SUMMIT (OXFORD) LIMITED

ANNUAL REPORTS

FOR THE YEAR ENDED

31 JANUARY 2010

Registered No 04636431

COMPANY INFORMATION

Directors	S G Davies S K C Lee R Storer A J Weir (resigned 23 March 2009)
Company Number	04636431
Registered Office	91 Milton Park Abingdon Oxfordshire OX14 4RY
Auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

CONTENTS

DIRECTORS' REPORT
For the year ended 31 January 2010

The directors present their report and the audited financial statements for the year ended 31 January 2010

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

RESULTS AND DIVIDENDS

The company made a loss after tax of £5,074,528 (2009 loss of £10,535,861)

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
A J Weir (resigned 23 March 2009)

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 gives 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, and
- 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 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

AUDITORS

BDO 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 the auditors 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 7 May 2010 and signed on its behalf

Steven Lee
Chief Executive Officer

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SUMMIT (OXFORD) LIMITED
For the year ended 31 January 2010

We have audited the financial statements of Summit (Oxford) Limtied for the year ended 31 January 2010 which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

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

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 2006 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

Opinion on financial statements

In our opinion the financial statements
- give a true and fair view of the state of the company's affairs as at 31 January 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP.

Mr Kim Hayward (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

10 May, 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2010

	Notes	Year ended 31 January 2010			Year ended 31 January 2009		
		Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover	2	39,363	58,736	98,099	151,092	500,389	651,481
Cost of sales		-	(37,182)	(37,182)	-	(81,643)	(81,643)
Gross profit		39,363	21,554	60,917	151,092	418,746	569,838
Administrative expenses		(5,668,837)	(43,480)	(5,712,317)	(11,621,255)	(595,007)	(12,216,262)
Other operating income		225,876	26,112	251,988	118,577	119,687	238,264
Operating (loss) / profit	3	(5,403,597)	4,186	(5,399,412)	(11,351,586)	(56,574)	(11,408,160)
Interest receivable				7,930			282,412
Loss on ordinary activities before taxation				(5,391,482)			(11,125,748)
Tax on loss on ordinary activities	7			316,954			589,887
Loss on ordinary activities after taxation				(5,074,528)			(10,535,861)

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

The notes on pages 7 to 17 form part of these financial statements

BALANCE SHEET
As at 31 January 2010

	Notes	31 January 2010 £	31 January 2009 £
Fixed assets			
Intangible assets	8	1,167,913	1,281,100
Tangible assets	9	335,318	2,195,304
		1,503,231	3,476,404
Current assets			
Stock	10	-	226,584
Debtors	11	1,666,341	5,186,862
Cash at bank		6,052,165	2,272,354
		7,718,507	7,685,800
Creditors amounts falling due within one year	12	(1,049,204)	(1,310,626)
Net current assets		6,669,303	6,375,174
Total assets less current liabilities		8,172,534	9,851,578
Creditors: amounts falling due after more than one year	13	(31,966,654)	(28,570,596)
Provision for liabilities and charges	14	(1,180,800)	(1,180,800)
Net liabilities		(24,974,920)	(19,899,818)
Capital and reserves			
Called up share capital	15	1,000	1,000
Share premium account	17	99,000	99,000
Capital contribution	17	976,680	977,254
Profit and loss account	17	(26,051,600)	(20,977,072)
Equity shareholder's (deficit)	18	(24,974,920)	(19,899,818)

The financial statements were approved by the board and authorised for issue on 7 May 2010 and signed by order of the board

Steven Lee
Chief Executive Officer

The notes on pages 7 to 17 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 2006 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 as the Company's immediate parent undertaking, Summit Corporation 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

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

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 filed)	20 years
Licenses	Over the period of the licence 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 is 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

1 ACCOUNTING POLICIES (CONTINUED)

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

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 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 17, 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 Back-Scholes formula and charged to the profit and loss 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 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 estimates 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

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
UK	44,862	213,464
USA	(11,795)	29,325
Europe	65,032	408,692
Rest of the world	-	-
	98,099	651,481

3 OPERATING LOSS

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

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Operating leases - land and buildings	463,254	548,155
Depreciation charge	1,673,659	589,052
Amortisation charge	128,245	94,057
Grant income	(58,645)	(137,431)
Provision against intercompany receivables	(132,629)	2,895,888
Auditors' remuneration		
for audit services	26,775	13,500

The figures within the auditors' remuneration note in the Summit Corporation 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 DISCONTINUED OPERATIONS

