0	4.8%
17 Jul 05	EMI	58,997	169.5	169.5	43	3.0	4.2%
2 Dec 05	EMI	423,236	171.5	171.5	41	3.0	4.2%
22 May 06	EMI	59,880	167.0	167.0	44	3.0	4.2%
18 Aug 06	EMI	70,921	141.0	141.0	33	3.0	4.6%
13 Oct 06	EMI	165,900	136.0	136.0	36	3.0	4.6%
28 Nov 06	EMI	10,000	136.0	136.0	36	3.0	4.5%
21 Nov 07	EMI	559,011	114.0	114.0	42	3.0	4.6%
02 Sept 04	Unapproved	2,020,000	0.5	0.5	-	3.0	4.9%
17 Jul 05	Unapproved	1,003	169.5	169.5	43	3.0	4.2%
02 Dec 05	Unapproved	586,764	171.5	171.5	41	3.0	4.2%
22 May 06	Unapproved	540,120	165.0	165.0	45	3.0	4.6%
18 Aug 06	Unapproved	229,079	141.0	141.0	33	3.0	4.6%
13 Oct 06	Unapproved	120,000	136.0	136.0	36	3.0	4.6%
02 Nov 06	Unapproved	250,000	135.0	135.0	35	3.0	4.6%
28 Aug 07	Unapproved	615,000	118.5	118.5	44	3.0	5.1%
21 Nov 07	Unapproved	191,755	114.0	114.0	42	3.0	4.6%
		5,968,329					

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 615,000 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 A figure in the range 18-32% has been used for the 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
- f Share options are assumed to be exercised immediately on vesting

SUMMIT (OXFORD) LIMITED**16. RESERVES**

	Share premium £	Capital contribution £	Profit and loss account £	Total £
At 1 February 2007	99,000	477,724	(4,304,015)	(3,727,291)
Share based payment	-	385,912	-	385,912
Loss for the year	-	-	(6,137,196)	(6,137,196)
At 31 January 2008	99,000	863,636	(10,441,211)	(9,478,575)

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2008 £	2007 £
Opening shareholder's (deficit)	(3,726,291)	(1,130,818)
Loss for the financial year	(6,137,196)	(2,999,371)
Share based payment	385,912	403,898
Closing shareholder's (deficit)	(9,477,575)	(3,726,291)

18. LEASING COMMITMENTS

The Company's annual commitments under non-cancellable operating leases are as follows

	2008 £	2007 £
Leases which expire after five years	334,000	334,000

Other commitments

On 13 December 2006, Summit (Oxford) Limited acquired the assets of MNL Pharma Limited

£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

Of the above payments, an initial provision of £100,000 was made for in 2007, however, this value has been reassessed, and a revised final fair value of £1,180,000 has been assigned. The precise timing of these payments is unpredictable, and would be dependent on decisions to be made by the senior management of the Group (see note 13)

SUMMIT (OXFORD) LIMITED

19. CAPITAL COMMITMENT

At 31 January 2008 the Company had capital commitments totalling £5,169 (2007 nil), all due within one year

20. RELATED PARTY TRANSACTIONS

Under FRS8 the company is exempt from the requirement to disclose transactions with group undertakings on the grounds that it is a wholly owned subsidiary of Summit Corporation plc (formerly VASTox plc) and its results are included in that company's Consolidated Financial Statements

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Ultimate Parent Undertaking is Summit Corporation plc (formerly VASTox plc) a company incorporated in England and Wales

The Financial Statements of Summit Corporation plc (formerly VASTox plc) are the only group financial statements incorporating the company. A copy of the Directors Report and Financial Statements can be obtained from the company's registered office