Summit Therapeutics plc

Advancing therapies for the treatment of rare and infectious diseases

Annual Report and Accounts
2016/17

Welcome to Summit Therapeutics plc

Rare Diseases

We are seeking to treat all boys and men affected by Duchenne muscular dystrophy ('DMD') with our pioneering utrophin modulation technology.

Pages 06 to 07

Infectious Diseases

We are advancing a highly selective novel antibiotic to treat *Clostridium difficile* infection ('CDI').

Pages 08 to 09

Inside our Report

Full details of our programmes can be found online at:

www.summitplc.com
@summitplc

Go to page 03 to read our highlights

Chairman's Statement

The past year has been one of strong progress across the Company with a major highlight being the signing of the licence and collaboration agreement with Sarepta Therapeutics.

Frank Armstrong
Non-Executive Chairman

The past year has been one of strong progress across the Company as we continue to advance our innovative drug programmes targeting rare and infectious diseases. Our focus in rare diseases is on our utrophin modulator pipeline for the treatment of the fatal muscle wasting disease, Duchenne muscular dystrophy ('DMD'). In infectious diseases we are developing a novel antibiotic called ridinilazole for the treatment of patients with infections caused by the bacteria *C. difficile*.

A major highlight of the year was the signing of the licence and collaboration agreement with Sarepta Therapeutics ('Sarepta') for European rights to our utrophin modulator pipeline. This agreement provided a $40 million upfront cash payment to Summit with the potential for substantial future success-based milestone and royalty payments. The year also saw both our DMD and CDI programmes deliver positive clinical data as we continue to progress these innovative therapies through clinical trials and towards potential commercialisation.

This progress leaves us poised for an exciting year ahead. This is expected to include the continuation of our Phase 2 proof of concept trial for our lead utrophin modulator ezutromid, and activities to prepare our novel antibiotic ridinilazole to be ready to enter Phase 3 clinical trials in the first half of 2018.

A Balanced Portfolio

I believe our pipeline of investigational therapies provides a balanced risk profile. Our DMD programme aims to address the underlying cause of the disease by seeking to maintain production of utrophin protein to compensate for the dystrophin that is lacking in individuals with DMD, in order to maintain healthy muscle function. We have shown the potential of this therapeutic approach in preclinical disease models and our focus is on demonstrating proof of concept in patients with DMD for ezutromid in the ongoing Phase 2 clinical trial called PhaseOut DMD. Generation of positive clinical data would clear a key technical milestone and support the continued development of ezutromid as a potential disease modifying treatment for this devastating muscle wasting disease.

To complement this, our novel class antibiotic ridinilazole has already shown evidence of clinical efficacy in patients with CDI in our Phase 2 clinical trial. In my view, this leaves ridinilazole in a strong position to progress to Phase 3 clinical development and towards potential regulatory approval, particularly in light of the historic clinical success of antibiotics that have generated positive Phase 2 data.

Operational Progress: Sarepta Therapeutics Licence and Collaboration Agreement

A major achievement of the past year was signing the licence and collaboration agreement with Sarepta. This agreement granted Sarepta exclusive commercial rights in Europe, Turkey and the Commonwealth of Independent States to our utrophin modulator pipeline, including our Phase 2 candidate ezutromid. In exchange we benefited from a cash injection of $40 million with the potential for additional development, regulatory and sales milestones that for ezutromid alone total up to $522 million, plus sales royalties.

This deal brings to Summit a number of benefits. It provides access to additional development and regulatory expertise from Sarepta to support ezutromid and our wider utrophin pipeline while, importantly, we retained full commercial rights in other territories including the United States.

Operational Progress: R&D Overview

The coming year represents an important period for both programmes. In DMD, we expect to conclude enrolment into PhaseOut DMD. This clinical trial is the first long-term study conducted with a utrophin modulator and aims to demonstrate proof of concept for ezutromid in patients with DMD. Proof of concept would represent a major technical milestone for our utrophin modulation programme and we look forward to reporting the full 24-week data from this trial in the first quarter of 2018.

In parallel, we continue to develop our earlier stage pipeline of future generation utrophin modulators. This pipeline shows our deep commitment to developing effective therapies for the DMD community. I look forward to reporting on the continued advance of this pipeline which is being developed as part of the strategic alliance with the University of Oxford as we seek to maintain our leadership position in the field of utrophin modulation.

There is an urgent need to develop new antibiotics to combat the serious healthcare threat posed by pathogens including *C. difficile*. We continue to believe that ridinilazole offers the potential to change the treatment paradigm in CDI. Further data we presented from our proof of concept Phase 2 trial showed ridinilazole was highly preserving of the gut microbiome in patients during treatment. This observation was in stark contrast to patients treated with the current standard of care antibiotic vancomycin whose microbiomes were severely damaged during treatment. A damaged microbiome leaves patients at high risk for disease recurrence. We therefore believe ridinilazole has the potential to be positioned as the mainstay treatment for CDI due to its potential to treat initial infection and reduce rates of recurrence.

Future Development Strategy

Our strategy for the future development of both programmes remains clear. In DMD if any of our utrophin modulators receive marketing approval, we remain committed to independently commercialising them in the United States, one of the world's most important pharmaceutical markets. Commercialisation options for the other territories not covered by the agreement with Sarepta continue to be evaluated.

Our Focus

Rare Diseases

Summit's focus in rare diseases is on the fatal muscle wasting condition Duchenne muscular dystrophy ('DMD'). Summit's approach to DMD is the development of utrophin modulators, a treatment that has the potential to benefit all patients, regardless of their underlying genetic fault.

Summit has a pipeline of utrophin modulators and its most advanced drug, ezutromid, is currently being tested in a Phase 2 clinical trial in patients with DMD.

Pages 06 to 07

Infectious Diseases

Summit's infectious disease programme is focused on developing a new antibiotic called ridinilazole for the treatment of infections caused by the bacteria *Clostridium difficile.*

Clostridium difficile infection ('CDI') is a serious healthcare threat in hospitals, long-term care homes and increasingly the wider community. Ridinilazole is designed to selectively target *C. difficile* bacteria and it has the potential to treat initial infections and reduce the high rates of recurrent disease.

Pages 08 to 09

As ridinilazole is prepared for entry into Phase 3 clinical trials, we are in parallel evaluating various options to support its future development as we seek to maximise the value of this exciting asset. This includes a collaboration agreement with a third party, or securing substantial non-dilutive funding from government entities or not for profit organisations. This evaluation will consider a number of factors as we seek to identify the optimal path to continue the development of ridinilazole.

Operational

To support the ongoing development of the two programmes, the team was further strengthened during the year. This was highlighted by the full-time appointment of Dr David Roblin as our Chief Operating Officer and President of Research and Development. David has had an extensive and highly successful career within the pharmaceutical industry that included holding senior management roles at Pfizer and Bayer. Most recently David led the establishment of operations at the Francis Crick Institute in London as Chief Operating Officer. David's broad expertise across all stages of drug development in many different therapeutic areas, including infectious diseases, will be invaluable to the wider team at Summit. David has been acting as a research and development adviser to Summit since 2014 and we look forward to working with him as part of the Summit team in this role when he joins on a part-time basis starting in April before moving to full-time in June 2017. For Summit to have attracted an individual of David's calibre and reputation is a reflection of the promise and innovation in our DMD and CDI programmes.

£28.1m

Cash and cash equivalents
at 31 January 2017 compared to £16.3 million at 31 January 2016.

Summary and Outlook

Summit has made strong progress with the drug programmes and the development of the business in 2016 and we look forward to an exciting year ahead.

I would like to thank all of our shareholders for the continued support. I also wish to sincerely thank all the patients and their families who are involved with our clinical trials. Without their dedication and support, we would not be able to advance these potential new treatments. Finally I would like to thank the team at Summit for the continued hard work over the past 12 months as we seek to advance potential new medicines that have the opportunity to transform the lives of patients and their families.

Frank Armstrong, FRCPE, FFPM
Non-Executive Chairman

29 March 2017

Highlights

Pages 12 to 17

Programme Highlights

- Licensing agreement granted Sarepta Therapeutics exclusive European rights to the utrophin modulator pipeline, including ezutromid, in exchange for $40 million upfront payment and future development, regulatory and sales milestones and sales royalties.
- Reporting of further data showing CDI antibiotic ridinilazole outperformed standard of care antibiotic vancomycin in a Phase 2 clinical trial.

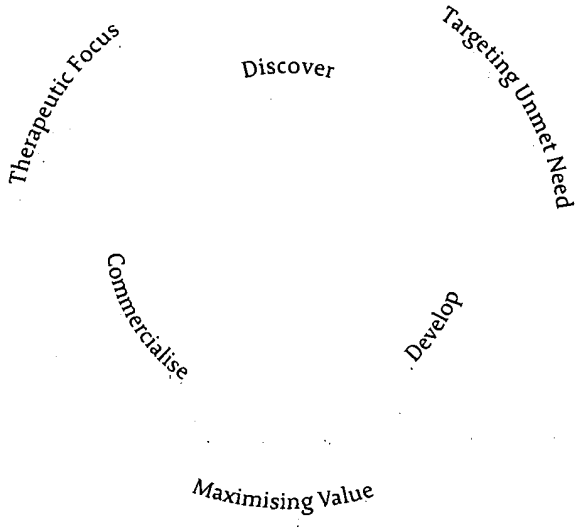
Operational and Financial Highlights

- Research and development team strengthened by appointing industry leader, Dr David Roblin as Chief Operating Officer and President of Research and Development.
- Cash and cash equivalents at 31 January 2017 of £28.1 million compared to £16.3 million at 31 January 2016.

Creating Value

Summit is focused on the discovery, development and commercialisation of novel medicines for diseases for which there are no existing or only inadequate therapies. Summit is advancing new therapies for the treatment of rare diseases and infectious diseases. Our goal is to become a fully integrated biopharmaceutical company.

Our Business Model



Therapeutic Focus

Our therapeutic focus is on the rare genetic disease Duchenne muscular dystrophy ('DMD') and the infectious disease caused by *Clostridium difficile* bacteria.

Summit is seeking to treat all patients affected by DMD by investigating and developing its pioneering utrophin modulation technology. Summit is also advancing a highly selective novel antibiotic to treat *C. difficile* infection ('CDI').

Targeting Unmet Need

Summit is targeting two diseases that each represent attractive commercial opportunities if effective treatments are successfully developed.

DMD is a fatal muscle wasting disease and there is currently no approved disease modifying therapy that can treat all DMD patients.

CDI is a serious healthcare threat, and existing treatment options are associated with high rates of disease recurrence.

Maximising Value

Summit is focused on advancing its DMD and CDI programmes through clinical trials that seek to demonstrate their potential benefit in patients.

The most advanced DMD drug candidate is being evaluated in a Phase 2 proof of concept clinical trial and activities are being undertaken to prepare the CDI antibiotic to enter Phase 3 clinical trials.

Our Strategy

Rapidly advance development of lead product candidates

Maintain and expand leadership position in field of utrophin modulation

Collaborate with Sarepta on the advancement of the utrophin modulator pipeline

Commercialise ezutromid for DMD in the United States

Maximise the commercial potential of ridinilazole for CDI

Description	Our plan of action	What we have achieved
Summit is focussed on rapidly advancing the development of its DMD and CDI programmes. In DMD, Summit has a pipeline of small molecule utrophin modulators that includes the lead candidate, ezutromid. Ridinilazole is a novel class antibiotic that has the potential to treat initial CDI and reduce rates of recurrent disease.	Summit is advancing ezutromid and ridinilazole through patient clinical trials as quickly as possible in an effort to validate the potential clinical benefits of these two therapies.	A Phase 2 proof of concept clinical trial of ezutromid commenced enrolment and dosing of patients in 2016. A new formulation of ezutromid was also developed and is one of two formulations being evaluated in the ongoing Phase 2 trial. Ridinilazole demonstrated superiority over the current standard of care antibiotic treatment for CDI in a Phase 2 proof of concept clinical trial. This included its ability to preserve the gut microbiome which plays an important role in protecting against disease. Pages 06 to 09
Summit's DMD programme is based on utrophin modulation, a scientific approach that has the potential to treat all DMD patients, regardless of the underlying mutation in the dystrophin gene. The concept of utrophin modulation for DMD was pioneered by Summit's co-founder and scientific advisor, Professor Kay Davies at the University of Oxford.	Summit is building on its existing knowledge, experience and intellectual property rights in utrophin modulation to maintain and expand its leadership in this area.	Summit and research groups at the University of Oxford have an ongoing collaboration as part of a strategic alliance that aims to develop future generation utrophin modulators, including ones with mechanism of actions that are potentially distinct to ezutromid. Page 14
Summit signed an exclusive licence and collaboration agreement with Sarepta Therapeutics in October 2016. This granted Sarepta exclusive rights to commercialise products in Summit's utrophin modulator pipeline, including ezutromid, in selected territories including the European Union, with an option over specified countries in Central and South America.	Summit and Sarepta have agreed to collaborate on the research and development of utrophin modulator products under a joint, global development plan through a steering committee as the Company seeks to fulfil its contractual obligations as part of the collaboration agreement.	Since signing the agreement and receiving an upfront payment of $40 million, Summit, in collaboration with Sarepta, is working to implement the global development plan. Page 16
Summit holds exclusive commercialisation rights for ezutromid in the United States and other territories that are not covered by the licensing agreement with Sarepta.	Summit's intention is to advance ezutromid through clinical trials and, if it receives marketing approval, commercialise it initially in the United States by establishing a focused, specialised sales force. In other territories where Summit retains commercial rights, the Company plans to evaluate the potential of commercialising ezutromid independently or entering into collaboration, distribution and other marketing arrangements with third parties.	The future commercial prospects of ezutromid are protected by a strong intellectual property estate that includes a key patent grant in the United States, Europe and Japan. Ezutromid has also been granted orphan drug designation in the United States and Europe. Pages 12 to 13
Summit plans to maximise the commercial opportunity for the CDI antibiotic ridinilazole. Summit may determine to develop and commercialise this antibiotic independently, or seek funding from government entities and philanthropic non-government and not for profit organisations, or find a third party collaborator.	In evaluating the relative merits of these potential options to support the future development and potential commercialisation of ridinilazole, we consider factors that include the anticipated clinical development costs, expected required sales and marketing resources, and financial terms.	The commercial potential of ridinilazole was strengthened by the strong clinical proof of concept data generated in a Phase 2 clinical trial, and a strong patent estate that protects the use of ridinilazole in countries including the United States and Europe. Page 11

Rare Diseases: Focus on Duchenne Muscular Dystrophy

Duchenne muscular dystrophy ('DMD') is the most common and the most severe form of muscular dystrophy.

DMD is a fatal muscle wasting disease and is caused by different genetic mutations affecting the dystrophin gene on the X-chromosome meaning that it predominantly affects males.

As a result of these genetic mutations, patients with DMD are unable to produce dystrophin, a protein essential for maintaining healthy muscle function. Over time, the muscles of patients with DMD deteriorate and are replaced by fat and scar tissue, a process called fibrosis. This leads to the loss of ambulation, loss of respiratory and cardiac function and ultimately death which on average occurs in the late twenties.

There are approximately 50,000 patients with DMD in the developed world with the disease incidence in 2013 reported to affect an estimated 1 in 5,000 male births. All ethnic groups are equally susceptible to the disease and approximately one-third of cases arise in patients with no familial history of the disease.

DMD is typically diagnosed between two and seven years of age. The disease initially affects the skeletal muscles in the arms, legs and trunk; by around 12 years of age, most patients will use a wheelchair on a regular basis. A significant loss of skeletal muscle function takes place during the teenage years although most patients will retain use of their fingers, allowing them to write or use computers. As the disease progresses, it affects the heart and respiratory systems, and typically it is the failure of these functions that proves fatal.

Due to the relatively small population of patients, DMD is classified as a rare or orphan disease. In Europe and the United States there is legislation designed to assist and encourage development of effective treatments with benefits including additional regulatory support, the potential for accelerated approval and a guaranteed period of market exclusivity.

Summit's pipeline of utrophin modulators includes ezutromid that is being tested in a Phase 2 clinical trial.

Read more on our website

Summit's approach – utrophin modulation

~50,000

~50,000 patients in North America, Europe and Japan.

X-linked genetic disease meaning DMD predominantly affects boys and young men.

1 in 3

1 in 3 cases occur due to spontaneous mutations.

Utrophin modulation is a potential treatment approach to slow or even stop progression of the disease.

Targets 100% of patients with DMD, regardless of their underlying genetic fault.

Developing a pipeline of small molecule utrophin modulator drugs including a collaboration with University of Oxford.

Summit is developing utrophin modulator therapies, a potential disease modifying treatment approach that could treat all patients with DMD, regardless of their underlying genetic fault.

Utrophin is a naturally occurring protein that is functionally and structurally similar to dystrophin, the protein missing in patients with DMD. The aim of utrophin modulation is to maintain the production of utrophin in all muscles, including the heart and diaphragm, to compensate for the lack of functional dystrophin and therefore slow, or even stop the progression of the disease.

The potential of utrophin modulation to treat all patients with the disease is in contrast to other potential disease modifying approaches that target specific genetic faults meaning they are only able to treat small subsets of the patient population, or approaches that aim to treat specific secondary aspects of the disease. Utrophin modulation also has the potential to be complementary to other treatment approaches.

Utrophin and dystrophin perform a critical role in maintaining healthy muscle function. Utrophin plays an active role in the development of new muscle fibres and also in the process of repairing damaged muscle fibres. As a fibre matures or a repair is completed, utrophin production is switched off, and in the case of a non-DMD individual, dystrophin then replaces utrophin to maintain muscle function in the mature muscle. In a patient with DMD, no functional dystrophin is produced; which leads to the fibre being damaged and entering a cycle of repair.

The concept of utrophin modulation as a treatment approach for DMD was based on the research of Professor Dame Kay Davies at the University of Oxford. Through gene manipulation, Professor Davies showed it was possible to prevent DMD in models of the disease by continually producing utrophin protein. This led to the formation of Summit with the aim of translating this pioneering research into the development of small molecule drugs that are designed to achieve the same effect and continually produce utrophin protein.

Summit's most advanced utrophin modulator is called ezutromid and is being evaluated in a Phase 2 clinical trial in patients with DMD. This trial, called PhaseOut DMD, aims to demonstrate proof of concept for ezutromid and utrophin modulation by measuring utrophin protein and muscle fibre regeneration in muscle biopsies, and through measurements of muscle fat infiltration. PhaseOut DMD could also provide the first signs of clinical efficacy of ezutromid.

DMD is a universally fatal disease that leads to progressive wasting of muscles throughout the body.

Ezutromid has orphan drug status in the United States and Europe and Fast Track designation and Rare Pediatric Disease designation from the United States Food and Drug Administration.

Summit is also advancing a pipeline of future generation utrophin modulators as part of a strategic alliance with the University of Oxford as part of the Company's strategy to maintain its leadership position in this promising field of medical research.

In 2016, Summit licensed European commercial rights for its utrophin modulation pipeline to Sarepta Therapeutics in exchange for an upfront payment and future development, regulatory and sales milestones, and sales royalties. In addition, beginning in 2018, Sarepta will share in the global research and development costs associated with Summit's utrophin modulation programme.

Infectious Diseases: Focus on *Clostridium difficile* Infection

Clostridium difficile infection ('CDI') is a bacterial infection of the colon that produces toxins causing inflammation of the colon and severe diarrhoea, and can lead to death.

CDI is a serious healthcare issue in hospitals, long-term care homes and, increasingly, in the wider community.

It has been estimated that there are over one million cases of CDI between the United States and Europe each year. The disease is the most common hospital infection in the United States and a literature report in 2015 indicated that CDI is responsible for approximately 29,000 deaths per year in the United States. The economic impact of CDI is significant. A study published in 2012 estimated that acute care costs associated with CDI total $4.8 billion per year in the United States.

The Microbiome and Disease Recurrence

Clostridium difficile or *C. difficile* is a bacteria that can be a harmless resident of the large bowel. The large bowel contains many different bacteria that are naturally present and collectively these are often referred to as the gut microbiome. The gut microbiome plays an important role in maintaining healthy function.

CDI typically develops when the natural balance of the microbiome is disturbed, very often through the use of broad spectrum antibiotics, which creates the ideal environment for the over growth of *C. difficile* bacteria. Standard of care treatments for CDI are broad spectrum antibiotics, and while these are often able to treat the initial infection, they cause further collateral damage to the microbiome and leave patients highly vulnerable to experiencing recurrent disease.

Recurrent disease is the primary clinical issue in CDI. It has been reported that there is an approximate 25% risk of patients having a second episode of the disease with this risk rising to around 65% after a patients suffers a third infection. Each episode of recurrent disease often has greater disease severity and higher mortality rates and so places an increased burden on healthcare systems.

Ridinilazole achieved clinical proof of concept in a Phase 2 clinical trial.

Read more on our website

With current standard of care antibiotics being a primary risk factor for patients experiencing recurrent disease, there is an urgent need to develop new, more effective treatments. This need was highlighted in 2013 when the US Center for Disease Control and Prevention listed *C. difficile* as one of three pathogens that pose an immediate public health threat and require urgent and aggressive action. In 2012, the Generating Antibiotics Incentives Now Act ('GAIN Act') provisions of the FDA Safety and Innovation Act became law. The goal of the GAIN Act is to encourage the development of new antibiotics that treat specific pathogens, including *C. difficile*, which can cause serious and life-threatening infections.

Summit's approach – ridinilazole, a new antibiotic for CDI

>1m

Over 1 million cases per year in the US and Europe.

~$4.8bn

~$4.8 billion annual acute care costs with ~29,000 deaths per year in the US.

~25%

Disease recurrence is the primary clinical issue. Recurrence risk is that up to 25% of CDI patients have a second episode, the risk rises to 65% after a third episode.