On 7 May 2009 the Company sold the trade and assets associated with the zebrafish business as part of a larger Group transaction The proceeds attributable to the Company amounted to £243,583 and a profit of £53,951 was realised

5 DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the Company computed in accordance with the Companies Act 2006 are shown below The highest paid director had aggregate emoluments of £186,000 (2009 £200,000) The Company paid no pension contributions in respect of the highest paid director (2009 nil)

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Aggregate emoluments	522,822	586,653
Pension contributions	31,614	11,250
	554,436	597,903

In year ended 31 January 2010 the Company incurred termination fees of £119,357 in respect of one of the directors

The total number of directors accruing benefits under the company's defined contribution scheme is 1 (2009 2)

6 EMPLOYEES

The average number of employees during the year was

	Year ended 31 January 2010 Number	Year ended 31 January 2009 Number
Technical, research and development	21	52
Administration and overheads	12	25
	33	77

Their aggregate remuneration comprised

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Wages and salaries	1,879,661	3,170,668
Social security costs	181,229	327,631
Pension costs	131,443	134,786
Share based payment	(574)	113,618
	2,191,759	3,746,703

Included within wages and salaries are redundancy costs of £31,509 (2009 £133,894)

7 TAXATION

The tax credit represents

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Adjustment in respect of prior periods	(10,524)	18,831
R&D tax credits in period	(306,430)	(608,718)
	(316,954)	(589,887)

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 28% (2009 28%) The differences are explained as follows

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Loss on ordinary activities before taxation	(5,391,482)	(11,125,748)
Tax thereon at 28%	(1,509,615)	(3,115,209)
Expenses not deductible for tax	41,944	853,205
Movement in short-term timing	309	(5,493)
Increase in losses carried forward to	608,693	1,461,089
Depreciation in excess of capital	450,772	119,730
Gain transferred under s171A TCGA 1992 from parent	64,380	0
Tax relief for qualifying R&D expenditure	(268,539)	(457,052)
Changes in rates	305,626	535,012
Prior period adjustments	(10,524)	18,831
Current tax charge for the year	(316,954)	(589,887)

Unrecognised deferred tax

The deferred tax liability in respect of accelerated capital allowances of £37,154 (2009 £488,519) 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 £5,883,749 (2009 £4,937,903) because in the opinion of the directors, there is insufficient evidence that the asset will be recovered

8 INTANGIBLE ASSETS

	Intangible assets £
Cost	
At 1 February 2009	1,614,210
Additions	40,424
Disposals	(211,008)
At 31 January 2010	1,443,626
Amortisation	
At 1 February 2009	333,110
Provided for in the year	128,245
Disposals	(185,642)
At 31 January 2010	275,713
Net book value	
At 1 February 2009	1,281,100
At 31 January 2010	1,167,913

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

9 TANGIBLE FIXED ASSETS

	Leasehold improvement £	Laboratory equipment £	Office and IT equipment £	Total £
Cost				
At 1 February 2009	1,934,731	1,742,426	338,823	4,015,980
Group transfer	-	(44,181)	1,543	(42,638)
Additions	5,055	-	13,412	18,467
Disposal	-	(547,010)	(2,200)	(549,210)
At 31 January 2010	1,939,786	1,151,235	351,578	3,442,600
Depreciation				
At 1 February 2009	561,926	1,029,975	228,775	1,820,676
Group transfer	-	(38,454)	1,746	(36,708)
Accelerated depreciation	1,361,013	-	-	1,361,013
Provided during the year	12,376	241,371	58,899	312,646
Disposal	-	(348,425)	(1,921)	(350,346)
At 31 January 2010	1,935,315	884,467	287,499	3,107,281
Net book value				
At 1 February 2009	1,372,805	712,451	110,048	2,195,304
At 31 January 2010	4,471	266,768	64,079	335,318

10 STOCK

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Raw material stock	-	226,584

11 DEBTORS

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Trade debtors	41,283	289,088
Corporation tax recoverable	306,430	667,603
Amounts owed from fellow group undertakings	1,149,865	3,671,787
Other debtors	41,687	104,216
Prepayments and accrued income	127,076	454,168
	1,666,341	5,186,862

Included in the amounts owed from fellow group undertakings is an amount of £1,149,865 which will not be receivable within one year (2009 £1,344,070)

12 CREDITORS Amounts falling due within one year

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Loan repayments	-	92,580
Trade creditors	148,690	474,070
Other creditors	6,141	236,934
Social security and other taxes	65,062	247,893
Accruals and deferred income	829,311	259,149
	1,049,204	1,310,626