Maintaining a healthy microbiome is key to reducing rates of recurrence.

Ridinilazole, Summit's novel antibiotic, preserves the microbiome to sustain cure in Phase 2 clinical trial patients.

Ridinilazole has the opportunity to become the front-line treatment option for CDI.

Summit is developing ridinilazole as an orally administered small molecule antibiotic for the treatment of CDI. Ridinilazole is designed to selectively target *C. difficile* bacteria without causing collateral damage to the microbiome, which means it has potential to both treat the initial infection and reduce the high rates of recurrent disease.

Ridinilazole displayed its promise as a potential new treatment option against CDI by achieving clinical proof of concept in a Phase 2 clinical trial conducted in patients in 2015. The Phase 2 trial, called CoDIFy, showed ridinilazole outperformed vancomycin, the current standard of care antibiotic for treating CDI. The primary endpoint of the trial measured sustained clinical response ('SCR') which is defined as clinical cure based on resolution of diarrhoea at the end of treatment and no recurrence of CDI within 30 days post treatment. The trial achieved its primary endpoint with ridinilazole achieving SCR rates of 66.7% compared to 42.4% for vancomycin with this difference driven by a large reduction in rates of disease recurrence (14.3% versus 34.8%).

The Phase 2 clinical trial also assessed the impact of ridinilazole on the microbiome of patients. The analysis showed that patients treated with ridinilazole exhibited no further damage to their microbiome during treatment, with a proportion of patients showing initial evidence of recovery of key bacterial groups of the microbiome with roles in protecting from CDI. In contrast it was observed that patients treated with vancomycin suffered substantial damage to their microbiome during treatment and that this damage persisted in many patients during the post treatment period.

These clinical data are supported by a strong package of preclinical evidence that shows ridinilazole has strong potency against all clinical strains of *C. difficile* bacteria tested and has a minimal antibiotic effect against other bacteria that comprise the microbiome. Preclinical studies also show that ridinilazole is able to reduce levels of the toxins that are produced by the *C. difficile* bacteria and known to have a major role in driving the symptoms and severity of the disease.

The next stage of development is for ridinilazole to be evaluated in a Phase 3 clinical trial programme. The programme is expected to include two trials evaluating ridinilazole against vancomycin, with each trial expected to enrol approximately 700 patients. The primary endpoint is expected to be superiority in SCR. The Phase 3 programme includes input from the regulatory authorities in the United States and Europe. Summit is exploring various options to maximise the value of ridinilazole which include potentially entering into a collaboration with a third party or securing non-dilutive funding from government entities and philanthropic non-government and not for profit organisations.

CDI is a significant healthcare threat in hospitals, long-term care homes and increasingly in the wider community.

The United States Food and Drug Administration ('FDA') has designated ridinilazole as a qualified infectious disease product ('QIDP') and during 2015 the FDA granted it Fast Track designation. The QIDP incentives are provided through the GAIN Act and provide advantages including priority review by the FDA and an additional five years of marketing exclusivity in the United States if the drug is approved by the FDA.

Ridinilazole is protected by a patent estate that includes a key granted patent protecting the use of this novel antibiotic in the treatment of CDI in a number of major commercial territories including the United States and Europe.

The development of ridinilazole through to completion of the Phase 2 CoDIFy clinical trial was financially supported in part by a prestigious Seeding Drug Discovery Award and Translational Award from the Wellcome Trust.

Our Marketplace

The biotechnology and pharmaceutical industries are characterised by rapidly advancing technologies, intense competition and a strong emphasis on proprietary products. This section outlines the potential differentiation of Summit's DMD and CDI programmes.

DMD Programme

Utrophin modulation stands out amongst the various approaches in clinical development as a potential universal, disease modifying treatment.

DMD is caused by a large number of different genetic faults in the dystrophin gene and this means the patient population is highly fragmented.

~41%

The combined number of patients treatable by exon-skipping therapies for the ten most common exons.

~13%

Percentage of patients who could be treated by a drug targeting nonsense mutations.

100%

Is the potential treatable population for a utrophin modulator.

There is currently no approved treatment that seeks to alter the progression of DMD that would benefit all patients. Corticosteroids are commonly used to treat the symptoms of the disease although these do not address the underlying genetic cause.

Utrophin modulation

This represents a universal treatment with disease modifying potential that could treat all patients because it is independent of the underlying genetic fault. It seeks to maintain production of utrophin, a protein functionally similar to dystrophin, to potentially slow or stop disease progression. This approach is also expected to be complementary to other therapeutic approaches.

Dystrophin restoration approaches

Exon-skipping

Exon-skipping seeks to produce a shortened but functional form of dystrophin by 'skipping over' the genetic fault in the dystrophin gene. Due to the large number of different genetic faults in the gene, each exon-skipping drug can only treat small groups of patients with DMD.

A drug skipping exon 51 could treat approximately 13% of patients, with skipping therapies for the ten most common exons in aggregate treating approximately 41% of patients.

Nonsense mutations

Nonsense mutation is an approach that targets a specific genetic fault in the dystrophin gene to produce a truncated form of the protein. It represents a potential disease modifying approach and could have the potential to treat approximately 13% of patients with DMD.

Other approaches

There are a number of approaches in development that seek to alleviate the symptoms of DMD. These include therapies that promote muscle tissue growth by inhibiting a protein called myostatin, anti-inflammatory and anti-fibrotic therapies, and treatments that aim to improve respiratory and cardiac function. Gene therapy based approaches are also being developed and these have the potential to treat the genetic cause of DMD.

CDI Programme

Ridinilazole displayed statistical superiority over the current standard of care antibiotic vancomycin in a Phase 2 clinical trial.

20.5%

The difference in reduction of disease recurrence rates in patients treated with ridinilazole compared to vancomycin in a Phase 2 clinical trial.

Ridinilazole

Ridinilazole has the potential to become a front-line antibiotic treatment for CDI due to its ability to treat the initial infection and reduce the rates of recurrent disease, the key clinical issue in CDI. This novel class antibiotic combines high potency for *C. difficile* bacteria with high selectivity meaning that it does not cause damage to the gut microbiome which plays a key role in protecting against recurrent disease.

Antibiotics

The current standard of care for CDI is treatment with vancomycin or off-label use of metronidazole. These are both broad spectrum antibiotics that can reduce levels of *C. difficile* but also cause substantial damage to the gut microbiome leaving patients vulnerable to recurrent disease. Fidaxomicin is a CDI antibiotic that has not shown benefit in treating hypervirulent strains of *C. difficile*, while antibiotics in development appear to have a similar profile to approved treatments.

Other approaches

Other treatment approaches include monoclonal antibodies that seek to neutralise the toxins produced by *C. difficile* bacteria. However, these antibodies still require an antibiotic to kill the *C. difficile* bacteria. Faecal microbiota transplant ('FMT') is a newer approach in development that seeks to artificially repopulate the healthy bacteria that comprise the microbiome. While this approach has reported promising clinical data that support the need to maintain a healthy microbiome, it also requires prior treatment with an antibiotic. A vaccine approach to address CDI is also in development and likely to be used in high-risk patients given the difficulty in treating a wide patient population.

Commercial

Summit has licensed to Sarepta Therapeutics commercialisation rights for its utrophin modulator programme in the European Union, Turkey, Norway, Switzerland, Iceland and Commonwealth of Independent States. Sarepta also has an option for commercialisation rights in specific countries in Central and South America. The Company retains commercialisation rights in the rest of the world including in the United States. Summit holds exclusive worldwide commercialisation rights for its CDI antibiotic ridinilazole.

If the Company's utrophin modulator therapies receive marketing approval, Summit intends to commercialise them independently in the United States with a focussed, specialised sales force that we plan to establish. Summit will seek to maximise the commercial potential of ridinilazole and is exploring various options to achieve this including entering into third party collaboration agreements or securing funding from government and not for profit organisations.

Operational Review

The Company believes the progress made over the past year in the DMD and CDI programmes, combined with our strengthened financial position following the signing of the Sarepta licensing agreement has placed us in a strong position to deliver value for our patients and shareholders.

Glyn Edwards
Chief Executive Officer

Erik Ostrowski
Chief Financial Officer

Summit is a biopharmaceutical company focused on the discovery, development and commercialisation of novel medicines for indications in rare diseases and infectious diseases for which there are no existing or only inadequate therapies. In rare diseases, Summit is seeking to develop a treatment for all patients affected with the fatal disorder DMD using its utrophin modulation technology. Summit's focus in infectious diseases is on advancing the development of a selective antibiotic called ridinilazole that has the potential to not only treat initial CDI, but importantly to reduce rates of disease recurrence.

Duchenne Muscular Dystrophy: Utrophin Modulation Programme

DMD is the most common and most severe form of muscular dystrophy. The disease predominately affects males and results in the progressive wasting of muscles throughout the body. DMD typically results in death by the time patients reach their late twenties.

Patients with DMD are unable to produce dystrophin, a protein essential for maintaining healthy muscle function. Utrophin is a naturally occurring protein that is functionally and structurally similar to dystrophin, and plays an active role in the development of new muscle fibres, both in foetal development and in the repair of damaged muscle fibres. Utrophin production is switched off in mature muscle fibres, and in the case of a healthy individual, replaced by the production of dystrophin. Utrophin modulation has the potential to maintain the production of utrophin in all skeletal muscles, including the diaphragm, and the heart to compensate for the lack of dystrophin in patients with DMD and so restore and maintain healthy muscle function. A key benefit of utrophin modulation is that it is independent of the underlying genetic fault in the dystrophin gene and therefore has the potential to treat the entire patient population.

Summit has established a leadership position in the field of utrophin modulation and is developing a pipeline of small molecule utrophin modulator therapies, including ezutromid that is being evaluated in a Phase 2 clinical trial.

Exclusive Licence and Collaboration Agreement with Sarepta Therapeutics Inc. ('Sarepta')

In October 2016, Summit announced a licence and collaboration agreement with Sarepta. This granted Sarepta exclusive commercial rights to the Company's utrophin modulator pipeline, including ezutromid, in Europe, Turkey and the Commonwealth of Independent States, with an option over specific countries in Central and South America. Summit retains commercialisation rights in all other countries, including the United States and Japan.

Under the agreement, Summit has agreed to collaborate with Sarepta on the research and development of utrophin modulator therapies under a joint, global development plan. This agreement also provides Summit with access to Sarepta's development, regulatory and commercialisation expertise to support the continuing development of Summit's utrophin modulator pipeline.

Financially, Summit received an upfront payment of $40 million, and will be eligible for future ezutromid-related development, regulatory and sales milestone payments totalling up to $522 million. This includes a $22 million milestone, payable on or after 1 April 2017, upon the first dosing of the last patient in Summit's ongoing PhaseOut DMD trial. In addition, Summit is eligible for escalating royalties ranging from a low to high teens percentage of net sales in the licensed territories.

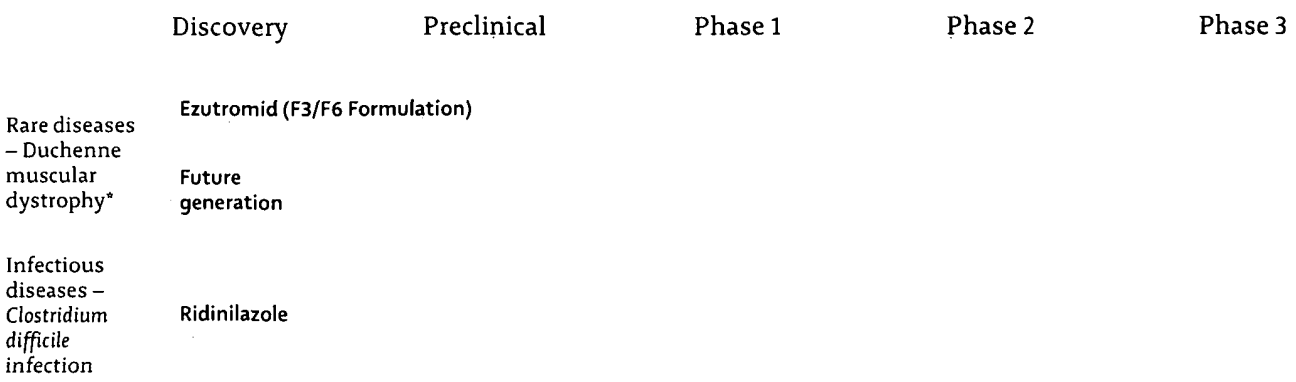
Summit will also be eligible to receive development and regulatory milestones related to potential future generation utrophin modulator candidate(s). Beginning in 2018, Summit and Sarepta will share at a 55%/45% split specified global research and development costs related to ezutromid and future generation utrophin modulators.

Ezutromid Clinical Trial Activities

Ezutromid: Phase 2 Proof of Concept Trial

PhaseOut DMD is a Phase 2 clinical trial evaluating ezutromid in patients with DMD. This 48-week open-label trial is ongoing in the UK and the US and aims to establish proof of concept for ezutromid through the evaluation of muscle structure and health. Enrolment of approximately 40 patients is ongoing for the two formulations of ezutromid being tested, F3 and, more recently F6, and Summit expects to complete trial enrolment in the second quarter of 2017.

Our Development Pipeline



* Summit granted Sarepta an exclusive license to the commercial rights for our utrophin modulator pipeline in the European Union, Iceland, Norway, Switzerland, Turkey and the Commonwealth of Independent States, with an option to expand its commercial rights to include specified countries in Central and South America. Summit retains commercialisation rights in the rest of the world.

DMD is characterised by high levels of muscle degeneration caused by the absence of functional dystrophin. Muscle fibres consequently enter into a cycle of repair and degeneration that over time leads to fat infiltrating into muscle and loss of ambulation and other functional abilities. Ezutromid aims to maintain production of utrophin so that it can substitute for the missing dystrophin. This has potential to allow muscle fibres to mature and so reduce the level of muscle degeneration, reduce the rate of fat infiltration and reduce the rate of decline in functional abilities. PhaseOut DMD is assessing all of these factors through various techniques including use of muscle biopsy to evaluate utrophin distribution and muscle fibre regeneration and maturity; magnetic resonance imaging ('MRI') to measure fat infiltration; and various functional tests including the North Star Ambulatory Assessment and the six minute walk test.

The Company expects to report full analysis of the 24-week biopsy data in the first quarter of 2018, in lieu of reporting an earlier interim 24-week biopsy analysis from a smaller group of these patients in 2017. The full analysis group will consist of approximately 20 samples from patients dosed with the F3 or F6 formulations of ezutromid who will provide a 24-week biopsy sample. The Company plans to analyse all 24-week treatment biopsies once all samples have been collected. In addition to reporting on the full 24-week biopsy data, Summit expects to announce the 24-week analysis of MRI and functional data from all patients in the trial. The Company believes that this revised approach of analysing a larger dataset will provide a more complete picture of ezutromid's potential by evaluating a larger number of patients.

In addition to PhaseOut DMD, Summit plans to conduct a randomised, placebo controlled trial designed with the potential to support accelerated and conditional approvals in the US and Europe, respectively. It is anticipated that this trial would start after positive interim data from PhaseOut DMD, and the Company would plan to provide trial timing guidance following the release of the 24-week dataset.

In March 2017, Summit applied to the MHRA and FDA regulatory authorities to extend PhaseOut DMD as the Company seeks to allow for the transition of patients participating in PhaseOut DMD onto an open-label extension at the end of the initial 48 weeks of dosing without a cessation in dosing. This decision followed support for the Company's plan from the trial's independent Data Monitoring Committee upon an interim review of the safety and tolerability data from the ongoing trial. The extension phase is expected to last until ezutromid either receives marketing approval in relevant countries or its development is discontinued.

Ezutromid: Phase 1 New Formulation Trial
Summit announced in August 2016 results from a Phase 1 clinical trial that showed a new formulation of ezutromid called F6 achieved a substantial increase in plasma exposure in patients compared to the current clinical formulation called F3. At the highest dose of F6 (1,000 mg, twice daily), the five evaluable patients achieved a six-fold increase in average maximum plasma levels compared to the highest dose of formulation F3 (2,500 mg, twice daily).

Summit is evaluating the safety and efficacy of F6 alongside F3 in the ongoing PhaseOut DMD clinical trial. It is anticipated that approximately ten patients enrolled at trial sites in the US will be dosed with F6. We believe both formulations of ezutromid have the potential to modulate the expression of utrophin, and the inclusion of F6 is expected to provide a greater understanding of the potential relationship between ezutromid drug exposure and clinical benefit.

Pipeline and Research Activities

Future Generation Utrophin Modulators
As part of the Company's strategy to maintain its leadership position in the field of utrophin modulation, Summit is developing a pipeline of future generation utrophin modulators. This research, conducted as part of the strategic alliance with the University of Oxford, is building on the promise of ezutromid to identify new, structurally distinct molecules, including ones that may have new utrophin related mechanisms.

Summit also has a number of second generation utrophin modulators that are structurally related to ezutromid, but designed to achieve higher drug plasma levels. In September 2016 Summit placed the development of these modulators on hold as the key objective of this development programme was fulfilled by the substantial increase in ezutromid plasma levels achieved by the F6 formulation.

Development of Biomarkers
As highlighted above, a key endpoint in the PhaseOut DMD trial is measurement of utrophin and muscle regeneration biomarkers from muscle biopsies. Summit, in collaboration with Flagship Biosciences Inc. ('Flagship'), has been developing an automated, digital analysis tool to precisely measure muscle maturity and integrity and utrophin expression in individual fibres. Data from this research were presented at the 21st International Congress of the World Muscle Society held in Granada, Spain, in October 2016. The Flagship research builds on a manual quantification approach developed in collaboration by Summit and research groups at the Institute of Child Health at University College London which was published in the peer reviewed literature in March 2016. The development of these biomarkers represents an important step in helping to further our understanding of the potential benefits of utrophin modulator therapies such as ezutromid.

Operational Review continued

Case Study

Online resource launched for the DMD community

Utrophin modulation is being evaluated for its potential to slow or stop the disease progression in all boys and men with Duchenne muscular dystrophy ('DMD'). Summit is currently conducting clinical trials of ezutromid, its lead utrophin modulator, in patients with DMD. In September 2016, the Company launched a website dedicated to providing up to date information on utrophin and Summit's utrophin modulator clinical trials to patients, their families and carers.

www.utrophintrials.com

The site contains information about the different steps that form the clinical trial process, and information about Summit's ongoing Phase 2 proof of concept clinical trial called PhaseOut DMD, along with a section that contains a list of questions frequently asked by the DMD community.

"We recognise the dedication and engagement of the DMD community in the search for solutions for this fatal muscle wasting disease. With this website, we are seeking to provide this community with access to important information about our utrophin modulator programme and clinical trials. Summit is committed to broadening our relationship with the DMD community as we advance ezutromid and other utrophin modulators."

Glyn Edwards
Chief Executive Officer

Regulatory Updates
Fast Track and Rare Pediatric Disease Designations

In September 2016, ezutromid was granted two separate designations by the FDA in the treatment of DMD: Fast Track and Rare Pediatric Disease. Fast Track designation provides the Company with advantages such as opportunities for more frequent interactions with the FDA during all aspects of development, submission of a New Drug Application ('NDA') on a rolling basis, and eligibility for accelerated approval and priority review. Rare Pediatric Disease designation could qualify Summit for a Priority Review Voucher if ezutromid is approved before 1 October 2022. The voucher could be used for a subsequent marketing application or sold or transferred an unlimited number of times (although only used once).

C. difficile Infection Programme

CDI is a major healthcare threat with over one million cases estimated between the United States and Europe each year. Mainstay treatments are dominated by broad spectrum antibiotics, the use of which are associated with high rates of recurrent disease. With each episode typically being more severe and associated with increased risk of mortality, recurrent disease is the key clinical issue in CDI.

Ridinilazole is a novel class antibiotic that has the potential both to treat the initial infection as well as to reduce the high rates of recurrent disease experienced in CDI. Ridinilazole has received Qualified Infectious Disease Product designation and has been granted Fast Track designation in the US.

The development of ridinilazole has been financially supported by Wellcome Trust Seeding Drug Discovery and Translational Awards.

Phase 2 Clinical Programme

Summit has generated a comprehensive package of data supporting ridinilazole as a potential new front-line treatment of CDI. In the Phase 2 proof of concept trial, called CoDIFy, ridinilazole demonstrated substantial clinical benefit over the current standard of care antibiotic vancomycin, including a large numerical reduction in rates of recurrent disease.

Recurrence of CDI, and the failure to subsequently achieve a sustained clinical response after treatment, is a major issue in the management of the disease, as collateral damage to the gut microbiome by antibiotics such as vancomycin leaves patients vulnerable to disease recurrence.

Additional data reported during 2016 from CoDIFy showed ridinilazole to be highly preserving of the gut microbiome during the treatment for CDI when compared to vancomycin. In these microbiome analyses, vancomycin inflicted significant damage to several bacterial groups associated with a healthy microbiome, as well as caused a significant decrease in the total gut bacteria. In contrast, ridinilazole did not decrease the healthy bacteria analysed, nor the total bacteria, with some patients showing initial signs of recovery in these key bacterial groups. In addition, CoDIFy showed ridinilazole was associated with a greater reduction in inflammatory disease markers compared to vancomycin in patients with severe CDI.

In addition to CoDIFy, Summit has completed treatment in an exploratory Phase 2 trial to evaluate ridinilazole against the antibiotic fidaxomicin. This trial is intended to lead to a greater understanding of the impact of ridinilazole on a number of disease parameters, including its impact on the microbiome. Summit expects to report top-line data, including analysis of the microbiome, in the second quarter of 2017.

Regulatory Update and Planned Phase 3 Clinical Programme

In February 2017, Summit outlined its Phase 3 development programme for ridinilazole following input from the FDA and European Medicines Agency. The Phase 3 programme is expected to concentrate on evaluating ridinilazole's potential superiority over vancomycin as the Company seeks to differentiate this novel antibiotic from currently marketed CDI treatments and those in late-stage development. The Company plans to conduct two Phase 3 clinical trials evaluating ridinilazole compared to vancomycin, with each trial expected to enrol approximately 700 patients with CDI. The primary endpoint of the Phase 3 clinical trials is expected to be superiority in sustained clinical response. Other planned endpoints will include health economic outcome measures. Activities to prepare ridinilazole for Phase 3 clinical trials continue with these trials anticipated to start in the first half of 2018.

Case Study

Ridinilazole Phase 3 development programme

"Our Phase 3 development programme is something that we believe will help differentiate our novel class antibiotic from currently marketed CDI treatments and those in late-stage development. If ridinilazole displays superiority in the combined measure of the treatment of initial infection and reduction of recurrence, it could allow this novel antibiotic to be positioned for the front-line treatment of CDI."

Glyn Edwards
Chief Executive Officer

The Phase 3 development programme for our CDI antibiotic ridinilazole was outlined at the beginning of February 2017. These plans followed meetings with the regulatory authorities, the US Food and Drug Administration ('FDA'), and the European Medicines Agency ('EMA'). With the input from both the FDA and EMA, Summit has designed a Phase 3 clinical programme that aims to evaluate the superiority of ridinilazole compared to vancomycin, the current standard of care antibiotic in the treatment of CDI. A positive Phase 3 result on superiority has the potential to support the commercial launch of ridinilazole as a differentiated therapy with the potential to target initial infection and reduce the currently high rates of recurrent disease.

The Phase 3 programme is expected to include two trials evaluating ridinilazole as compared to vancomycin, each of which would enrol approximately 700 patients with CDI with the primary endpoint being superiority in sustained clinical response ('SCR'). SCR is a combined endpoint that measures cure at the end of treatment and a lack of recurrence in the 30 days after treatment. Other planned endpoints will include health economic outcome measures. The Phase 3 trial designs are consistent with the successful proof of concept Phase 2 trial, CoDIFy, in which ridinilazole achieved statistical superiority over vancomycin in SCR.

SCR

Primary Endpoint
The expected primary endpoint of the Phase 3 clinical trials is sustained clinical response.

Summit is currently exploring funding options for the Phase 3 clinical development programme for ridinilazole and various options to maximise the value of ridinilazole. These options include potentially entering into a collaboration with a third party or securing meaningful non-dilutive funding from government entities and philanthropic, non-government and not for profit organisations.

Preclinical Activities

In February 2016, preclinical data published in the *Journal of Antimicrobial Chemotherapy* reported that ridinilazole outperformed the current standards of care, vancomycin and metronidazole by having a robust killing effect on *C. difficile* that significantly reduced the level of toxins produced by the bacteria that play a major role in driving the symptoms and severity of the disease. This study also showed that ridinilazole halts *C. difficile* cell division, leading to ridinilazole's bactericidal activity.

Patent Grant

In April 2016, the patent estate protecting ridinilazole was strengthened following grant of a composition of matter patent covering ridinilazole by the United States Patent and Trademark Office. The patent (United States Patent 9,314,456) is entitled 'Antibacterial Compounds' and provides a period of exclusivity for ridinilazole in the United States until at least 1 December 2029, with the possibility of patent term extension.

Operational Update

In January 2017, Dr David Roblin was appointed as Chief Operating Officer ('COO') and President of Research & Development. Dr Roblin has had a highly successful career in the pharmaceutical industry, including senior leadership roles at Pfizer and Bayer, which involved overseeing the research, development and commercial launch of drugs across several therapy areas including infectious diseases. Dr Roblin's most recent role was COO and Director of Scientific Translation at the Francis Crick Institute, a London-based biomedical institute dedicated to understanding the fundamental biology underlying health and disease. Dr Roblin, who has been acting as a research and development adviser to Summit since 2014, will take up his new role on an interim basis in April 2017 with this becoming full-time in June 2017.

Financial Review

Revenue

As part of the exclusive licence and collaboration agreement entered into with Sarepta, the Company received an upfront payment of £32.8 million ($40 million). Of this amount, £2.3 million has been recognised as revenue for the year ended 31 January 2017. The remaining £30.5 million of the upfront payment is classified as deferred income and will be recognised as revenue over the development period. See Note 1 'Revenue recognition'.

Operational Review continued

Case Study

Licence and collaboration agreement with Sarepta Therapeutics

$40.0m

Upfront fee received

Summit and Sarepta Therapeutics have entered into an exclusive licence and collaboration agreement granting Sarepta rights in Europe, as well as in Turkey and the Commonwealth of Independent States, to Summit's utrophin modulator pipeline, including its lead clinical candidate, ezutromid, for the treatment of Duchenne muscular dystrophy ('DMD'). In exchange, Summit received an upfront fee of $40 million with the potential for additional development, regulatory and sales milestones that for ezutromid alone will total up to $522 million, plus sales royalties. Further details about this agreement are included on Form 20-F that has been filed with US Securities and Exchange Commission.

"This agreement provides us with access to Sarepta's development, regulatory and commercialisation expertise for the continued advancement of our promising utrophin modulator pipeline. We look forward to this partnership and working together to bring great advances to patients and families living with DMD."

Glyn Edwards
Chief Executive Officer

Other Operating Income

Other operating income decreased by 94.4% to £0.07 million during the year ended 31 January 2017 from £1.3 million (adjusted – see Note 1 'Change in accounting policy') for the year ended 31 January 2016. Income attributed to the funding agreement with the Wellcome Trust has now been recognised in full with the completion of our CoDIFy Phase 2 clinical trial of ridinilazole. Income recognised as part of the funding from Innovate UK for the DMD program decreased by £0.5 million to £0.06 million for the year ended 31 January 2017 from £0.6 million for the year ended 31 January 2016. The decrease in income is in line with the achievement of milestones under the funding agreement. Further, in September 2016, the Company elected to withdraw from the Innovate UK funding agreement in order to enable the Company to take advantage of more tax efficient opportunities related to research and development expenditure.

Operating Expenses

Research and Development Expenses

Research and development expenses increased by £2.1 million, or 12.4%, to £19.0 million for the year ended 31 January 2017 from £16.9 million for the year ended 31 January 2016. This was primarily due to investment in the DMD programme which increased by £2.0 million to £9.5 million from £7.5 million for the year ended 31 January 2016. Investment in the CDI programme decreased by £1.5 million to £4.1 million for the year ended 31 January 2017 from £5.6 million for the year ended 31 January 2016. Other research and development expenses increased by £1.6 million during the period which is primarily attributable to an increase in headcount within the DMD and CDI project teams.

General and Administration Expenses

General and administration expenses increased by £3.5 million, or 73.5%, to £8.3 million for the year ended 31 January 2017 from £4.8 million for the year ended 31 January 2016. This increase included a £1.5 million increase in legal and professional expenses, an increase of £0.7 million in staff related costs, an increase of £0.2 million in share based payment expense, an increase of £0.1 million in overhead and facility related costs and a net negative movement of £1.0 million in exchange rate variance.

Finance Costs

Following an IFRS Interpretations Committee agenda decision in May 2016 on the application of IAS 20 'Government Grants,' the Company has changed its accounting policy regarding charitable funding arrangements from the Wellcome Trust and US not for profit organisations. The comparative amounts have been adjusted for the change in accounting policy (see Note 1 'Change in accounting policy'). Finance costs relate to the subsequent re-measurement of the financial liability recognised in respect of funding arrangements and the unwinding of the discounts associated with the liabilities. Finance costs decreased by £2.0 million, or 70.1%, to £0.9 million for the year ended 31 January 2017 from £2.9 million for the year ended 31 January 2016 (adjusted) as there was not a subsequent re-measurement of the financial liability during the year ended 31 January 2017, with finance costs relating to the unwinding of the discount only. During the year ended 31 January 2016, of the total finance cost of £2.9 million, £2.6 million related to the re-measurement of the financial liability following positive data in the DMD and CDI clinical programmes that increased the probabilities of success.

Taxation

Our income tax credit increased by £1.3 million, or 41.8%, to £4.3 million for the year ended 31 January 2017 from £3.0 million for the year ended 31 January 2016. This was as a result of increased expenditure on research and development.

Losses

Losses before interest, tax, depreciation and amortisation were £24.8 million for the year ended 31 January 2017 compared to £20.3 million for the year ended 31 January 2016. Net loss for the year ended 31 January 2017 was £21.4 million with a net loss per share of 35 pence compared to a net loss of £20.1 million for the year ended 31 January 2016 and a net loss per share of 34 pence.

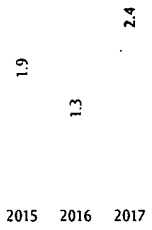
Cash Flows

The Group had a net cash inflow of £12.5 million for the year ended 31 January 2017 as compared to a net cash inflow of £4.9 million for the previous year.

Key Performance Indicators

£2.4m

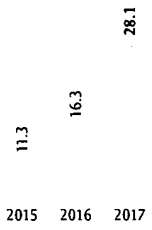
Total revenue and other operating income



85.5% since 2016

£28.1m

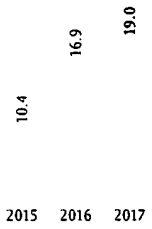
Year end cash held



72.1% since 2016

£19.0m

Total research and development investment



12.4% since 2016

127%

Increase in total patents granted

127% since 2016

For the year ended 31 January 2017 the Company generated £12.1 million in cash from operating activities. This compares to net cash used in operating activities of £17.2 million for the year ended 31 January 2016. This net movement of £29.3 million was driven by the receipt of a £32.8 million ($40.0 million) upfront payment received as part of the exclusive licence and collaboration agreement Summit entered into with Sarepta. This positive inflow was offset by an increase in research and development expenditure and general and administrative expenditure during the year ended 31 January 2017. There was also a £1.6 million increase in the amount of research and development tax credit received during the year ended 31 January 2017 which was £3.0 million, as compared to £1.4 million received during the year ended 31 January 2016.

Net cash inflow from financing activities for the year ended 31 January 2017 relates primarily to proceeds from the exercise of warrants and the exercise of share options. Net cash inflow from financing activities for the year ended 31 January 2016 relates primarily to the proceeds received from the sales of our equity securities, net of expenses. The Company generated a net cash inflow from financing activities of £0.4 million for the year ended 31 January 2017 compared to £22.1 million for the year ended 31 January 2016.

Financial Position

As at 31 January 2017, total cash and cash equivalents held were £28.1 million compared to £16.3 million as at 31 January 2016.

The Company believes its existing cash and cash equivalents, including an anticipated $22.0 million payment for a near-term development milestone under the licence and collaboration agreement with Sarepta, will be sufficient to enable it to fund its operating expenses and capital expenditure requirements through 31 December 2018.

Due to the recognition of deferred revenue associated with the Sarepta agreement and the recognition of a financial liability on funding arrangements resulting from a change in accounting policy, the Consolidated Statement of Financial Position has moved to a net liability position.

Headcount

Average headcount of the Group for the year was 44 (2016: 37).

Share Capital

In April 2016, warrants over 177,045 Ordinary Shares were exercised raising net proceeds of £0.1 million. During the year 373,781 share options were exercised raising net proceeds of £0.28 million.

On 22 February 2017, post the period under review, the number of Ordinary Shares increased to 61,891,566 following the exercise of warrants by Oxford University Innovation Limited (formerly Isis Innovation Limited) over 50,000 Ordinary Shares at an exercise price of 20 pence per share. The issue raised net proceeds of £0.01 million.

Glyn Edwards
Chief Executive Officer

Erik Ostrowski
Chief Financial Officer

29 March 2017

Principal Risks and Uncertainties

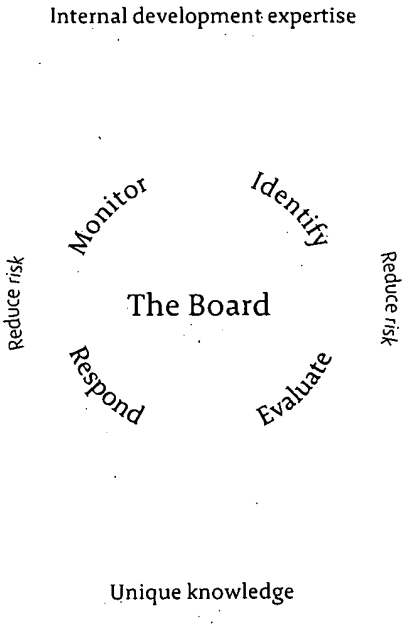
Summit is a biopharmaceutical company and, in common with other companies operating in this field, is subject to a number of risks and uncertainties.

Identified Principal Risks and Uncertainties

The principal risks and uncertainties identified by Summit for the year ended 31 January 2017 are below. Further details of the risks and uncertainties for this period are included on Form 20-F that has been filed with the US Securities and Exchange Commission.

Research & Development | Commercial | Regulatory | Intellectual Property | Financial | Operational | Trading in our Shares

How we Manage our Risk



Summit depends heavily on the success of its lead product candidates, ezutromid, which is being developed for the treatment of DMD, and ridinilazole, which is being developed for the treatment of CDI.

Pages 06 to 09

Research and Development

Summit's research and development activities are focussed on the progression of ezutromid, its lead utrophin modulator for the treatment of the rare disease DMD, as well as the advancement of an early stage pipeline of future generation utrophin modulators. The Company is also focused on the development of ridinilazole, a new class of antibiotic for the treatment of infections caused by the bacteria *C. difficile*.

The Company's ability to successfully develop its product candidates could be influenced by a number of factors, including its ability to demonstrate satisfactory safety and efficacy in clinical trials, delays in completing clinical trials which may cause the Company to incur additional costs, possible unforeseen events in connection with clinical trials, and experiencing delays or difficulties in the enrolment of patients into clinical trials. In addition, ezutromid is being developed for the treatment of a disease in which there is limited clinical experience and means there is an increased risk that the outcome of our clinical trials of ezutromid will not be favourable.

Summit is also dependent on third parties to manufacture and conduct its clinical trials and this means there are increased associated risks including insufficient supplies of product candidates being available at an acceptable cost, as well as delays in our product development activities. The Company's pipeline of future generation utrophin modulators are in the discovery stage of development. Summit's ability to identify and develop future generation utrophin modulators could be adversely affected by a number of factors including if potential development candidates have a lack of safety and efficacy in preclinical studies, as well as if the Company's strategic alliance with the University of Oxford is not maintained. The focus on utrophin modulation as a potential treatment for DMD is also unproven and the Company does not know whether it will be able to develop ezutromid or any products that safely and effectively treat DMD.

Commercial

Summit does not have any approved products and is heavily dependent on successfully commercialising its lead candidates, ezutromid for DMD and ridinilazole for CDI. Summit intends to advance ezutromid through clinical trials, and if it receives marketing approval, commercialise it independently in the United States. Summit is dependent on Sarepta Therapeutics to successfully commercialise its pipeline of utrophin modulators, including ezutromid, in Europe and other countries where it has granted commercial rights following the signing of a licence and collaboration agreement in October 2016. The failure to fulfil the contractual obligations by either Summit or Sarepta, or the early termination of this collaboration, could have a negative impact on the commercialisation of its utrophin modulator pipeline in the selected territories covered by the agreement. Summit will evaluate the options for the commercialisation of its utrophin modulator pipeline outside of the United States and the territories covered by the Sarepta collaboration including the potential use of third party collaborators or commercialising independently.

Summit is evaluating various options to support the future clinical development and potential commercialisation of ridinilazole which includes entering into a collaboration with a third party or securing meaningful non-dilutive funding from government entities, and philanthropic non-government and not for profit organisations, or Summit potentially retaining commercialisation rights.

There are therefore a number of risks that could impair the Company's ability to commercialise its clinical stage candidates and earlier stage development pipeline. This includes its ability to effectively establish sales and marketing capabilities if either product candidate is approved, its ability to enter into agreements with third parties, and competition that may lead to third parties discovering, developing or commercialising products earlier or more successfully than the Company. Summit may also be subject to unfavourable pricing regulations, pricing controls or healthcare reform initiatives, while the Company may also fail to achieve the degree of market acceptance by physicians, patients, third party payors and others in the medical community necessary for commercial success.

Principal Risks and Uncertainties continued

Regulatory

The Company operates in a heavily regulated industry and there are a number of risks that could affect the development and marketing of its product candidates. For example, if Summit is unable to obtain, or if there are delays in obtaining, required regulatory marketing approvals, the Company will not be able to commercialise its product candidates. For certain product candidates Summit is also dependent upon third-party collaborators to obtain regulatory marketing approvals in specified territories and their failure to achieve this would have an impact on the ability to commercialise these product candidates.

Summit may not obtain, or maintain, orphan drug exclusivity for its product candidates if competitors are able to obtain orphan drug exclusivity for their products that are the same or can be classified as similar products. This would mean Summit, or a third party collaborator, would be unable to have competing products approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities also exercise authority to support expedited regulatory review of drug candidates for serious or life threatening conditions, such as Fast Track designation, QIDP designation, Breakthrough Therapy designation, Priority Review designation and Rare Pediatric Disease designation. However, such designations the Company has or may receive may not lead to faster development, nor assure marketing approval from the FDA. Summit could also be affected by changes to current and future legislation as it relates to regulatory matters.

Currently in the United Kingdom the regulatory framework covering the development of pharmaceutical products is derived from the European Union directives and regulations. The vote to leave the European Union by the electorate (commonly referred to as 'Brexit') could materially impact the future regulatory regime which applies to product candidates in the United Kingdom.

Intellectual Property ('IP')

Summit's success depends in large part on its ability to obtain and maintain patent protection for its proprietary technology and products in the United States, Europe and other countries. If Summit is unable to obtain or maintain patent protection for its technology and products, or if the scope of the patent protection is not sufficiently broad, competitors could develop and commercialise similar technology and products which would materially affect the Company's ability to successfully commercialise its technology and products. Summit is exposed to additional IP risks, including infringement of intellectual property rights, involvement in lawsuits and the inability to protect the confidentiality of its trade secrets which could have an adverse effect on the success of the Company.

Financial

Summit has a limited operating history, has incurred significant losses since its inception and does not have any approved or revenue-generating products. The Company expects to incur losses for the foreseeable future, and there is no certainty that the business will generate a profit. The Company may not be able to raise additional funds that will be needed to support its product development programmes or commercialisation efforts, and any additional funds that are raised could cause dilution to existing investors.

Operational

Summit's future success depends on its ability to retain key executives, including the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, and to attract, retain and motivate qualified personnel. The unplanned loss of the services of any key persons could materially impact the achievement Summit's research, development and commercialisation objectives. Recruiting, retaining and motivating qualified personnel will also be critical to the Company's success. There is a risk that it may not be able to attract, retain and motivate qualified personnel on acceptable terms due to the competition among numerous biotechnology and pharmaceutical companies for similar personnel. Summit also expects to expand its development, regulatory and sales and marketing capabilities and there is a risk that the Company may encounter difficulties in managing this growth that could disrupt the business.

Trading in our Shares

Summit's Ordinary Shares are traded on AIM, a market of the London Stock Exchange, and in the form of American Depositary Shares ('ADSs') on the NASDAQ Global Market. There are a number of risks associated with the ownership of its shares. For example, the market prices of our shares may be volatile and fluctuate substantially. The stock market in general and the market for smaller pharmaceutical and biotechnology companies in particular can experience extreme volatility that has often been unrelated to the operating performance of particular companies. There is the risk of increased market volatility during the period leading up to and during Brexit negotiations between the United Kingdom and European Union that could adversely affect the market price of Summit's securities.

In addition, the dual listing of Summit's securities on AIM and the NASDAQ Global Market may dilute the liquidity of these securities in one or both markets, and the price of our shares in one market could adversely affect the price of the Company's shares in the other market.

Introduction to Governance

We look forward to an exciting period ahead as we seek to deliver our strategy and bring forward new medicines with the potential to transform the lives of patients and their families living with serious diseases.

Key Board Activities

- To set the Company strategy and monitor progress against this.
- To set governance and remuneration policies that are aligned with shareholder interests.
- To manage risk and undertake business in a responsible manner.
- To listen and respond to the views of all stakeholders.

Frank Armstrong
Non-Executive Chairman

It is the Board's belief that good corporate governance is integral to a successful business. This section sets out our philosophy on corporate governance and outlines the principles to which Summit adheres, along with reporting on the remuneration of the Board of Directors. The Operational Review presented by our Chief Executive Officer and Chief Financial Officer outlined the strong progress made across the Company during the year as we pursue our strategy.

The governance structure of the Company is shown on the opposite page and is designed to support the Board in fulfilling its responsibilities in setting the strategy, monitoring progress against this and ensuring we manage our risks and undertake business in a responsible manner. Another important aspect of our work is listening and responding to the views of all our stakeholders including medical practitioners, researchers, patients and their carers, and members of the investor and financial communities.

Summit looks to apply the highest standards of corporate governance appropriate to its size and stage of development. Summit is undertaking global clinical trials in our core programmes targeting DMD and CDI, and to support our clinical and preclinical research activities, we have physical operations in the United Kingdom and United States. Summit's shares are also listed in two distinct markets: AIM, a market of the London Stock Exchange, and the NASDAQ Global Market in New York. Summit is in the pre-commercial stage and accordingly a priority is to concentrate the investment of its cash resources into our core drug programmes which, if successful, have the potential to substantially increase the value of the business and deliver a return to our shareholders.