13 CREDITORS Amounts falling due after more than one year

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Amounts owed to parent undertaking	31,966,654	27,557,395
Loan repayments	-	1,013,201
	31,966,654	28,570,596

The above loan repayments figures related to two loans On 16 June 2009 the Company signed a deed of variation on the lease with their landlord, which as a direct result, terminated the remaining balance of the loans as at 29 September 2009

13 CREDITORS Amounts falling due after more than one year (Continued)

Analysis of loan

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Debt due within one year	-	63,050
Debt due in first to second years inclusive	-	63,050
Debt due in second to fifth years inclusive	-	189,150
Debt due after five years	-	219,055
	-	534,305

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

Analysis of loan

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Debt due within one year	-	29,530
Debt due in first to second years inclusive	-	35,893
Debt due in second to fifth years inclusive	-	161,120
Debt due after five years	-	344,932
	-	571,475

14 PROVISION FOR LIABILITIES AND CHARGES

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Opening Balance	1,180,800	1,180,800
Updating provisional fair values	-	-
Closing Balance	1,180,800	1,180,800

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

15 SHARE CAPITAL

	Year ended 31 January 2010 £	Year ended 31 January 2009 £
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

16 SHARE BASED PAYMENT

Summit Corporation plc grants options to employees of Summit (Oxford) 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 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

	2010 £	2009 £
Outstanding at 1 February 2008	5,067,079	5,968,329
Granted during the year	4,305,000	
Lapsed during the year	(1,027,796)	(901,250)
Exercised during the year	-	-
Number of outstanding options at 31 January 2010	8,344,283	5,067,079

As at 31 January 2010, 3,437,530 share options were capable of being exercised (2009 3,962,010) The options outstanding at 31 January 2010 had a weighted average exercise price of 39 pence (2009 88 pence), and a weighted average remaining contractual life of 7 7 years (2009 6 8 years)

Summit Corporation 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
2 Dec 05	EMI	99,000	171 5	171 5	41	3 0	4 2%
13 Oct 06	EMI	71,400	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	270,515	114 0	114 0	42	3 0	4 6%
27 Oct 09	EMI	4,305,000	5 4	5 4	3	3 0	2 7%
02 Sept 04	Unapproved	2,020,000	0 5	0 5	-	3 0	4 9%
02 Dec 05	Unapproved	495,073	171 5	171 5	41	3 0	4 2%
22 May 06	Unapproved	540,120	165 0	165 0	45	3 0	4 6%
13 Oct 06	Unapproved	105,000	136 0	136 0	36	3 0	4 6%
28 Aug 07	Unapproved	375,000	118 5	118 5	44	3 0	5 1%
21 Nov 07	Unapproved	53,175	114 0	114 0	42	3 0	4 6%
		8,344,283					

16 SHARE BASED PAYMENT (CONTINUED)

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 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 expected
f Share options are assumed to be exercised immediately on vesting
g The fair value of the options awarded on 27 October 2009 is the average of the fair values calculated per possible vesting instalment

17 RESERVES

	Share premium £	Capital contribution £	Profit and loss account £	Total £
At 1 February 2009	99,000	977,254	(20,977,072)	(19,900,818)
Share based payment	-	(574)	-	(574)
Intercompany debt passed up to parent	-	(1,983,425)	-	(1,983,425)
Capital contribution from parent	-	1,983,425	-	1,983,425
Loss for the year	-	-	(5,074,528)	(5,074,528)
At 31 January 2010	99,000	976,680	(26,051,600)	(24,975,920)

18 RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2010 £	2009 £
Opening shareholder's (deficit)	(19,899,818)	(9,477,575)
Loss for the financial year	(5,074,528)	(10,535,861)
Share based payment	(574)	113,618
Closing shareholder's (deficit)	(24,974,920)	(19,899,818)

19 LEASING COMMITMENTS

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

	2010 £	2009 £
Leases which expire between two and five years	82,227	-
Leases which expire after five years	77,500	715,146

Other commitments

The company has other commitments relating to the acquisition of certain assets from MNL Pharma Limited as set out in Note 14

20 CAPITAL COMMITMENTS

At 31 January 2010 the Company had no capital commitments (2009 £31,831)

21. 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 and its results are included in that company's Consolidated Financial Statements

22 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Ultimate Parent Undertaking is Summit Corporation plc, a company incorporated in England and Wales

The Financial Statements of Summit Corporation 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