Our approach to corporate governance therefore seeks to balance the varying needs of the business. As our ordinary shares trade on AIM, Summit is not required to follow the UK Corporate Governance Code ('the Code'). We do however seek to apply the highest standards of governance insofar as practical, while balancing the needs of ensuring the business has the correct level of skills and expertise required to manage a global business and fulfil our financial and regulatory obligations across two distinct jurisdictions.

It is important that Summit is able to attract and retain high calibre individuals with expertise in running dual listed companies, and experience within the life sciences industry. It is also important that Summit preserves its cash resources to ensure that it is best placed to maintain investment into our core programmes that will act as potential catalysts to generate future value to shareholders. These requirements are reflected in our corporate governance and remuneration policies. There may be aspects of our policies that run against best practice in the UK. When this is the case, we will seek to provide a clear explanation as to why the Board believes the specific policies are in the best interests of shareholders.

The Board continually listens and responds to feedback from shareholders. The Board also keeps under review our policies on corporate governance and remuneration as we seek to maintain the highest standards consistent with the implementation of our business strategy. We look forward to an exciting period ahead as we seek to deliver on our business strategy and bring forward new medicines with the potential to transform the lives of patients and their families living with serious diseases.

Frank Armstrong
Non-Executive Chairman

29 March 2017

Governance Framework

Non-Executive Chairman
Frank Armstrong

Responsibilities
The Chairman is responsible for overseeing the running of the Board, ensuring the Board is properly briefed and ensuring that no individual or group dominates decision-making.

The Board
The Non-Executive Chairman, one Executive Director, six Non-Executive Directors.

Responsibilities
The Board is responsible to the shareholders for the proper management of the Group and meets regularly to set the overall direction and strategy of the Group, to review scientific, operational and financial performance, and to advise on management appointments. All key operational and investment decisions are subject to Board approval.

Pages 26 to 28

Audit Committee
Three Non-Executive Directors, chaired by David Wurzer.

Responsibilities
The Audit Committee is responsible for the oversight of the accounting and financial reporting processes of the Company, including its internal control principles and the audits and interim reviews of the financial statements of the Company. The Audit Committee meets at least four times a year.

Page 27

Remuneration Committee
Non-Executive Chairman, two Non-Executive Directors, chaired by Valerie Andrews.

Responsibilities
The Remuneration Committee oversees the evaluation of the executive management and reviews the compensation of the Directors and executive officers. It also oversees and administers from time to time the employee share option scheme.

Page 27

Nominating and Corporate Governance Committee
Non-Executive Chairman, five Non-Executive Directors, chaired by Frank Armstrong.

Responsibilities
Its responsibilities include recommending the persons to be nominated to the Board for election as directors, recommending the directors to be appointed to each committee of the Board, developing corporate governance guidelines and overseeing evaluation of the Board.

Page 27

Board of Directors

Frank Armstrong, FRCPE, FFPM
Non-Executive Chairman

Appointment
Dr Armstrong (60) has served as a member of the Board of Directors since November 2012 and as Non-Executive Chairman since June 2013.

Experience
Previously, Dr Armstrong led Medical Science and Innovation at Merck Serono, the biopharmaceutical division of Merck KGaA, from 2010 to 2011. Dr Armstrong was also Head of Worldwide Product Development at Bayer AG from 1998 to 2001 and held various positions at ICI plc and Zeneca plc, now AstraZeneca plc, from 1985 to 1998. Dr Armstrong has served as the Chief Executive Officer at five biotechnology companies, including Fulcrum Pharma, CuraGen, which was acquired by Celldex Therapeutics Inc, Bioaccelerate, Provensis and Phoqus.

External appointments
Dr Armstrong is the Non-Executive Chairman of the Boards of Directors of, Faron Pharmaceuticals Oy and Caldan Therapeutics Ltd. He is a Non-Executive Director on the Boards of Juniper Pharmaceuticals Inc, which is listed on NASDAQ and Mereo Biopharma Group plc. He is also a Member of the Strategic Advisory Board of HealthCare Royalty Partners.

Accreditation
Dr Armstrong received an honours degree in Biochemistry and an MBChB in Medicine from the University of Edinburgh in Scotland. Dr Armstrong is a Fellow of the Royal College of Physicians of Edinburgh and a Fellow of the Faculty of Pharmaceutical Physicians.

Committees
R N

Glyn Edwards
Chief Executive Officer

Appointment
Mr Edwards (61) has served as Summit's Chief Executive Officer and a member of the Board of Directors since April 2012.

Experience
Prior to joining the Company, Mr Edwards served as interim Chief Executive Officer of the BioIndustry Association, a UK trade organisation, from November 2011 to June 2012, and Chief Executive Officer at Antisoma plc, a publicly traded biotechnology company specialising in the development of novel drugs for the treatment of cancer, from 1998 to 2011. Mr Edwards also previously served as Vice President of Business Development at Therapeutic Antibodies Ltd.

Accreditation
Mr Edwards received a BSc in Biochemistry from Bristol University and a MSc in Economics from the London Business School.

Barry Price, PhD
Non-Executive Director

Appointment
Dr Price (73) has served as a member of the Board of Directors since September 2006.

Experience
Dr Price spent 28 years with the Glaxo Group of companies, where he held several executive positions including Managing Director of Glaxochem Ltd from 1993 to 1995 and Research Director of Glaxo Group Research from 1989 to 1993. Dr Price also served as a Non-Executive Director of Shire plc, a biopharmaceutical company that is listed on the London Stock Exchange and NASDAQ, from 1996 to 2009, during which time he was involved in developing the company into one of the UK's largest life sciences companies. Dr Price has previously held directorships at Chiroscience plc, Celltech Group plc, Pharmagene plc, Antisoma plc and BioWisdom Ltd.

Accreditation
Dr Price received a BSc in Chemistry and a PhD in Chemistry from the University of Sheffield. He is a Fellow of the Royal Society of Chemistry.

Committees
A N

Professor Stephen Davies
Non-Executive Director

Appointment
Professor Davies (67) has served as a member of the Board of Directors since November 2013 and previously served as a member of our Board of Directors from 2004 to February 2013.

Experience
Professor Davies has been a professor at the University of Oxford since 1996 and was appointed Waynflete Professor of Organic Chemistry and Fellow of Magdalen College in 2006. Professor Davies' areas of expertise include medicinal and asymmetric chemistry and he has published extensively and received numerous awards in his field. Professor Davies co-founded Summit, as well as other University of Oxford spin-out companies. He was the founder and Non-Executive Chairman of MuOx Ltd, OxRay Ltd, and he was Non-Executive Chairman of Scientific Research Capital Ltd.

External appointments
He is a Founder and Non-Executive Director of the OxStem Group of companies and is a Non-Executive Director of Oxford University Innovation Limited (formerly Isis Innovation Ltd).

Accreditation
Professor Davies received a BA in Chemistry from the University of Oxford, a DPhil in Organic Chemistry from the University of Oxford, and a DSc. in Organic Chemistry from the University of Paris.

Committees
R N

Leopoldo Zambeletti
Non-Executive Director

Appointment
Mr Zambeletti (48) has served as a member of our Board of Directors since May 2014.

Experience
Mr Zambeletti has served as an independent strategic advisor to life sciences companies since 2013, focussing on mergers and acquisitions, out-licensing deals, and financing strategy. Prior to this, Mr Zambeletti worked in investment banking for 19 years, during which time he led the European Healthcare Investment teams at JP Morgan and at Credit Suisse.

External appointments
He is a Non-Executive Director of Nogra Pharma Ltd, Advanced Accelerator Applications, Faron Pharmaceuticals Oy, Diginity Sciences Ltd and an advisor and co-founder to the US medtech company Qardio. Mr Zambeletti began his career as an accountant at KPMG.

Accreditation
He received his degree in Business Administration from Università Bocconi, Milan.

Committees
N

Valerie Andrews
Non-Executive Director

Appointment
Ms Andrews (57) has served as a member of the Board of Directors since September 2014.

Experience
Most recently, Ms Andrews served from May 2011 until May 2014 as General Counsel at Vertex Pharmaceuticals Incorporated, a biopharmaceutical company focussed on small molecule therapies for cystic fibrosis and other indications. From 2002 to May 2011, Ms Andrews served in various legal roles at Vertex, including as Deputy General Counsel and Chief Compliance Officer. Prior to joining Vertex, Ms Andrews was the Executive Director of Licensing for Massachusetts General Hospital and Brigham and Women's Hospital from September 2001 to March 2002. From 1989 to 2001, Ms Andrews served as a corporate lawyer at Hill & Barlow PC, where she became a partner in 1997. In her professional roles, Ms Andrews has garnered expertise in areas including corporate strategy, strategic transactions, corporate governance, executive compensation, risk management, and compliance. Ms Andrews has served as a Non-Executive Director of Juniper Pharmaceuticals Inc (formerly Columbia Laboratories Inc), from 2005 until 2015.

Accreditation
Ms Andrews received a BA in Chemistry and Psychology from Duke University and a JD from Boston College.

Committees
A R N

David Wurzer
Non-Executive Director

Appointment
Mr Wurzer (58) has served as a member of the Board of Directors since February 2015.

Experience
Mr Wurzer is currently the Executive Vice President and Chief Investment Officer at Connecticut Innovations, a state-funded venture capital fund, where he previously served as Senior Managing Director and Managing Director. Prior to joining Connecticut Innovations in November 2009, Mr Wurzer served as Executive Vice President, Treasurer and Chief Financial Officer at CuraGen Corporation from 1997 to 2008. He also held numerous positions at Value Health Inc from 1991 to 1997, including Senior Vice President, Treasurer and Chief Financial Officer. Mr Wurzer is a Certified Public Accountant and began his career with Coopers & Lybrand, which is now part of PricewaterhouseCoopers.

External appointments
Mr Wurzer is a Non-Executive Director on the boards of Special Diversified Opportunities Inc, Thetis Pharmaceuticals LLC My Gene Counsel LLC, Natural Polymer Devices, Inc., and Axerion Therapeutics, Inc; from 2010 to 2012 he was a Non-Executive Director on the board of DUSA Pharmaceuticals.

Accreditation
He received a BBA from the University of Notre Dame.

Committees
A N

Committees

A Audit Committee

R Remuneration Committee

N Nominating and Corporate Governance Committee

Member

Chair

Corporate Governance Report

For the year ended 31 January 2017

The Board believes in the importance of corporate governance and is aware of its responsibility for overall corporate governance and for supervising the general affairs and business of the Company and its subsidiaries.

The Company's Ordinary Shares are listed on AIM, a market of the London Stock Exchange, and Summit is subject to the continuing obligations of the AIM Rules. The Company also has American Depositary Shares ('ADSs') listed in the United States on the NASDAQ Global Market ('NASDAQ').

Summit is currently classed as a foreign private issuer ('FPI') in the US and this status requires the Company to comply with various corporate governance practices under the Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the US Securities and Exchange Commission (the 'SEC'). In addition, NASDAQ rules permit FPIs to follow home country practice in lieu of the NASDAQ corporate governance standards, subject to certain exemptions and except to the extent that such exemptions would be contrary to US federal securities law. The Company intends to take all actions necessary to maintain compliance as an FPI under the applicable corporate governance requirements.

Summit is not required to comply with the UK Corporate Governance Code (the 'Code') by virtue of being an AIM-listed company. The Board therefore seeks to apply the highest corporate governance principles as far as practicable given the Company's size, stage of development, nature of its business and its listing status in two distinct markets. This section provides general information on the Group's adoption of corporate governance.

Our strategy, business model and approach to risk

The focus of the Group's business is on the discovery, development and commercialisation of novel medicines for indications for which there are no existing or only inadequate therapies. The Group's current focus is on indications in the field of rare diseases and infectious diseases.

The Group invests its efforts and financial resources into the process of identifying suitable pharmaceutical product candidates which it then intends to take through an extensive development process. The nature of this work is inherently risky. There is no certainty that any of its product candidates will progress successfully through preclinical and clinical trials and become marketable products. Summit's internal development expertise and unique knowledge of the therapeutic areas in which it operates should however allow it to identify and develop valuable products in a manner that will substantially reduce, but which cannot eliminate, this risk in the future. All of the Group's activities involve an ongoing assessment of risks and the Group seeks to mitigate such risks where possible.

The Board has undertaken an assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. In addition, the Board has considered the longer-term viability of the Group including factors such as the prospects of the Group and its ability to continue in operation for the foreseeable future. The Board considers that the disclosures outlined in the Group's Strategic Report on pages 02 and 21, and the further detailed risk factors included on Form 20-F filed with the SEC, are appropriate given the stage of development of the business. The Board considers that these disclosures provide the information necessary for shareholders to assess the Group's future viability and potential requirements for further capital to fund its operations.

Having carried out a review of the level of risks that the Group is taking in pursuit of its strategy, the Board is satisfied that the level of retained risk is appropriate and commensurate with the financial rewards that should result from achievement of its strategy.

The Board

At 31 January 2017, the Board comprised six Non-Executive Directors, and one Executive Director.

Directors' biographies are on pages 24 and 25.

The Board typically has six scheduled meetings per year (approximately every two months), with additional Board meetings and Board sub-committee meetings convened as circumstances and business needs dictate. The Board is responsible to the shareholders for the proper management of the Group and sets the overall direction and strategy of the Group, reviews scientific, operational and financial performance, and advises on management appointments. All key operational and investment decisions are subject to Board approval. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Non-Executive Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on matters. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day to day business activities of the Group.

The Board has determined that all Non-Executive Directors qualify as independent Directors under Rule 5605(a)(2) of the NASDAQ Listing Standards. The Board also believes that all Non-Executive Directors will now be considered independent under UK governance standards due to no longer making annual awards of share options combined with any historical share option awards held by Non-Executive Directors not deemed to be material in value. The Board considers each Non-Executive Director is of sufficient competence and calibre to add strength and objectivity to the Board, and brings considerable experience in scientific, operational and financial development of biopharmaceutical products and companies.

All of the Directors are subject to election by shareholders at the first Annual General Meeting ('AGM') after their appointment to the Board and to re-election by shareholders at least once every three years. The Board considers that this practise of retiring by rotation every three years is appropriate given as a biopharmaceutical company, the nature of the business is to carry out long-term research and development.

Performance evaluation
The Remuneration Committee oversees the annual evaluation of the performance of the Chief Executive Officer and it is part of the role of the Nominating and Corporate Governance committee to oversee the review and evaluation of the Board as a whole, the committees and the individual Directors. The formality and complexity of the process is considered appropriate for a Group of our size and stage of development and the Board will continue to review the process and make any changes as appropriate should this position change.

Board committees
The Board has Audit, Remuneration, and Nominating and Corporate Governance Committees, each with written terms of reference stating their authorities and duties. The full terms of reference of all the Committees are published on the Group's website at www.summitplc.com.

Audit Committee
The members of the Audit Committee are Mr David Wurzer, Dr Barry Price and Ms Valerie Andrews. Mr David Wurzer is the chair of the Audit Committee. The Audit Committee held six scheduled meetings and an additional three meetings during the 12 month period under review. Attendance of members at these meetings is shown in the table on page 28.

The responsibilities of the committee include the following:

- monitoring the integrity of the financial statements of the Group;
- reviewing accounting policies, accounting treatment and disclosures in the financial reports;
- reviewing the Group's internal financial controls and risk management systems; and
- overseeing the Group's relationship with external auditors, including making recommendations to the Board as to the appointment or re-appointment of the external auditors, reviewing their terms of engagement, and monitoring the external auditors' independence, objectivity and effectiveness.

The Board is satisfied that Mr David Wurzer's experience ensures compliance with provision C.3.1 of the Code whereby at least one member of the Audit Committee must have recent and relevant financial experience. Each member of the Audit Committee satisfies the independence requirements of Rule 10A-3(b)(1) under the US Securities Exchange Act. In addition, the Board has determined that Mr. David Wurzer is an 'audit committee financial expert' as defined in Item 16A of Form 20-F filed with the SEC.

PricewaterhouseCoopers LLP ('PwC') has been the Group's auditor since 2013. They attend Audit Committee meetings and have the opportunity to meet privately with Audit Committee members in the absence of management. The Audit Committee is also responsible for recommending the appointment and removal of the auditors and agreeing the audit fees. The Audit Committee also monitors the scope and results of the audit, the independence and objectivity of the auditors and their performance. The independent auditors continue to operate procedures to safeguard against the possibility of their objectivity and independence being compromised. This includes the use of quality review partners, consultation with internal compliance teams and the carrying out of an annual independence procedure within their firm. PwC report to the Audit Committee on matters including independence and non-audit fees on an annual basis. The specific audit partner changes every five years. The amount charged by the external auditors for the provision of services during the 12 month period under review is set out in Note 8 'Auditors' Remuneration', in the Notes to the Financial Statements.

Remuneration Committee
The members of the Remuneration Committee are Ms Valerie Andrews, Dr Frank Armstrong and Professor Stephen Davies. Ms Valerie Andrews is the chair of the Remuneration Committee. The Remuneration Committee held four scheduled meetings and two additional meetings during the 12 month period under review. Attendance of members at these meetings is shown in the table on page 28.

The responsibilities of the committee include the following:

- determining and agreeing with the Board the remuneration policy for all Directors;
- within the terms of the agreed policy, determining the total individual remuneration package for Executive Directors;
- overseeing the evaluation of executive officers;
- determining bonuses payable under the Group's cash bonus scheme; and
- determining the vesting conditions of awards under the Group's long-term incentive plans and issue of share options.

The Directors' Remuneration Report is presented on pages 31 to 52.

Nominating and Corporate Governance Committee
The members of the Nominating and Corporate Governance Committee are Dr Frank Armstrong, Professor Stephen Davies, Dr Barry Price, Ms Valerie Andrews, Mr Leopoldo Zambeletti and Mr David Wurzer. Dr Frank Armstrong is the chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee held one scheduled meeting during the 12 month period under review. Attendance of members at this meeting is shown in the table on page 28.

The responsibilities of the committee include the following:

- identifying individuals qualified to become members of the Board of Directors;
- recommending directors to be appointed the committees;
- overseeing the annual evaluation of the Board and its committees;
- reviewing and making recommendations to the Board on Board leadership structure;
- reviewing and making recommendations to the Board on management succession planning; and
- developing and recommending to the Board appropriate corporate governance principles.

The Nominating and Corporate Governance Committee has reviewed the commitments of the Executive and Non-Executive Directors and believes they are able to commit sufficient time to their respective roles. It was noted that the number of additional Non-Executive Directorships in publicly listed companies held by Dr Armstrong, are in line with the UK governance recommendations for 2016; two of these additional directorships are with biopharmaceutical companies who listed on AIM during 2016.

Corporate Governance Report continued

Attendance at Board and committee meetings
The Directors attended the following Board and committee meetings during the year:

Attendance	Board	Audit Committee	Remuneration Committee	Nominating and Corporate Governance Committee
Frank Armstrong	12/12	-	5/6	1/1
Glyn Edwards	12/12	-	-	-
Barry Price	12/12	9/9	-	1/1
Stephen Davies	12/12	-	6/6	1/1
Leopoldo Zambeletti	11/12	-	-	1/1
Valerie Andrews	12/12	9/9	6/6	1/1
David Wurzer	12/12	9/9	-	1/1

Risk Management and Internal Control
The Board is responsible for the systems of internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The Board reviews the effectiveness of these systems annually by considering the risks potentially affecting the Group.

In addition to consideration of financial risk as part of the review of broader internal control, this is the second year that the Group is required to assess and report on the effectiveness of the internal controls over financial reporting under Section 404(a) of the Sarbanes-Oxley Act. As the Group currently qualifies as an 'emerging growth company', as defined in the 'Jumpstart Our Business Start-Ups Act of 2012, with the SEC Summit is currently exempt from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. The Group will lose this exemption when it either fails to qualify as an 'emerging growth company' or in the financial year ended 31 January 2021, whichever is sooner.

The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. This need is evaluated on an annual basis. There is a detailed monthly review and authorisation of transactions by the Chief Financial Officer and Chief Executive Officer or Senior Finance Director.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on by the Board at the meetings every two months and are reviewed on a monthly basis by the management team and budget holders.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors because of their roles, as well as against material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on an annual basis.

Corporate Social Responsibility
The Board recognises the growing awareness of social, environmental and ethical matters and it endeavours to take into account the interest of the Group's stakeholders, including its investors, employees, suppliers and business partners, when operating the business.

Whistle-blowing
The Group has formal arrangements in place to facilitate 'whistle-blowing' by employees through a contract with a third-party service provider. If any call is made to this third party, the Chair of the Audit Committee is notified promptly of the fact and the content of the call, so that appropriate action can be taken.

Employment
The Group endeavours to appoint employees with appropriate skills, knowledge and experience for the roles they undertake and thereafter to develop and incentivise staff.

The Board recognises its legal responsibility to ensure the well-being, safety and welfare of its employees and maintain a safe and healthy working environment for them and for its visitors.

Relations with shareholders
The Board recognises the importance of communication with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders. The Company's website, www.summitplc.com, has a section dedicated to investor matters.

The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the Non-Executive Chairman and Chief Executive Officer ensure that the views of the shareholders are communicated to the Board as a whole. The Board ensures that the Group's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. Fully audited Annual Reports will be distributed to shareholders and Interim and Quarterly Results statements notified *via* Regulatory Information Service announcements. All financial reports and statements are made available on the Company's website.

Shareholders are welcome to attend the Group's AGM, where they have the opportunity to meet the Board. All shareholders will have at least 21 days' notice of the AGM at which the Directors will be available to discuss aspects of the Group's performance and question management in more detail.

Directors' Report

For the year ended 31 January 2017

The Directors present their report and the audited financial statements for Summit Therapeutics plc ('Summit') and its subsidiaries (the 'Group') for the year ended 31 January 2017.

Directors
The Directors who were in office during the year and up to the date of signing the financial statements were:

Executive	
Glyn Edwards, MBE	Chief Executive Officer
Non-Executive	
Frank Armstrong, FRCPE, FFPM	Non-Executive Chairman
Barry Price, PhD	Non-Executive Director
Professor Stephen Davies	Non-Executive Director
Leopoldo Zambeletti	Non-Executive Director
Valerie Andrews	Non-Executive Director
David Wurzer	Non-Executive Director

Details of the Directors' interests, share options, service contracts and letters of appointment are shown in the Directors' Remuneration Report (pages 31 to 52).

The Company maintained Directors' and Officers' liability insurance cover throughout the year and has entered into a deed of indemnity with each of the Directors and Executive officers.

Biographical details of the Directors are available on pages 24 to 25.

Principal risks and uncertainties
For a discussion of the principal risks and uncertainties which face Summit please see pages 18 to 21.

Results and dividends
The Consolidated Statement of Comprehensive Income for the year is set out on page 56. The Group's loss for the financial year after taxation was £21,342,000 (2015/16: £20,178,000 (adjusted)).

The Directors do not recommend the payment of a dividend (2015/16: nil).

Financial information
The Group produces a detailed budget and cash flow projections on an annual basis for approval by the Board. These are updated during the year as appropriate to meet the changing needs of the business. Detailed management accounts are produced on a monthly basis, with all significant variances investigated promptly. The management accounts are reviewed and commented on by the Board at the bi-monthly Board meetings and are reviewed on a monthly basis by the management team.

Due to the recognition of deferred revenue associated with the Sarepta Therapeutics licence and collaboration agreement and the recognition of a financial liability on funding arrangements resulting from a change in accounting policy, the Consolidated Statement of Financial Position has moved to a net liability position. However after reviewing the future operating costs of the business in conjunction with the cash held at 31 January 2017, the Directors are confident about the Group's ability to continue as a going concern.

Financial key performance indicators ('KPIs')
For a review of the Group's KPIs please see page 17.

Research and development
Details of the Group's key research and development programmes can be found in the Strategic Report and the programme overview sections on pages 02 to 17. Further information is also available on the Company website, www.summitplc.com.

Financial instruments and management of liquid resources
The Group's principal financial instrument comprises cash, and this is used to finance the Group's operations. The Group has various other financial instruments such as trade credit facilities that arise directly from its operations. The Group has a policy, which has been consistently followed, of not trading in financial instruments. The Group aims to place deposits surplus to short-term working capital requirements with a range of reputable UK-based and US-based banks and building societies. These balances are placed at fixed rates of deposit with maturities between one month and three months. The Group's treasury policy is reviewed annually. See Note 18 'Financial instruments' in the Notes to the Financial Statements for IFRS 7 disclosure regarding financial instruments.

Directors' Report continued

Substantial shareholdings
On 15 March 2017, the Company had been notified of the following holdings of 3% or more of the issued share capital of the Company.

As at 15 March 2017	Holding	%
Lansdowne Partners Limited	15,727,170	25.41
Point72 Asset Management	4,630,995	7.48
Robert Keith	4,294,816	6.94

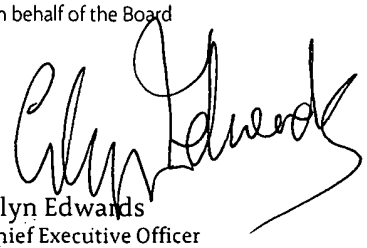
Annual General Meeting ('AGM')
The date for the 2017 AGM will be announced shortly with further details to be provided to shareholders in advance of the meeting.

Independent auditors
PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors for the year. A resolution to reappoint them will be proposed at the forthcoming AGM.

Disclosure of information to auditors
Each of the current Directors hereby confirm that:

(a) so far as he or she is aware, there is no relevant audit information of which the auditors are unaware; and
(b) he or she has taken all reasonable steps to ascertain any relevant audit information and to ensure that the auditors are aware of such information.

On behalf of the Board



Glyn Edwards
Chief Executive Officer

29 March 2017

Directors' Remuneration Report

For the year ended 31 January 2017

Letter from the Chair of the Remuneration Committee

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 January 2017.

The past year was one of significant progress for the Company. We ended the year in a strong financial position as a result of entering into a licence and collaboration agreement with Sarepta Therapeutics Inc., for our utrophin modulator programme. This agreement, giving Sarepta rights to our utrophin modulator drug candidates in Europe and certain other territories, provided a $40 million upfront payment, a potential $22 million milestone payable upon the first dosing of the last patient in our ongoing Phase 2 clinical trial called PhaseOut DMD, and reimbursement of 45% of global research and development costs from 2018 onwards. We continue to control and conduct performance of the global development programme and have retained US and Asian commercial rights to our utrophin modulators.

In our DMD programme, we commenced enrolment and dosing of patients with our lead utrophin modulator, ezutromid, into PhaseOut DMD, and reported positive Phase 1 data on a new formulation of ezutromid that is now being evaluated in PhaseOut DMD. In our CDI programme we reported additional positive data from our Phase 2 proof of concept trial that reinforced the potential of ridinilazole as a new antibiotic capable of treating this serious infectious disease.

As an emerging mid-stage drug development company with a dual listing in the UK and US, Summit presents unique challenges in establishing an effective and appropriate performance-based remuneration policy and programme. Drug development takes place over a long time horizon, with clinical trial results providing binary inflection points in value and opportunities to finance future activities, whether through the equity markets or in strategic transactions. This can result in choppiness in our ability to finance the Company over the shorter-term and corresponding volatility in our share price. At the same time, we need for our remuneration programme to reward achievement of short-term goals with our longer-term objectives, mindful of the need to retain and motivate our Executive Directors and to avoid making remuneration decisions on the basis of shorter-term volatility or dips in our share price or the global equity markets.

Accordingly, we include two performance-based elements in our remuneration programme: a short-term annual bonus programme, with payment amounts determined on the basis of the previous year's achievement against pre-established goals for that year; and a longer-term equity-based programme of share options, vesting on the basis of achievement of substantial, longer-term strategic objectives. The short-term programme and the long-term incentive programme are providing a balance designed to incentivise our Executive Directors to work toward achievement of our overall strategy.

Additionally, we have employees, including senior management and Directors, located in both the UK and the US. There are differing, and on occasion conflicting, standards in terms of remuneration practices between the UK and US. The Remuneration Policy has been designed in acknowledgement of these variations in market practice. Our goal is to achieve a balanced approach, taking account of local market norms, as well as internal relativities, to attract and retain the best talent in each market. This has presented unique challenges in establishing our Non-Executive Director remuneration policy and programme. Currently, two of our Non-Executive Directors, are US-based and chair our Remuneration and Audit Committees. US practice is to issue share options to all Non-Executive Directors, which is believed in the US to align the interests of the Non-Executive Directors with shareholders. However UK corporate governance practice renders Directors who hold share options, which are treated as performance shares, to be non-independent, and therefore ineligible to serve on Board committees. Under these circumstances, we have decided that it is necessary to forego the issuance of share options to Non-Executive Directors for the foreseeable future, and it is our intent to make equity grants to Non-Executive Directors in the form of non-performance shares structured as restricted share units, as described later in this report.

We will continue to navigate the differing regulatory environments between the two countries keeping in mind the best interests of the Company as we go forward.

Remuneration Policy

Last year was the first year that Summit was required to put the Remuneration Policy ('Policy') to shareholders for approval. That Policy was approved by a binding shareholder vote at the 2016 Annual General Meeting. The Policy for Executive Directors sets forth practices to align the interests of our Executive Directors with shareholders. The Policy is designed to attract and retain Executive Directors by providing competitive remuneration packages. These consist of market-based fixed elements of remuneration such as salary, pension and benefits, and performance based short-term and long-term incentives that are aligned to performance measures that promote long-term success of the Company. The Policy provides flexibility in the amounts payable under our remuneration programme to accommodate potential growth in both the size and complexity of our business.

At the same meeting however, on an advisory basis, the Annual Report on Remuneration ('ARR') was not approved. In response, we have canvassed shareholder and proxy advisory services to better understand the concerns that resulted in a negative vote. The Remuneration Committee takes these shareholder concerns very seriously. As a result of information obtained from shareholders, we have made changes to our practices and policies with respect to the Executive Directors' equity grants, including elimination of LTIP performance conditions based on an average share price, which was viewed as re-testing, and ensuring that the vesting term for all regular share option grants will be no less than three years. The negative vote on the ARR was also a result of the policy of making share option awards to our Non-Executive Directors, something which we propose to remedy by changing our equity programme for Non-Executive Directors to include restricted share units ('RSUs') instead of share options.

Directors' Remuneration Report continued

As a result of these changes, we are proposing a revised Policy for shareholder approval this year. We continue to seek an approved Policy that provides for accommodation of potential growth in both the size and complexity of our business as we seek to become a fully integrated biopharmaceutical company and potentially advance our product candidates in DMD and CDI through to commercialisation, which can happen rapidly if we obtain clinical data supporting such advancement. Accordingly we are proposing an increase in the aggregate cap on fees for Non-Executive Directors from £300,000 to £850,000. This increase will provide flexibility to allow for additional Non-Executive Directors to join with expertise in areas such as commercialisation and marketing and so support a potential rapid growth and development of the Company that would be anticipated with further clinical success in our drug programmes. The increase will also accommodate the proposed RSU programme.

The revised Policy being proposed will provide that the annual share option awards for Executive Directors have a minimum vesting period of three years subject to achieving certain performance conditions, in order to better align with UK governance best practice. Other minor amendments to the Policy are also set forth in the detailed discussion on the full Remuneration Policy on pages 42 to 52.

Key decisions and activities in the year ended 31 January 2017
During the year ended 31 January 2017, the Committee undertook the following key decisions and activities:

- Awarded in June 2016 an annual grant of share options to all employees.
- Deferred the 2016 annual grant of share options to Executive Directors until 2017, to keep equity awards under the 15% dilution cap approved by shareholders.
- Deferred the 2016 annual equity award to Non-Executive Directors to await approval of policy amendment to award RSUs.
- Reviewed the remuneration of the Chairman and Non-Executive Directors using a comparator group of similarly situated organisations. The Board approved increases to the Chairman's fees and the basic retainer fees for Non-Executive Directors, with fees for US-based Non-Executive Directors denominated in US dollars to account for currency fluctuations.
- Assessed the Company's performance against the corporate goals set for the calendar year 2016. More details on the corporate goals and annual bonus award are outlined on page 34 of this report.
- Awarded a cost of living base salary increase of 5% for the Chief Executive Officer, in line with increases awarded to the wider employee population at Summit.
- Set annual bonus goals for the calendar year 2017 based on the corporate objectives that were agreed by the full Board.

In summary, this has been a year of progress across the business and it leaves your Company well placed to continue advancing its clinical stage programmes in DMD and CDI into 2017. Over the coming year and beyond, it will remain critical to the Company that we are able to attract, retain and incentivise appropriately skilled staff in the UK and the US. This will enable us to continue to meet the challenges of developing our innovative clinical programmes as we seek to bring much-needed therapies to patients and their families living with these serious diseases, and provide a superior return to our shareholders.

The proposed changes to the Policy will be subject of a binding shareholder vote, while the Annual Report on Remuneration will be subject to an advisory vote at the 2017 Annual General Meeting. I hope that you remain supportive of our remuneration policy and will vote in favour of both resolutions.

Yours sincerely,

Valerie Andrews
Chair of the Remuneration Committee

29 March 2017

Annual Report on Remuneration

For the year ended 31 January 2017

The information in parts of the Directors' Remuneration Report ('DRR') is subject to audit.

Governance

In advance and post the 2016 Annual General Meeting, the Board of Directors and senior management of Summit engaged with shareholders to listen to their concerns regarding the 2016 Annual Report on Remuneration. The Remuneration Committee ('Committee') has carefully considered its Remuneration Policy ('Policy') and whether this remains in the best interests of shareholders when viewed against the priorities of the Company in delivering against its short-term and longer-term goals.

The Committee's approach to remuneration matters is to enable the Company to attract and retain talent, incentivise the long-term Company value generation and effectively manage the Company's cash resources. It is the belief of the Committee that this is best achieved through a balanced mix of competitive base salary and benefits, longer-term incentives, along with the flexibility to appropriately reward and incentivise with variable pay as described within the Policy.

The Committee continually seeks to balance its governance obligations of being a dual listed company in the United Kingdom and United States while developing a remuneration structure that is in the best long-term interests of the Company and its shareholders.

Structure and role of the Remuneration Committee

The Committee is comprised of Ms Valerie Andrews, who chairs the Committee, Dr Frank Armstrong and Professor Steven Davies. The members of the Committee are Independent Directors as defined in Rule 10A-3 under the US Securities Exchange Act. The members of the Committee now believe they will be considered independent under UK corporate governance standards if the proposal to adopt a RSU programme to replace annual share option awards is approved by shareholders, combined with historical share option awards held by Non-Executive Directors not being deemed material in value.

The Committee has been assisted by the Company's Director of Human Resources, Senior Director of Corporate Affairs and Communications, and the Company Secretary. On 2 March 2017, post the end of the financial year to which the DRR relates, the Committee appointed Pearl Meyer and Partners LLC as advisors to the Committee on Executive and Non-Executive Director remuneration matters and has received advice from them in the production of this report.

Single total figure of remuneration of each Director (subject to audit)

The Directors received the following remuneration for the years ended 31 January 2017 and 31 January 2016:

Year ended 31 January 2017	Salaries and fees £	Taxable benefits[1] £	Short-term incentives[2] £	Share options £	Pension contributions[4] £	Total 2016/17 £
Executive						
Glyn Edwards	290,000	2,226	319,000	444,000[3]	17,400	1,072,626
Non-Executive						
Frank Armstrong	59,167	904	-	27,750[3]	-	87,821
Barry Price	30,834	446	-	12,950[3]	-	44,230
Stephen Davies	31,667	-	-	12,950[3]	-	44,617
Leopoldo Zambeletti	27,500	302	-	-	-	27,802
Valerie Andrews	50,372	2,584	-	-	-	52,956
David Wurzer	42,954	2,146	-	-	-	45,100
	532,494	8,608	319,000	497,650	17,400	1,375,152

(1) For Executive Directors taxable benefits comprise healthcare insurance premiums. Amounts included are based on the taxable benefits reported to HM Revenue and Customs ('HMRC') in the financial year to which they relate. For Non-Executive Directors the taxable benefits comprise travel costs (and associated income tax and National Insurance Contributions ('NIC') which was settled on behalf of the Non-Executive Directors) for attendance at Board meetings. Amounts included are based on the taxable benefits reported in the year ended 31 January 2017 to HMRC.

(2) Short-term incentive amounts are derived from awards made under the annual bonus plan. The amount receivable in respect of the financial year ending 31 January 2017 amounts to 110% of salary and was due to achievement of clinical, research, financial and commercial goals and individual performance. Further details of these goals and their respective weightings are set out on page 34.

(3) Represent the unrealised gains on market value share options whose share-based performance condition was met during the year ended 31 January 2017. Amount is calculated according to the share price at the date the performance condition was met (200 pence on 31 October 2016) less the exercise price per share (126 pence per share). One third of the options vested on this date; two thirds remains subject to a time based service condition and will vest on 15 July 2017. The gain has not been realised as the Director has not exercised the option.

(4) Pension contributions are the amount paid to the Director in lieu of employer pension contributions.

Directors' Remuneration Report continued

Year ended 31 January 2016	Salaries and fees £	Taxable benefits £	Short-term incentives £	Share options £	Pension contributions £	Total 2015/16 £
Executive						
Glyn Edwards	230,000	1,076	230,000	43,096	12,267	516,439
Non-Executive						
Frank Armstrong	59,167	918	–	–	–	60,085
Barry Price	25,000	1,633	–	–	–	26,633
Stephen Davies	29,310	–	–	–	–	29,310
Leopoldo Zambeletti	29,310	189	–	–	–	29,499
Valerie Andrews	34,459	4,107	–	–	–	38,566
David Wurzer	33,153	–	–	–	–	33,153
	440,399	7,923	230,000	43,096	12,267	733,685

Implementation of Remuneration Policy for the Chief Executive Officer in the current year

Base salary, pension and benefits changes during the financial year

The Committee awarded the Chief Executive Officer a cost of living increase to base salary of 5%, taking base salary to £304,500 per annum. In determining the increase to the Chief Executive Officer's salary the Committee considered internal equity, including the level of cost of living increase awarded to the senior management team and the wider employee population. The Committee also took account of comparator data from executives in a peer group of similarly situated companies in both the UK and the US. Comparator data were provided to the Company by Willis Towers Watson.

Short-term incentive payments made during the financial year (subject to audit)

For the 2016 annual bonus performance period, the Board of Directors set corporate goals after discussions with the senior management team. Performance against these corporate goals is the main factor used to determine the award of any short-term incentive payment to the Executive Director.

The corporate goals for the performance period are summarised in the following table. The weighting of each group of goals, the percentage level of achievement against each goal and the respective contribution to the annual bonus payout is indicated in the following table.

		Payouts as % of base salary		
Performance measure	Weighting	On-target performance	Max performance	**Actual payout (based on achievement vs target)**
Clinical development goals related to ezutromid for DMD and ridinilazole for CDI	40%	40%	60%	**30%**
Research goals related to future generation utrophin modulator pipeline	10%	10%	15%	**8%**
Financial goals including objective related to the Company's cash position	20%	20%	30%	**30%**
Commercial related goals	10%	10%	15%	**12%**
Individual performance	20%	20%	30%	**30%**
Total	100%	100%	150%	**110%**

A contribution made in determining the Executive Director's annual bonus for the year related to the achievement of Summit signing an exclusive licence and collaboration agreement with Sarepta Therapeutics. This was considered by the Committee to represent exceptional performance and contributed 42% to the overall annual bonus award, split between the commercial related goals, financial related goals and individual performance measure.

The assessment of these collective achievements resulted in a total annual bonus of 110% of base salary for the 2016 performance period. The annual bonus award was paid in cash in February 2017.

Long-term incentive awards during the financial year (subject to audit)

The Committee determined that the Executive Director was entitled to an award of equity during the normal granting cycle in 2016, but deferred making the actual grant of the award until a sufficient number of shares became available to make the award. The Committee intends to make the 2016 grant at the earliest opportunity, and to make a further grant for 2017, as warranted, during the normal granting cycle in 2017.

Payments to past Directors (subject to audit)

There were no payments to past Directors made during the financial year ending 31 January 2017.

Payments for Loss of Office (subject to audit)

There were no payments made to Directors for Loss of Office during the financial year ending 31 January 2017.

Statement of Directors' Shareholding and Share Interests (subject to audit)

The table below details the total number of shares owned (including their beneficial interests), the total number of share options held with and without performance conditions, the number of share options vested but not yet exercised and those exercised during the year.

		Options				
As at 31 January 2017	Shares	Unvested with performance conditions	Unvested without performance conditions	Vested not yet exercised	Exercised during the year	Total (shares and options)
Executives						
Glyn Edwards	233,333	1,944,833	-	609,959	-	2,788,125
Non-Executives						
Frank Armstrong	14,442	75,000	-	12,500	-	101,942
Barry Price	75,730	36,667	-	19,814	-	132,211
Stephen Davis	584,981	36,667	-	5,833	-	627,481
Leopoldo Zambeletti	-	50,000	-	-	-	50,000
Valerie Andrews	10,500	50,000	-	-	-	60,500
David Wurzer	7,500	25,000	-	-	-	32,500
	926,486	**2,218,167**	**-**	**648,106**	**-**	**3,792,759**

Directors' Remuneration Report continued

The interests of the Directors in the Company's share options is as follows:

Director	Date of grant	1 February 2016	Granted during the period	Lapsed during the period	**31 January 2017**	Price per share (p)	Date from which exercisable	Expiry date
Glyn Edwards	10-May-12	150,046	-	-	**150,046**	60	Note (i)	10-May-22
	10-May-12	657,500	-	-	**657,500**	60	Note (ii)	10-May-22
	31-Jan-13	72,973	-	-	**72,973**	20	Note (iii)	31-Jan-23
	18-Dec-13	300,000	-	(300,000)	-	185	Note (iv)	18-Dec-23
	18-Dec-13	76,364	-	-	**76,364**	20	Note (v)	18-Dec-23
	15-Jul-14	600,000	-	-	**600,000**	126	Note (vi)	15-Jul-24
	16-Jun-15	887,333	-	-	**887,333**	143	Note (x)	16-Jun-25
	23-Jun-16	-	110,576	-	**110,576**	1	Note (xi)	23-Jun-26
		2,744,216	110,576	(300,000)	**2,554,792**			
Frank Armstrong	18-Dec-13	75,000	-	(75,000)	-	185	Note (iv)	18-Dec-23
	15-Jul-14	37,500	-	-	**37,500**	126	Note (vi)	15-Jul-24
	16-Jun-15	50,000	-	-	**50,000**	143	Note (x)	16-Jun-25
		162,500	-	(75,000)	**87,500**			
Barry Price	7-Apr-11	13,981	-	-	**13,981**	65	Note (vii)	7-Apr-21
	18-Dec-13	25,000	-	(25,000)	-	185	Note (iv)	18-Dec-23
	15-Jul-14	17,500	-	-	**17,500**	126	Note (vi)	15-Jul-24
	16-Jun-15	25,000	-	-	**25,000**	143	Note (x)	16-Jun-25
		81,481	-	(25,000)	**56,481**			
Professor Stephen Davies	18-Dec-13	25,000	-	(25,000)	-	185	Note (iv)	18-Dec-23
	15-Jul-14	17,500	-	-	**17,500**	126	Note (vi)	15-Jul-24
	16-Jun-15	25,000	-	-	**25,000**	143	Note (x)	16-Jun-25
		67,500	-	(25,000)	**42,500**			
Leopoldo Zambeletti	23-Jun-14	25,000	-	-	**25,000**	148	Note (viii)	23-Jun-24
	16-Jun-15	25,000	-	-	**25,000**	143	Note (x)	16-Jun-25
		50,000	-	-	**50,000**			
Valerie Andrews	23-Dec-14	25,000	-	-	**25,000**	137	Note (ix)	23-Dec-24
	16-Jun-15	25,000	-	-	**25,000**	143	Note (x)	16-Jun-25
		50,000	-	-	**50,000**			
David Wurzer	16-Jun-15	25,000	-	-	**25,000**	143	Note (x)	16-Jun-25
		25,000	-	-	**25,000**			

(i) These options became exercisable on 10 May 2015 due to the satisfaction of the performance conditions relating to the share price. In order to vest in full, the average closing share price needed to be equal to or greater than 220 pence for the two months preceding the third anniversary of the date of the grant, 25% would vest where the average closing share price was 140 pence and pro-rated where the average closing share price was between 141 pence and 219 pence. The options were to lapse if the performance condition relating to our average closing share price was not met by the third anniversary of the date of grant. On measurement, 150,046 options have vested and 77,454 options have lapsed. No options were exercised in the year.

(ii) These options are split into four tranches with varying performance conditions and will only vest if the average closing share price is equal to or greater than the specified condition in any period of 60 consecutive calendar days, ending on or before the fifth anniversary of the date of grant. Details of the tranches are as follows: 207,500 with a performance condition based on an average closing share price of 400 pence; 200,000 with a performance condition based on an average closing share price of 600 pence; 150,000 with a performance condition based on an average closing share price of 800 pence; and 100,000 with a performance condition based on an average closing share price of 1,000 pence. The options will lapse if the performance condition is not met by the fifth anniversary of the date of grant.

(iii) These deferred bonus options vested and became exercisable on 31 July 2013. These options were awarded as a bonus for the financial year ended 31 January 2013.

(iv) These options failed to meet the performance condition being that the average closing share price being equal to or greater than 277.5 pence in any period of 30 consecutive days ending on or before the third anniversary of the date of grant. These options have now lapsed.

(v) These deferred bonus options vested and became exercisable on 18 June 2014. These options were awarded as a bonus for the financial year ended 31 January 2014 representing 70% of Mr Glyn Edwards' gross basic salary for that financial year.

(vi) These options vested on 31 October 2016 as the average closing share price was equal to or greater than 189 pence in a period of 30 consecutive days during the period from the date of the grant to the third anniversary of the date of the grant. Now vested, one third of the options can be exercised on or after the second anniversary of the date of grant and all of the options can be exercised on or after the third anniversary of the date of grant.

(vii) These options were capable of vesting and exercise on or after 8 April 2014 subject to the meeting of performance conditions relating to our share price. In order to vest in full, the average closing share price would have had to exceed 300p over the two months ending 7 April 2014. If the performance conditions were not satisfied in full, or in part, the options would lapse in respect of those option shares that did not vest. The performance period has now passed and, accordingly, only 13,981 options have vested and 11,019 options lapsed. These options were awarded to Dr Price whilst he was interim Executive Chairman.

(viii) These options vest in full subject to (i) completion of Phase 2 proof of concept trials in both the Duchenne muscular dystrophy and *Clostridium difficile* infection programmes or the third anniversary of the date of grant, whichever is sooner and (ii) the average closing share price being equal to or greater than 221.3 pence in any period of 30 consecutive days ending on or before the third anniversary of the date of grant.

(ix) These options vest if the average closing share price is equal to or greater than 205.5 pence in any period of 30 consecutive days during the period from the date of the grant to 18 September 2017. Once vested, 25% of the options can be exercised on or after 18 September 2016 and all of the options, if vested, can be exercised on or after 18 September 2017. These options will lapse if the performance condition is not met by 18 September 2017.

(x) These options vest if the average closing share price is equal to or greater than 214.5 pence in any period of 30 consecutive days during the period from the date of the grant to 16 June 2018. Once vested, a third of the options can be exercised on or after 16 June 2017 and all of the options, if vested, can be exercised on or after 16 June 2018. These options will lapse if the performance condition is not met by 16 June 2018.

(xi) These deferred bonus options vested and became exercisable on 21 July 2016. These options were awarded as a part settlement of the bonus for the financial year ended 31 January 2016 representing 50% of Mr Glyn Edwards' gross basic salary for that financial year.

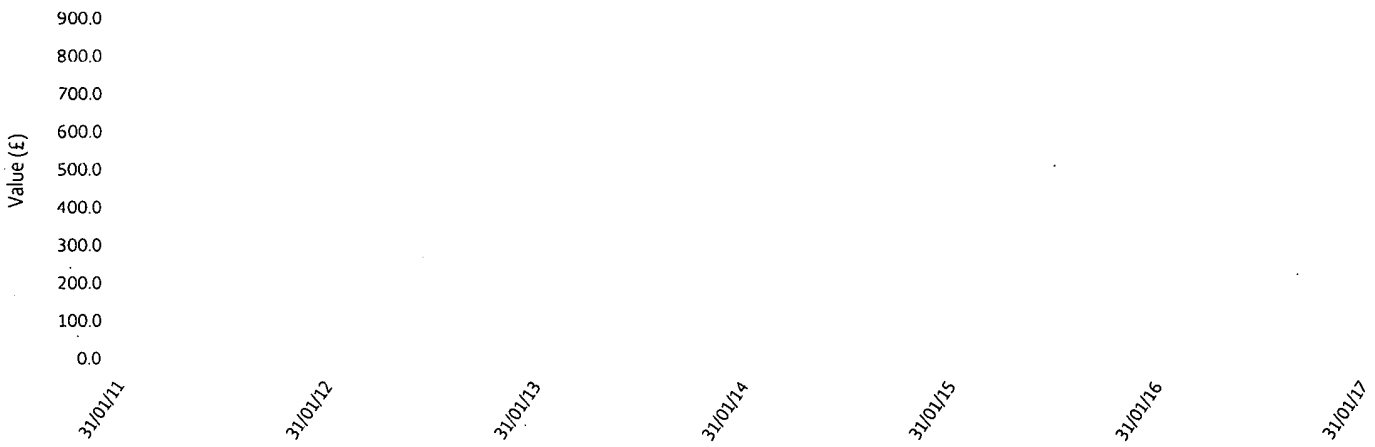
The remainder of Annual Report on Remuneration is not subject to audit.

Directors' Remuneration Report continued

Total shareholder return

The graph below shows the daily movements, by 31 January 2017 of £100 invested in Summit Therapeutics plc on 31 January 2011 compared with the value of £100 invested in the FTSE:AIM Index.

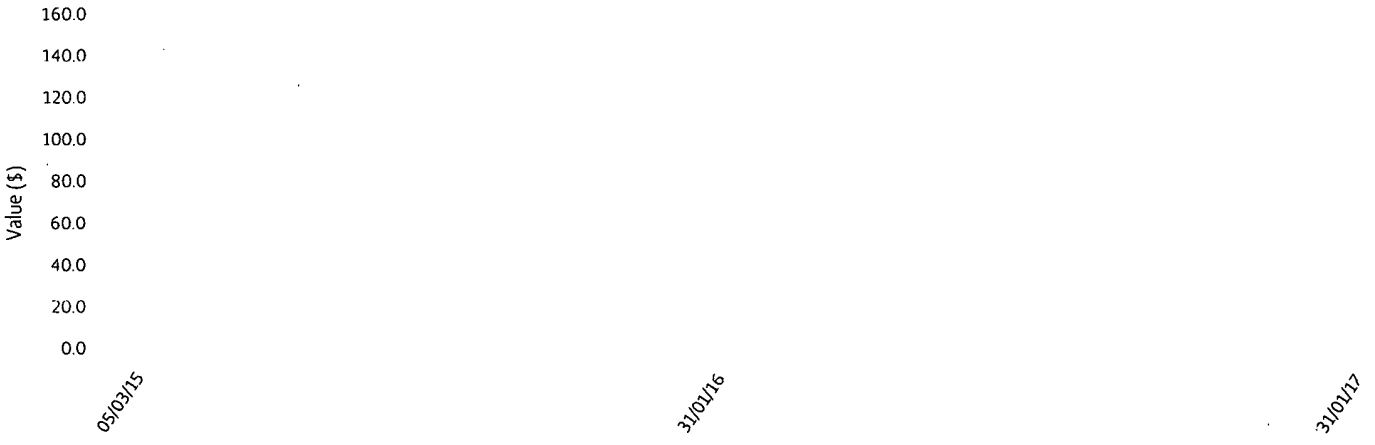
The Company has chosen to use the FTSE:AIM Index as they consider this index to be the most suitable comparator index for the business as an AIM-listed company.



Summit Therapeutics plc Ordinary Shares (Symbol: Summ)
FTSE: AIM All share

The graph below shows the daily movements, by 31 January 2017, of $100 invested in Summit Therapeutics plc ADS on 5 March 2015 compared with the value of $100 invested in the NASDAQ Biotech Index.

The Company has chosen to use the NASDAQ Biotech Index because it is the most suitable comparator index for US-listed shares in the Company's sector.



Summit Therapeutics plc ADS (Symbol: 'SMMT')
NASDAQ Biotech

Chief Executive Officer total remuneration history

Year ended 31 January	Chief Executive Officer single figure of total remuneration	Short-term incentive pay-as a percentage of maximum	Long-term incentive vesting rates as a percentage of maximum
2017 Glyn Edwards	£1,072,626	73%	100%
2016 Glyn Edwards	£516,439	67%(1)	66%
2015 Glyn Edwards	£541,045	43%	77%
2014 Glyn Edwards	£189,817	46%(1)	100%
2013 Glyn Edwards	£133,875	20%(1)	-
2013 Barry Price(2)	£17,500	-	-

(1) The bonus awards made to Mr Glyn Edwards for the years ended 31 January 2016, 2014 and 2013 were made in part by way of a grant of deferred bonus options.

(2) Dr Price undertook the role of a Chief Executive Officer on an interim basis from November 2010 until April 2012 through his position as Executive Chairman. Mr Edwards joined the Board as Chief Executive Officer on 4 April 2012 and Dr Price returned to his former role of Non-Executive Chairman on this date.

Percentage change in remuneration of the Director undertaking the role of Chief Executive Officer

The table below shows the percentage change in remuneration of the Chief Executive Officer and the Group's employees as a whole (or a subset of employees) as set out below between the year ended 31 January 2016 and the year ended 31 January 2017.

	Percentage increase in remuneration in the year ended 31 January 2017 compared with remuneration in the year ended 31 January 2016	
	Chief Executive Officer	All employees
Basic salary(1)	26%	7%
Short-term incentives(2)	39%	53%
Taxable benefits(3)	107%	2%

(1) The change in basic salary reflects an extraordinary salary adjustment effective 1 February 2016 and was due to a rebalancing of remuneration against both internal and external comparisons following a period where the Company made organisational and clinical progress with an initial public offering on the NASDAQ stock exchange, established clinical proof of concept for ridinilazole in *C. difficile* infection, and reported positive Phase 1 data on our lead utrophin modulator ezutromid for the treatment of Duchenne muscular dystrophy. The Committee does not expect to award base salary increases at this level in normal circumstances, and in January 2017 awarded a cost of living increase in the Chief Executive Officer's salary in line with normal expectations by 5% effective 1 February 2017.

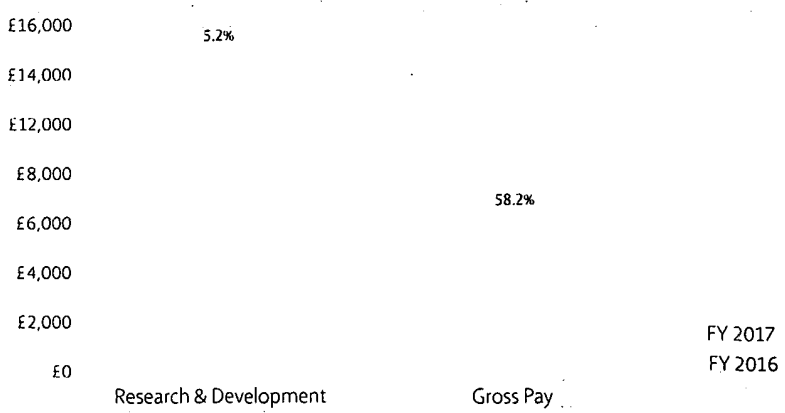
(2) The change in short-term incentives is calculated on a per head basis and includes all employees.

(3) The change in taxable benefits is calculated using taxable benefits to UK employees only as this is considered the most appropriate measure given that the current Executive Director resides in the UK, participating in UK benefits only, and that there are considerable market norm variations between the UK and US in terms of taxable benefits provision. This figure is calculated on a per head basis.

Relative importance of spend on pay

The Committee considers the Group's research and development expenditure relative to gross pay for all employees, as reported in the Consolidated Statement of Comprehensive Income, to be the most appropriate metric for assessing overall spend on pay due to the nature and stage of the Group's business.

The graph below illustrates the gross pay to all employees per year as compared to research and development expenditure and the year-on-year change.



Dividend distribution and share buy-back comparators have not been included as there have been no transactions of this nature in the Group.

Directors' Remuneration Report continued

Statement of voting at the 2016 Annual General Meeting
Voting is held at our annual general meetings and is conducted through a show of hands by shareholders who are in attendance at the meeting and by votes that are lodged by proxy in advance of the meeting.

At the Annual General Meeting held on 18 July 2016, votes cast by proxy at the meeting in respect of the Directors' Remuneration Report and Directors' Remuneration Policy were as follows:

	For (including discretionary votes)	Against	Total votes cast (excluding votes withheld)	Votes withheld[1]	Total votes cast (including votes withheld)
To approve the Remuneration Policy	33,259,739	9,563,869	42,823,608	875	42,824,483
% of votes cast	77.67%	22.33%			
To approve the Remuneration Report	16,885,922	25,570,528	42,456,450	440,810	42,897,260
% of votes cast	39.77%	60.23%			

(1) A vote that is withheld does not constitute a vote in law and has not therefore been included in the totals above.

Statement of the implementation of the Policy for the year ended 31 January 2018
The amended Policy will be subject of a binding shareholder vote at the 2017 Annual General Meeting ('2017 AGM'). If approved by shareholders, the Policy would take immediate effect from the conclusion of the 2017 AGM. The Group retains the right to make any payments per contractual arrangements with Executive Directors that were entered into prior to the approval of the Policy.

Fixed elements of remuneration
With effect from 1 February 2017, the base salary of the Executive Director is £304,500.

Variable elements of remuneration
Short-term incentives
In early 2018, the Remuneration Committee will assess the Executive Director's performance against pre-determined objectives to determine whether any annual bonus is payable.

Performance objectives for the year ending 31 January 2018 have been established and weighted.

The detail behind these objectives is currently considered to be commercially sensitive as they relate to the strategy that the organisation intends to take with regard to advancement of its key clinical and preclinical assets. To the extent that the objectives do not comprise commercially sensitive information, the Company expects to disclose both the objectives and performance against those objectives in next years' Directors' Remuneration Report.

Long-term incentives
The Company anticipates that long-term incentives for 2017 and 2016 will be awarded at the earliest opportunity.

The Company has historically awarded share options to all employees in order to align long-term employee interests with those of shareholders.

Details of the awards to Executive Directors will be disclosed in the necessary Regulatory Information Service announcement, and in the Annual Report on Remuneration for the year ended 31 January 2018.

Other remuneration-related aspects

Chairman and Non-Executive Director fees

The Committee periodically reviews the fees of our Chairman and other Non-Executive Directors in line with the Remuneration Policy. Any increases to fees are effective from the date of approval by the Board.

Chairman fees

The Chairman is paid a flat fee to include attendance at meetings, committee memberships, and all other related activities. The current chairman fees were reviewed in 2016 relative to chairman fees in similarly situated organisations.

The Nominating and Corporate Governance Committee has the responsibility of ensuring that the Chairman has adequate time to devote to his duties for the organisation in addition to any other commitments he may have. The Nominating and Corporate Governance Committee has determined that the Chairman's aggregate time commitments do not exceed the recommended limits. Further details are included in the Corporate Governance Report on pages 26 and 28.

Non-Executive Director cash fees

Non-Executive Directors are paid a basic fee. In addition to the basic fee, committee fees are paid for chairmanship or membership of a committee. Non-Executive Director fees were reviewed in 2016 relative to Non-Executive Director fees in similarly situated organisations. US Director fees are denominated in US Dollars.

The table below shows the annual fees currently payable to our Chairman and Non-Executive Directors:

Board fee structure*	
Board Chair (flat fee)	£75,000
Non-Executive Director base fee	£35,000
Committee chair	£10,000
Committee member	£5,000

* Board fees for US-based Non-Executive Director's are denominated in US Dollars and calculated based on Pound Sterling/US Dollar exchange rates at time of joining and when Board fee amounts increase, as appropriate.

Non-Executive Director non-cash fees

In addition to cash fees, it is proposed that Non-Executive Directors also receive an annual grant of restricted stock units ('RSUs'). The RSUs will have a one year vesting period and no performance conditions.

If the policy of awarding RSUs is approved by shareholders, the RSUs will contribute to the annual fee of the Non-Executive Directors. The award of RSUs is intended to replace the former practice of awarding share options.

Directors' Remuneration Report continued

Remuneration Policy

The information provided in this part of the report is not subject to audit.

The Remuneration Policy ('Policy') provides a framework for execution of the Company's remuneration strategy. The current Policy was approved by shareholders at the AGM held on 18 July 2016 ('2016 AGM') and has been in effect since that date.

As set out in the Letter from the Chair, the Committee plans to make certain changes to the Policy and accordingly the revised Policy will be put to a binding vote of shareholders at the 2017 AGM. If the amended Policy is approved by shareholders, it will take effect immediately following the conclusion of the 2017 AGM.

The amended Policy aims to establish remuneration programmes that provide an appropriate mix of rewards, incentives and benefits balanced across fixed and variable pay as well as short-term and long-term performance.

Remuneration philosophy
Summit aims to create value through the advancement of its drug development programmes and to deliver innovative new therapies to patients with serious unmet medical needs. To do this the Company must maintain a remuneration policy which:

- attracts suitably qualified Executive and Non-Executive Directors with appropriate drug development experience, and retains this talent within the business;
- incentivises and rewards the execution of Company strategy; and
- promotes long-term growth and sustainability.

To achieve this, the Company's remuneration policy and programmes aim to:

- compete effectively in the talent market;
- pay for performance by rewarding achievement of objectives which deliver real value creation;
- align Directors' long-term interests with those of other shareholders;
- be weighted heavily toward equity elements to conserve cash needed to advance the clinical programmes; and
- provide flexibility in the amounts payable under our remuneration programme to accommodate potential growth in both the size and complexity of our business as we seek to become a fully integrated biopharmaceutical company and advance our product candidates in DMD and CDI through to commercialisation if we obtain clinical data supporting such advancement.

Summit believes it can achieve its aims through a remuneration programme that connects the types and levels of pay to the achievement of our short-term and long-term objectives. Accordingly, for Executive Directors, our remuneration programme includes:

- a market-based base salary and benefits package;
- short-term (annual) performance-based incentives awarded for the achievement of corporate goals and individual performance, payable in cash, equity, or a combination of both; and
- long-term performance-based incentives that align the Executive Director's interests with shareholders structured as equity awards with performance conditions in line with the Company's longer term strategy.

Committee processes and decision making
The Committee considers recommendations from management in determining overall remuneration levels for the wider employee population only; management have no involvement in decisions determining their own remuneration.

The Committee carefully considers shareholder feedback when determining remuneration for Executive and Non-Executive Directors. Following the 2016 AGM, the Committee engaged with shareholders to address any concerns around remuneration for Executive and Non-Executive Directors. The Committee commits to continuing to engage with shareholders to aid future development of the Directors' Remuneration Report and overall remuneration policy.

Factors considered in determining amounts to be paid
In determining remuneration for the Executive Directors, the Committee considers remuneration as a whole, aiming for a balance between the elements of compensation, and weighting toward variable performance-based and equity (non-cash) elements. The Committee takes account of the seniority and experience of Executive Directors, and their short-term and long-term performance record, as well as relative levels of internal remuneration to maintain integrity of organisational structure. Shareholder feedback forms a critical aspect of the Committee's decision-making process.

External comparisons
In determining overall remuneration levels, the Committee periodically considers remuneration paid in similar companies as reference points. The Committee aims to undertake this review once every three years, unless a change to the organisation's size, life cycle or structure justifies an earlier review. The Company's review of peer data is not the single determining factor upon which remuneration decisions are made, but rather helps to ensure that remuneration remains fair and reasonable overall. The relative compensation of both UK and US peers forms a part of this.

Elements of Executive compensation
Base salary, pension and benefits
Summit aims to provide a base salary and benefits package to attract and retain highly skilled and experienced Executive Directors.

Annual bonus
The Company has a performance-based short-term (annual) bonus programme, which rewards achievement of Company goals and individual performance. The Committee sets stretching strategic goals at the start of the performance year which are aligned with overall Company and shareholder interests.

The annual Company goals are chosen on the basis of objective milestones related to a combination of research and development progress of the Company's drug programmes, maintenance and advancement of financial strength and management of the organisational capability required to support successful development of the Company's drug programmes.

The Committee assesses the achievement of the strategic goals at the end of the performance year, and a percentage bonus is determined. The bonus depends on the proportion of the strategic goals achieved, the relative importance of the strategic goals achieved and individual performance. The Committee retains the discretion to make adjustments for exceptional achievement of stretch targets or exceptional performance.

Each year, as far as they are not commercially sensitive, the prior year's strategic goals will be retrospectively published in the annual report.

Long-Term Incentives ('LTIs')
Long-term incentives are designed to align Executive Directors' interests with those of shareholders. This promotes long-term value generation and responsible management. Summit's LTI for Executive Directors represents a significant element of their total remuneration but such gains will only be realised in the event that the Company value increases.

LTIs are granted in the form of share options and have a three year vesting period, subject to the completion of performance conditions. If the performance conditions are not met, the awards lapse at the end of the three year vesting period.

Strategic milestones, such as the reporting of clinical trial data or maintaining the Company's financial strength, have been chosen as performance conditions to align executive remuneration to the Company's strategy and ensure that the management team are focused on significant value generating milestones which will in turn boost company growth over the long-term.

Chairman and Non-Executive Director fees
The Chairman and Non-Executive Directors are selected based on the skills and experience they can bring to the Company relative to the stage of the Company's development. To attract suitably qualified and experienced directors, the Company recognises that it must remain competitive on fees. For this reason, Chairman and Non-Executive Director fees are periodically reviewed against the selected comparator group (as described above).

In addition to cash fees, it is proposed that Non-Executive Directors also receive an annual grant of restricted stock units ('RSUs'). The RSUs will have a one year vesting period and no performance conditions. The RSUs will be granted in the form of nominal-cost options. Equity grants for Non-Executive Directors contribute to the holding of shares in the Company, ensuring Directors' interests are aligned with those of shareholders, and conserve cash in the Company whilst permitting the flexibility to ensure that remuneration practices are sufficiently competitive.

The proposal to award RSUs to Non-Executive Directors is one factor for the proposed increase to the aggregate cap on Non-Executive Director fees, as they are considered part of the fee cap. The other reason for the fee cap increase is to provide flexibility to allow additional Non-Executive Directors to join with expertise in areas such as commercialisation and marketing, and so support a potential rapid growth and development of the Company that would be anticipated with further clinical success in the Company's drug programmes. A resolution to effect this increase will be put to shareholders at the 2017 AGM.

The Committee retains the discretion to award share options to Non-Executive Directors, for the purpose of new Non-Executive Director share option grants and to remain aligned with US best practice due to Summit's status as a company with a dual listing. There is currently no ongoing annual share option grant with the proposal to award RSUs replacing the former practice of new share option awards to the Non-Executive Directors.

Directors' Remuneration Report continued

Statement of consideration of employment conditions elsewhere in the Company
Whilst the Committee does not consult directly with employees regarding its Policy for Directors, the Committee does consider the policy for remuneration of employees within the Group.

In terms of fixed pay, when determining the Executive Directors' base salary increases, the Committee considers the base salary increases for the wider employee population.

Many employees are eligible to receive a bonus and may also be granted options under the LTIP (save higher bonus percentage and LTIP opportunities are available for Executive Directors).

The Committee can confirm that the Policy outlined below has been designed with due regard to the policy for remuneration of employees within the Group.

Statement of consideration of shareholder views
The Committee takes an active interest in shareholders' views and voting on the Directors' Remuneration Report. The Committee has consulted with shareholders to understand their concerns and has taken steps to address them.

Future policy table
The policy table below describes the Group's proposed Remuneration Policy for Directors and provides detail as to how each element is expected to operate.

Executive Director(s)

Salary	Purpose	Recognises the skills, experience and expertise of Executive Directors required to deliver the Group's strategy, and provides the basis for a competitive remuneration package.
	Operation	• Position salary levels for Executive Directors at a level calculated to attract and retain experienced, skilled executive talent, with reference to: – relevant experience and time in the role; – compensation of similarly situated executives at companies in an appropriately constituted peer group as reviewed from time to time but not on an annual basis; – general economic environment; and – individual performance. • Salaries normally are reviewed annually. • Any salary increases normally take effect from the start of the following financial year.
	Maximum opportunity	• Whilst there is no salary maximum, salary increases for the Executive Directors normally are expected to be broadly in line with inflation. • The Committee will consider average salary increases for executives in an appropriate peer group and the wider workforce as well as the individual's personal performance and experience in the role. • At the Committee's discretion, higher than normal increases may be awarded to reflect changes in role size or complexity, which have resulted in salary falling below competitive market levels for the enhanced responsibilities of the role.
	Performance	• Review takes account of individual performance and contribution to the Company during the year.
Pension	Purpose	Recruit and retain executive talent by providing market competitive pension benefits to encourage and enable executives to build savings for their retirement.
	Operation	• There is no separate pension scheme in place that covers only Executive Directors and all UK employees are eligible to participate in the UK defined contribution scheme operated by the Company. • US employees are eligible to join the Summit 401k Plan. • Company contribution level is regularly reviewed against local market practices. • Executive Directors may choose to receive all or part of the Company contribution in cash. • At present, the level of employer contribution is 6% of base salary. • The actual level of employer contribution may be changed in the future within the stated policy maximum.
	Maximum opportunity	• Maximum employer contribution of up to 17.5% of base salary.
	Performance	• N/A

Executive Director(s)

Other benefits	Purpose	Recruit and retain executive talent by providing other benefits in line with market practice.
	Operation	• Benefits are set in line with local market practice and will be reviewed periodically. Currently, benefits include: – life assurance; and – health insurance. • In exceptional circumstances, such as the relocation of an Executive Director, or for a new hire, additional benefits may be provided in the form of relocation allowance and benefits including tax equalisation, reimbursement of expenses for temporary accommodation, transportation, travel and legal/financial assistance, as well as the provision of any health or medical insurance in line with local market norms.
	Maximum opportunity	• There is no monetary maximum given that the cost will depend on the individual's circumstances; however, it will not exceed an amount the Committee considers reasonable.
	Performance	• N/A
Annual bonus	Purpose	Aligns incentives with the level of achievement of key annual objectives linked to the Group strategy.
	Operation	• The Committee sets objectives at the beginning of each performance year, which is aligned with the calendar year. • Annual performance measures and objectives and their relative weights are determined with reference to the Group's overall strategy and annual business plan and priorities for the year. • The Committee determines the bonus amount at the end of the performance year on the basis of the Company's performance against the pre-established objectives and the individual's performance in the year. • Clawback provisions apply (detail provided below). • At the discretion of the Committee, a portion of the bonus may be settled in the form of nominal cost options ('deferred bonus options') to deliver a balance between long-term and short-term reward. These options will normally be exercisable six months from the date of bonus determination by the Committee. There will be no restrictions on the shares acquired on exercise, although the award will be subject to clawback provisions as applicable to awards under the Company's LTIP.
	Maximum opportunity	• The 'in-line' target performance will result in a payout of 100% of salary (for achievement of 'normal' goals), and that the 'maximum' target performance will result in a payout of 150% of salary (for achievement of 'stretch'/exceptional performance goals). • In exceptional circumstances (for example in a recruitment situation) the Committee may determine that the maximum bonus opportunity will be 200% of salary.
	Performance	• Bonus amount is determined on the basis of performance measured at the end of the performance year against corporate goals established at the beginning of the year and in consideration of the individual's performance in the year. • The Committee sets corporate objectives at the beginning of each performance year and reviews them at the end of the performance year. These objectives are typically weighted towards progress in our research and development programmes, as well as financial, commercial and operational objectives. • The performance measures are considered commercially sensitive by the Committee given their direct link to the business strategy and so are not disclosed to shareholders in advance. The Committee will review the sensitivity of this information following the end of the performance period with a view to sharing these with shareholders as soon as this information is no longer deemed sensitive. • Deferred bonus options granted under the annual bonus plan will not attract further performance conditions.

Directors' Remuneration Report continued

Executive Director(s)

Long-term Incentive Plan ('LTIP')	Purpose	Aligns incentives with shareholder value creation and rewards the achievement of long-term objectives linked to the Group's strategy.
	Operation	• Awards under the LTIP may take the form of performance share awards, nominal cost share options or market value share options. • The Committee will consider awards under the LTIP twice a year. • Awards will be subject to performance conditions. • At the discretion of the Board, awards may be settled either in ordinary shares or converted to a cash equivalent mirroring the value of shares at the date of vesting. • Malus and clawback provisions apply (detail provided in notes).
	Maximum opportunity	• Individual grants of market-value share options in respect of any one financial year will have a face value of no more than 10 times base salary. Equivalent limits apply for other types of award (reflecting that alternative awards are nil cost/free shares). The Committee anticipates that the usual awards will be lower than this maximum limit.
	Performance	• Awards will vest over a minimum period of three years, such vesting subject to the achievement of performance measures. • Performance measures for performance shares will be set by the Committee, normally based on the basis of strategic Company objectives or strategic Company objectives in addition to growth in the Company's share price. • Where the Committee determines that the LTIP vesting will be based on strategic objectives, these will typically be the achievement of research and development objectives. As these typically will be commercially sensitive, the Committee is committed to disclosing such objectives once they are no longer considered to be sensitive.
All-employee plans	Purpose	Align incentives with shareholder value creation and reward the achievement of long-term objectives linked to the Group's strategy.
	Operation	• Executive Directors will be eligible to participate in all-employee plans (such as a Save As You Earn ('SAYE') plan in the UK or an Employee Share Purchase Plan ('ESPP') in the US) on the same basis as other employees of the Group to the extent such plans are offered to employees.
	Maximum opportunity	The maximum level of participation will be as per the relevant tax authorities' guidelines.
	Performance	None.

Executive Director(s)

Notes

(1) Malus and clawback provisions for annual bonus and LTIP
Annual bonus, deferred bonus options and LTIP awards granted under the 2016 LTIP are subject to malus and/or clawback provisions. These provisions apply to all grants made from 21 January 2016. Under the policy, the Board, in its discretion, may reduce or cancel, or recover all or a portion of, awards granted to Executive Directors in certain circumstances.

Under the malus provisions, in the case of unvested LTIP awards, or unvested deferred bonus options, the Company may cancel or reduce an award in circumstances including but not limited to: material misstatement of the Group's audited financial results, material failure of risk management, and serious reputational damage to the Company or material misconduct on the part of the participant.

Under the clawback provisions, in relation to vested LTIP awards or deferred bonus options, in circumstances where the Company is required to restate financial statements due to the misconduct of that Director, and that misconduct has contributed significantly to the need for restatement, the Company may require that the participant's award of vested but unexercised options be reduced or cancelled, or that the participant make a cash payment to the Company, or transfer shares to the Company where the award has already been exercised. In the case of bonus awards, the Company may require that the participant make a cash payment to the Company in repayment of some or all of the bonus award where the circumstances outlined in the clawback provisions of the LTIP apply. The clawback must be implemented within 24 months of the payment in respect of bonus awards paid in cash, or within five years of the grant date of LTIP awards, or deferred bonus options.

(2) Use of discretion
The Committee will operate the annual bonus plan and LTIP according to their respective rules and in accordance with the AIM Rules for Companies and/or the NASDAQ Rules where applicable. The Committee retains discretion, consistent with market practice, in a number of areas with regard to the operation and administration of these plans.

These include, but are not limited to, the following in relation to LTIP awards and deferred bonus options:

- the participants;
- the timing of grant of an award;
- the vehicle of an award;
- the size of an award;
- the determination of vesting;
- discretion required in respect of assessment of performance conditions and the disapplication of time pro-rating when dealing with a change of control or restructuring of the Group;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen;
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends) or acceleration of vesting as an alternative; and
- the annual review of performance measures and weighting, and performance measures for the LTIP from year to year.

In relation to the annual bonus plan, the Committee retains discretion over:

- the participants;
- the timing of grant of a payment;
- the determination of a bonus payment;
- dealing with a change of control;
- determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen; and
- the annual review of performance measures and weighting, and performance measures for the annual bonus plan from year to year.

In relation to both the Company's LTIP and annual bonus plan, the Committee retains the ability to adjust the performance objectives and/or set different measures if events occur (e.g. material acquisition and/or divestment of a Group business) which cause the Committee to determine that the conditions are no longer appropriate and the amendment is required so that the conditions achieve their original purpose and are not materially less difficult to satisfy. Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration.

Directors' Remuneration Report continued

Non-Executive Directors (NEDs)

Fees	Purpose	Allows the Company to attract and retain NEDs of a high calibre and with experience in the Company's markets.
	Operation	• NEDs receive basic fees with additional fees paid for Board committee chairmanships and participation. • Should the Committee so determine, NEDs basic and additional fees may be paid in the form of cash or shares. • Fee levels take into account market practice, the required time commitment, and expectation of responsibilities for each NED role. • Fees will be reviewed by the Committee periodically and with regard to market comparatives. • NEDs are not eligible to participate in the annual bonus plan and do not receive other benefits or pensions.
	Maximum opportunity	• Value of aggregate fees will not exceed £850,000 in any given year, subject to the increase in such limit from £300,000 in the Company's articles of association being approved by shareholders at the 2017 AGM.
	Performance	• N/A
Taxable benefits	Purpose	To reimburse reasonable travel costs for attendance at Board meetings.
	Operation	• NEDs receive all reasonable travel costs in connection with attendance at Board meetings.
	Maximum opportunity	• All expenses will be borne where the Committee considers that these are reasonable. In addition, the Company bears the income tax and social security costs in respect of these benefits on behalf of the NEDs.
	Performance	• N/A
Restricted Stock Units ('RSUs')	Purpose	Strengthen NEDs' alignment to shareholder interests through ownership of Company shares and align UK and US market practice for NEDs equity grants.
	Operation	• Granted annually, with a one year vesting period. RSUs granted in the form of nominal-cost options.
	Maximum opportunity	• N/A
	Performance	• RSU grants are not subject to performance conditions.
Share options	Purpose	To reflect US market practice, supporting the recruitment and retention of our NEDs with US market experience and expertise, and strengthen NEDs' alignment with shareholder interests through ownership of Company shares.
	Operation	• The Remuneration Committee retains the discretion to award share options to Non-Executive Directors (for example, a one-time award of share options on appointment).
	Maximum opportunity	• N/A
	Performance	• Share options awarded to NEDs will not be subject to any performance conditions.

Arrangements made before the Policy came into effect

Arrangements that were entered into prior to the Policy coming into effect will be allowed to continue. This includes arrangements with respect to base salary and benefits, relocation, short-term incentives and long-term incentives. In the event of internal promotion, arrangements entered into prior to promotion will be permitted to continue. This includes arrangements with respect to base salary and benefits, relocation, short-term incentives and long-term incentives that were awarded before the effective date of promotion.

For the avoidance of doubt Non-Executive Directors are not eligible to participate in the annual bonus plan and do not receive other benefits or pensions but may receive additional remuneration in the form of shares, RSUs or share options (as set out above).

Recruitment policy

The remuneration package for any new Executive Director will be set in accordance with the terms of the Policy at the time of appointment (including salary, pension, benefits, annual bonus and long-term incentives). It is recognised that in order to attract and recruit talented individuals the recruitment remuneration policy needs to maintain sufficient flexibility. The Committee therefore reserves the ability, in recruitment circumstances, to offer an annual bonus equivalent to a maximum of 200% of basic salary. Any award under the LTIP will be limited to a maximum in respect of any financial year of ten times basic salary for a grant of market value options, when calculated at face value on the date of grant, or an equivalent level for other awards.

To facilitate recruitment, the Committee may offer additional cash and/or share-based remuneration to take account of and compensate for remuneration that the Director is required to relinquish when leaving a former employer. Where possible, we would look to award this under our existing LTIP. The Committee will seek to structure any such replacement awards to be no more generous overall in terms of quantum or vesting than the award to be forfeited from the previous employer and will take into account the timing, form and performance requirements of the awards forgone.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its terms. In addition, any other contractual remuneration obligations existing prior to appointment may continue.

For external and internal appointments, the Committee may agree that the Company will provide reasonable relocation support.

In all cases, the Committee will ensure that decisions made are in the best interests of the Company.

Where it is appropriate to offer a below market salary on the appointment of a new Executive Director, the Committee will have the discretion to award higher percentage salary increases over a period of time in order to transition the Executive Director to a market standard salary.

The remuneration for any Non-Executive Director appointments will be set in accordance with the prevailing Policy and no additional payments will be made.

Directors' Remuneration Report continued

Policy on payments for loss of office

Executive Directors are eligible for up to twelve months' notice, for which the Company retains the option to make payments in lieu of contractual entitlement to salary / fees, benefits and pension contributions.

There is no automatic entitlement to any bonus payment, or proportion thereof, upon loss of office; however, the Committee may exercise its discretion to make such a payment, taking into consideration performance to the date of cessation of employment and time in role in that calendar/performance year. Any bonus paid will be time pro-rated unless, at the discretion of the Committee, it is deemed appropriate to award a full bonus (for example in cases of cessation by way of death, illness, injury, disability, or retirement).

Whether any LTIP awards or deferred bonus options would vest and be exercisable upon loss of office would be subject to the Plan Rules under which such award was granted, which allow vesting and exercise of awards in the event of death, retirement, ill-health, injury, redundancy, change of control and any other reason at the discretion of the Committee. The Committee retains discretion to determine the extent to which the award will vest, taking into consideration the circumstances, unless the Committee determines otherwise, whether any performance condition has been met. Awards that have vested will normally be pro-rated for service unless the Committee determines otherwise. In cases of cessation of employment that are not considered to qualify for treatment as a 'good leaver', all unvested awards shall lapse.

The Committee reserves the right to make payments it considers reasonable under a compromise or settlement agreement, including payment or reimbursement of reasonable legal and professional fees, and any payment in respect of statutory rights under employment law in the UK or other jurisdictions. Payment or reimbursement of reasonable outplacement fees may also be provided.

Directors' service contracts

It is Group policy that Executive Directors should have contracts with an indefinite term providing for a maximum of 12 months' notice.

The Non-Executive Directors have contracts which will continue until terminated by mutual agreement of the parties but can be terminated without notice by either party. Their remuneration is reviewed by the Board annually. All Directors are subject to re-election by shareholders in accordance with the Company's articles of association. If a resolution to re-elect a Non-Executive Director is not passed by shareholders, their appointment will be terminated.

There are no other agreements which could give rise to payment in the event of loss of office.

Details of Directors' service contracts or letters of appointment are as follows:

Director	Date of contract
Executive	
Glyn Edwards	4 April 2012
Non-Executive	
Frank Armstrong	6 June 2013
Barry Price	8 August 2013
Stephen Davies	19 December 2013
Leopoldo Zambeletti	30 May 2014
Valerie Andrews	18 September 2014
David Wurzer	20 February 2015

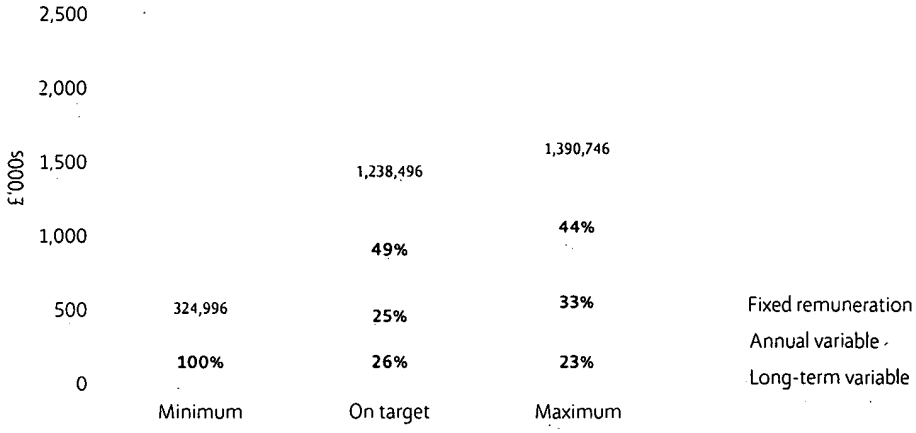
Illustrations of Minimum, Expected, and Maximum remuneration for the Executive Director

The following provides an illustration of the potential remuneration for Executive Directors for the year ending 31 January 2018 under the proposed Policy outlined above under the following three scenarios:

Minimum fixed elements of remuneration	This scenario is illustrative only and is not expected to be a prediction of remuneration for the Executive Director for the financial year ending 31 January 2018. This scenario assumes that the latest known current basic salary of £304,500 continues to be earned in the financial year ending 31 January 2018. The value of benefits receivable for the year ended 31 January 2018 is assumed to be equal to the value of benefits received in the year ended 31 January 2017 as set out in the single total figure of remuneration table on page 33. The pension contribution receivable by the Executive Directors for the year ended 31 January 2018 is assumed to be 6% of the latest known basic salary, being £18,270. No short-term incentive payments are assumed. No vesting of long-term equity-based incentives is assumed.
Performance in line with expectations	This scenario is illustrative only and is not expected to be a prediction of remuneration for the Executive Director for the financial year ending 31 January 2018. Fixed elements of remuneration as set out above, plus: Short-term incentive payment is taken to be 100% of basic salary, being the current best estimate of the average bonus likely to be awarded by the Committee in years when performance is in line with expectations. This scenario assumes a normal long-term incentive award with a face value of six times basic salary. For the purpose of this illustration, we have multiplied the face value by one third to reflect the average fair value, which is in line with the recommendation given by the Financial Reporting Council's Lab project report, dated March 2013.
Maximum remuneration receivable	This scenario is illustrative only and is not expected to be predictive of remuneration for the Executive Director for the financial year ending 31 January 2018. Fixed elements of remuneration as set out above, plus: The maximum level of short-term incentive payment is assumed to be equivalent to 150% of basic salary. This scenario assumes a normal long-term incentive award with a face value of six times basic salary. For the purpose of this illustration, we have multiplied the face value by one third to reflect the average fair value, which is in line with the recommendation given by the Financial Reporting Council's Lab project report, dated March 2013.

Directors' Remuneration Report continued

Chief Executive Officer



The long-term remuneration shown in the graph above illustrates the potential 'Face Value' of equity shares that could be granted and not gains made which are or could be realised by the Chief Executive Officer.

This report was approved by the Board of Directors on 29 March 2017 and signed on its behalf by

Valerie Andrews
Chair of the Remuneration Committee

29 March 2017

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company, Summit Therapeutics plc, financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as issued by the IASB and as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Parent Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Group and Parent Company financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

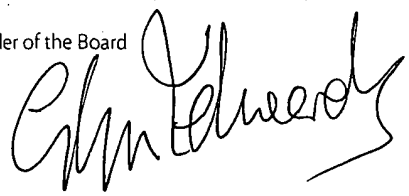
The Directors are responsible for the maintenance and integrity of the Group and Parent Company's website, www.summitplc.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Parent Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Directors' Report confirm that, to the best of their knowledge:

- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



Glyn Edwards
Chief Executive Officer

29 March 2017

Independent auditors' report to the members of Summit Therapeutics Plc

Report on the financial statements

Our opinion

In our opinion, Summit Therapeutics Plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2017 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- Company Balance Sheet as at 31 January 2017;
- Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 53, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
29 March 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2017

	Note	Year ended 31 January 2017 £000	Year ended 31 January 2016 Adjusted* £000
Revenue	5	**2,304**	–
Other operating income	7	**72**	1,281
Operating expenses			
Research and development	7	**(18,952)**	(16,856)
General and administration	7	**(8,277)**	(4,771)
Total operating expenses		**(27,229)**	(21,627)
Operating loss		**(24,853)**	(20,346)
Finance income		**8**	30
Finance cost	17	**(862)**	(2,879)
Loss before income tax		**(25,707)**	(23,195)
Income tax	9	**4,336**	3,058
Loss for the year		**(21,371)**	(20,137)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		**29**	(41)
Total comprehensive loss		**(21,342)**	(20,178)
Basic and diluted earnings per Ordinary Share from operations	10	**(35)p**	(34)p

* See Note 1 'Change in accounting policy'.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

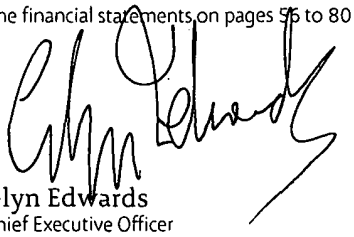
At 31 January 2017

	Note	31 January 2017 £000	31 January 2016 Adjusted* £000	1 February 2015 Adjusted* £000
ASSETS				
Non-current assets				
Goodwill	11	**664**	664	664
Intangible assets	12	**3,470**	3,473	3,483
Property, plant and equipment	13	**116**	83	55
		4,250	4,220	4,202
Current assets				
Prepayments and other receivables	14	**1,027**	1,519	2,630
Current tax receivable		**4,248**	3,014	1,299
Cash and cash equivalents		**28,062**	16,304	11,265
		33,337	20,837	15,194
Total assets		**37,587**	25,057	19,396
LIABILITIES				
Non-current liabilities				
Deferred income	16	**(23,615)**	–	–
Financial liabilities on funding arrangements	17	**(5,919)**	(5,034)	(2,155)
Provisions for other liabilities and charges	19	**(85)**	(73)	(45)
Deferred tax liability	20	**(565)**	(664)	(664)
		(30,184)	(5,771)	(2,864)
Current liabilities				
Trade and other payables	15	**(3,984)**	(3,206)	(3,570)
Deferred income	16	**(6,912)**	–	–
		(10,896)	(3,206)	(3,570)
Total liabilities		**(41,080)**	(8,977)	(6,434)
Net (liabilities)/assets		**(3,493)**	16,080	12,962
EQUITY				
Share capital	21	**618**	613	411
Share premium account		**46,420**	46,035	24,101
Share-based payment reserve		**5,136**	3,757	2,597
Merger reserve		**(1,943)**	(1,943)	(1,943)
Special reserve		**19,993**	19,993	19,993
Currency translation reserve		**50**	21	62
Accumulated losses reserve		**(73,767)**	(52,396)	(32,259)
Total (deficit)/equity		**(3,493)**	16,080	12,962

* See Note 1 'Change in accounting policy'.

The accompanying notes form an integral part of these Consolidated Financial Statements.

The financial statements on pages 56 to 80 were approved by the Board of Directors and signed on its behalf by



Glyn Edwards
Chief Executive Officer

29 March 2017

Consolidated Statement of Cash Flows

For the year ended 31 January 2017

	Note	Year ended 31 January 2017 £000	Year ended 31 January 2016 Adjusted* £000
Cash flows from operating activities			
Loss before income tax		**(25,707)**	(23,195)
		(25,707)	(23,195)
Adjusted for:			
Finance income		**(8)**	(30)
Finance cost	17	**862**	2,879
Foreign exchange loss/(gain)		**711**	(169)
Depreciation	13	**48**	38
Amortisation of intangible fixed assets	12	**10**	10
Movement in provisions	19	**12**	28
Research and development expenditure credit	7	**(3)**	(44)
Share-based payment	6	**1,379**	1,160
Adjusted loss from operations before changes in working capital		**(22,696)**	(19,323)
Decrease in prepayments and other receivables		**492**	1,106
Increase in deferred income		**30,527**	-
Increase/(decrease) in trade and other payables		**813**	(366)
Cash generated from/(used by) operations		**9,136**	(18,583)
Taxation received		**3,005**	1,401
Net cash generated from/(used by) operating activities		**12,141**	(17,182)
Investing activities			
Purchase of property, plant and equipment		**(81)**	(66)
Purchase of intangible assets		**(7)**	-
Interest received		**8**	30
Net cash used in investing activities		**(80)**	(36)
Financing activities			
Proceeds from issue of share capital		**-**	26,101
Transaction costs on share capital issued		**-**	(4,187)
Proceeds from exercise of warrants		**107**	-
Proceeds from exercise of share options		**283**	222
Cash received from funding arrangements accounted for as financial liabilities	17	**23**	-
Net cash generated from financing activities		**413**	22,136
Increase in cash and cash equivalents		**12,474**	4,918
Effect of exchange rates in cash and cash equivalents		**(716)**	121
Cash and cash equivalents at beginning of the year		**16,304**	11,265
Cash and cash equivalents at end of the year		**28,062**	16,304

* See Note 1 'Change in accounting policy'.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Year ended 31 January 2017

Year ended 31 January 2017

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Special reserve £000	Currency translation reserve £000	Accumulated losses reserve £000	Total £000
At 1 February 2016 (Adjusted*)	613	46,035	3,757	(1,943)	19,993	21	(52,396)	16,080
Loss for the year	–	–	–	–	–	–	(21,371)	(21,371)
Currency translation adjustment	–	–	–	–	–	29	–	29
Total comprehensive loss for the year	–	–	–	–	–	29	(21,371)	(21,342)
New share capital issued from exercise of warrants	2	105	–	–	–	–	–	107
Share options exercised	3	280	–	–	–	–	–	283
Share-based payment	–	–	1,379	–	–	–	–	1,379
At 31 January 2017	**618**	**46,420**	**5,136**	**(1,943)**	**19,993**	**50**	**(73,767)**	**(3,493)**

Year ended 31 January 2016 (Adjusted*)

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Special reserve £000	Currency translation reserve £000	Accumulated losses reserve £000	Total £000
At 1 February 2015	411	24,101	2,597	(1,943)	19,993	62	(32,259)	12,962
Loss for the year	–	–	–	–	–	–	(20,137)	(20,137)
Currency translation adjustment	–	–	–	–	–	(41)	–	(41)
Total comprehensive loss for the year	–	–	–	–	–	(41)	(20,137)	(20,178)
New share capital issued	198	25,903	–	–	–	–	–	26,101
Transaction costs on share capital issued	–	(4,187)	–	–	–	–	–	(4,187)
Share options exercised	4	218	–	–	–	–	–	222
Share-based payment	–	–	1,160	–	–	–	–	1,160
At 31 January 2016	**613**	**46,035**	**3,757**	**(1,943)**	**19,993**	**21**	**(52,396)**	**16,080**

* See Note 1 'Change in accounting policy'.

The accompanying notes form an integral part of these Consolidated Financial Statements.

Share capital and premium
When shares are issued, the nominal value of the shares is credited to the share capital reserve. Any premium paid above the nominal value is credited to the share premium reserve. Ordinary Shares of Summit Therapeutics plc have a nominal value of 1 pence per share.

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

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

Accumulated losses reserve
The accumulated losses reserve records the accumulated profits and losses, less any subsequent elimination of losses, of the Group since inception of the business. Where businesses or companies are acquired, only the profits or losses arising from the date of acquisition are included.

Special reserve
The special reserve was created during the consolidation and subdivision of the Company's share capital as part of a capital reorganisation completed in September 2014. It represents the net balance of the cancellation of the Deferred Shares, the reduction of the share premium account and elimination of current losses from the accumulated deficit.

Currency translation reserve
The currency translation reserve records the foreign exchange difference that arises on the translation of the US subsidiary, Summit Therapeutics Inc.

Notes to the Financial Statements

1. Basis of accounting

The principal accounting policies adopted by Summit Therapeutics plc and its subsidiaries in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union and IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have been prepared on a going concern basis and under the historical cost convention.

Going concern

The financial information in these financial statements has been prepared on a going concern basis which assumes that the Group will continue in operational existence for the foreseeable future.

The Group expects it will need to raise additional funding in the future in order to support research and development efforts, potential commercialisation-related activities if any of its product candidates receive marketing approval, as well as to support activities associated with operating as a public company in both the United States and the United Kingdom. Management expects to finance its cash needs through a combination of some, or all, of the following: equity offerings, collaborations, strategic alliances, grants and clinical trial support from government entities, philanthropic, non-government and not for profit organisations and patient advocacy groups, debt financings, and marketing, distribution or licensing arrangements.

After review of the future operating costs of the business in conjunction with the cash held at 31 January 2017 management is confident about the Group's ability to continue as a going concern.

Use of estimates

The preparation of the financial statements, in conformity with IFRS, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in Note 2 'Critical accounting judgements and key sources of estimation uncertainty.'

Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Group and entities controlled by the Group made up to the reporting date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiary undertakings acquired or disposed of in the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

Change in accounting policy

Following an IFRS Interpretations Committee agenda decision in May 2016 on the application of IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance,' the Company has changed its accounting policy regarding charitable funding arrangements with the Wellcome Trust and the US not for profit organisations, the Muscular Dystrophy Association ('MDA') and Duchenne Partners Fund ('DPF'), which has resulted in an adjustment to the comparative financial statements.

In exchange for the funding provided, these arrangements require the Company to pay royalties on potential future revenues generated from these projects and also give the counterparties certain rights over the intellectual property if the compound is not exploited. The IFRIC Interpretations Committee decision has clarified that such arrangements result in a financial liability. The estimate of each financial liability is initially recognised at fair value using a discounted cash flow model with the difference between the fair value of the liability and the cash received considered to represent a charitable grant.

When determining the fair value on initial recognition, the significant assumptions in the model include the estimation of the timing and the probability of successful development leading to commercialisation of the project related results and related estimates of future cash flows. Estimated future cash flows include expected sources of revenue (including commercial sales and upfront payments, milestone payments and royalties from potential licensing arrangements) and are calculated using estimated geographical market share and associated pricing.

The financial liabilities are subsequently measured at amortised cost using a discounted cash flow model which calculates the risk adjusted net present values of estimated potential future cash flows for the respective projects related to the Wellcome Trust and MDA and DPF agreements. The financial liabilities are remeasured when there is a specific significant event that provides evidence of a significant change in the probability of successful development such as the completion of a phase of research or changes in use or market for a product. The models will be updated for changes in the clinical probability of success and other associated assumptions with the discount factor to remain unchanged within the model.

Re-measurements of the financial liabilities are recognised in the income statement as finance costs. Grant income is recognised as other operating income in accordance with IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance,' at the same time as the underlying expenditure is incurred, provided that there is reasonable assurance that the Group will comply with the conditions.

1. Basis of accounting (continued)

Amounts received from, and subsequent payments to, the corresponding counterparty in the funding agreement which relate to the financial liability will be presented within the financing activities in the Consolidated Statement of Cash Flows.

This change in accounting policy has been reflected retrospectively in these financial statements.

The impact of this change in accounting policy on the consolidated financial statements is a reduction in other income historically recognised, a change in the level of accrued income accounted for as grant income and the recognition of a financial liability and finance costs associated with the unwinding of the discount and remeasurement of the liability.

Impact on Consolidated Interim Statement of Comprehensive Income	Original Year ended 31 January 2016 £000	Adjusted Year ended 31 January 2016 £000	Impact £000
Other operating income	1,451	1,281	(170)
Finance costs	–	(2,879)	(2,879)
	1,451	(1,598)	(3,049)

Impact on Consolidated Statement of Financial Position	Original 1 February 2015 £000	Adjusted 1 February 2015 £000	Impact £000
Trade and other payables	(3,721)	(3,570)	151
Financial liabilities on funding arrangements	–	(2,155)	(2,155)
Accumulated losses reserve	(30,255)	(32,259)	(2,004)

Impact on Consolidated Statement of Financial Position	Original 31 January 2016 £000	Adjusted 31 January 2016 £000	Impact £000
Prepayments and other receivables	1,538	1,519	(19)
Financial liabilities on funding arrangements	–	(5,034)	(5,034)
Accumulated losses reserve	(47,343)	(52,396)	(5,053)

Impact on Consolidated Statement of Cash Flows	Original Year ended 31 January 2016 £000	Adjusted Year ended 31 January 2016 £000	Impact £000
Loss before income tax	(20,146)	(23,195)	(3,049)
Adjusted for:			
Finance costs	–	2,879	2,879
Decrease in trade and other payables	(536)	(366)	170
Impact on net cash used in operating activities	(20,682)	(20,682)	–

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business net of value added tax and other sales-related taxes. The Group recognises revenue when the amount can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities.

Collaboration revenues consist of revenues generated from collaborative research and development arrangements. Such agreements may consist of multiple elements and provide for varying consideration terms, such as upfront, development, regulatory and sales milestones, and sales royalties and similar payments. Where such arrangements can be divided into separate units of accounting (each unit constituting a separate earnings process), the arrangement consideration is allocated to the different units based on their relative fair values and recognised over the respective performance period.

Revenues from non-refundable, upfront payments are assessed as to whether they relate to the provision of a licence or development services. Upfront payments classified as the provision of a licence are recognised in full immediately while revenue related to further development services are initially reported as deferred income on the Consolidated Statement of Financial Position and are recognised as revenue over the development period.

Development and regulatory approval milestone payments are recognised as revenue based on the percentage of completion method on the assumption that all stages will be completed successfully, but with cumulative revenue recognised limited to non-refundable amounts already received or reasonably certain to be received.

Notes to the Financial Statements continued

1. Basis of accounting (continued)

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement, provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Sales-related milestone payments are recognised in full in the period in which the relevant milestone is achieved.

Business combinations

The cost of an acquisition is measured as the fair value of the assets exchanged, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired together with liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable net assets is recorded as goodwill. Goodwill is not amortised but is reviewed for impairment at least annually and more frequently whenever there is an indication of impairment.

Intangible assets

In-process research and development that is separately acquired as part of a company acquisition or in-licensing agreement is capitalised even if it has not yet demonstrated technical feasibility, which is usually signified by regulatory approval. The intangible asset relating to intellectual property rights for the utrophin programme capitalised as part of the acquisition of MuOx Limited in November 2013 is considered to be not yet available for use. As such, it will not be subject to amortisation and will be tested for impairment at least annually or whenever there is an indicator of impairment. Amortisation will commence when either products underpinned by the intellectual property rights or the rights themselves become available for use.

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

All patents (once filed):	Over the period of the relevant patents (assumed to be 20 years)

Impairment of assets

At each year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units is charged *pro rata* to the other assets in the cash generating unit. All tangible and intangible assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. See Note 12 for details.

Property, plant and equipment

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

Leasehold improvements:	Over the period of the remaining lease
Laboratory equipment:	3-10 years
Office and IT equipment:	3-5 years

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources will be required to settle the obligation, and where a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, the expected future cash flows will be discounted using a pre-tax discount rate, adjusted for risk where it is inherent in a specific liability.

Other operating income

Other operating income includes income received and recognised from government agencies, philanthropic, non-government, not for profit organisations and patient advocacy groups which are accounted for in accordance with IAS 20, 'Accounting for Government Grants and Disclosure of Government Assistance.' Monies received through these means are held as deferred income on the Consolidated Statement of Financial Position and are released to the Consolidated Statement of Comprehensive Income as the underlying expenditure is incurred and to the extent the conditions of the grant are met.

Foreign currencies

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

Assets and liabilities of subsidiaries that have a functional currency different from the presentation currency (Pounds Sterling), are translated at the closing rate at the date of each statement of financial position presented. Income and expenses are translated at average exchange rates. Any resulting differences are recognised in other comprehensive income (loss) in the Consolidated Statement of Comprehensive Income.

1. Basis of accounting (continued)

Employee benefits

All employee benefit costs, notably holiday pay, bonuses and contributions to Company or personal defined contribution pension schemes are charged to the Consolidated Statement of Comprehensive Income on an accruals basis.

Leased assets

Costs in respect of operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. Assets relating to lease incentives are depreciated over the life of the lease and are included in property, plant and equipment as leasehold improvements.

Research and development

All ongoing research expenditure is currently expensed in the period in which it is incurred. Due to the regulatory environment inherent in the development of the Group's products, the criteria for development costs to be recognised as an asset, as set out in IAS 38, 'Intangible Assets,' are not met until a product has received regulatory approval and it is probable that future economic benefit will flow to the Group. The Group currently has no qualifying expenditure.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call with the bank.

Share-based payments

In accordance with IFRS 2, 'Share-based Payment,' share options are measured at fair value at their grant date. The fair value for the majority of the share options is calculated using the Black-Scholes formula and charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the expected vesting period. For those share options issued with vesting conditions other than remaining in employment (for example, those conditional upon the Group achieving certain predetermined financial criteria) either a Monte-Carlo model or a Hull White trinomial lattice model have been used. At each year end date, the Group revises its estimate of the number of share options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market based conditions.

Current taxation

Income tax is recognised or provided at amounts expected to be recovered or paid using the tax rates and tax laws that have been enacted or substantively enacted at the year end date.

Current tax includes research and development tax credits which are calculated in accordance with the UK research and development tax credit regime applicable to small and medium sized companies. Research and development expenditure which is not eligible for reimbursement under the small and medium sized companies regime, such as expenditure incurred on projects for which we receive income, may be reimbursed under the UK Research and Development Expenditure Credit ('RDEC') scheme. Receipts under the RDEC scheme are presented within other operating income as they are similar in nature to grant income.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Consolidated Statement of Financial Position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Financial instruments

The Group holds financial assets and liabilities in the respective categories 'Loans and receivables' and 'Financial liabilities measured at amortised cost.' Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the year end date, which are classified as non-current assets. Other liabilities consist of trade and other payables, being balances arising in the course of normal business with suppliers, contractors and other service providers, and borrowings, being loans and hire purchase funds advanced for the refit of leasehold premises and the purchase of laboratory equipment, fixtures and fittings. Loans and receivables, and other liabilities are initially recorded at fair value, and thereafter at amortised cost, if the timing difference is deemed to impact the fair value of the asset or liability.

The Group assesses at each year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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

Notes to the Financial Statements continued

1. Basis of accounting (continued)

Warrants

Warrants issued by the Group are recognised and classified as equity when upon exercise, the Company would issue a fixed amount of its own equity instruments (Ordinary Shares) in exchange for a fixed amount of cash or another financial asset.

Consideration received, net of incremental costs directly attributable to the issue of such new warrants, is shown in equity. Such warrants are not re-measured at fair value in subsequent reporting periods.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements requires the Group to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations, which the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Consolidated Financial Statements.

Financial liabilities on funding arrangements

When entering into funding agreements with charitable and not for profit organisations, management are required to assess whether, based on the terms of the agreement, they can avoid a transfer of cash only by settling a non-financial obligation. An example of this would be the obligation to transfer the rights to the research to a funding provider. In the circumstances where the Group cannot avoid the obligation, all or part of the funding agreement should be accounted for as a financial liability rather than as a charitable grant. The financial liabilities are re-measured, and the Group is required to apply judgement, when there is a specific significant event that provides evidence of a significant change in the probability of successful development such as the completion of a phase of research or changes in use or market for a product. See Note 17 'Financial liabilities on funding arrangements.'

Revenue recognition

The Group recognises revenue from licensing fees, collaboration fees, development, regulatory and approval milestone fees, sales milestones and royalties. Agreements generally include a non-refundable up-front fee, milestone payments, the receipt of which is dependent upon the achievement of certain clinical, regulatory or commercial milestones, as well as royalties on product sales of licensed products, if and when such product sales occur. For these agreements, the Group is required to apply judgement in the allocation of total agreement consideration to the separately identifiable components on a reliable basis that reasonably reflects the selling prices that might be expected to be achieved in stand-alone transactions. The Group is required to make a judgement on those components which can be recognised immediately and those to which it applies the percentage of completion revenue recognition method. In relation to the licence and collaboration agreement with Sarepta, management has assessed that the development services to be indistinguishable from the licence and, as a result the upfront payment has been initially reported as deferred income on the Consolidated Statement of Financial Position, is being recognised as revenue over the development period. See Note 16 'Deferred income'.

Recognition of research expenditure

The Group recognises expenditure incurred in carrying out its research and development activities in line with management's best estimation of the stage of completion of each separately contracted study or activity. This includes the calculation of research and development accruals at each period to account for expenditure that has been incurred. This requires estimations of the full costs to complete each study or activity and also estimation of the current stage of completion. In all cases, the full cost of each study or activity is expensed by the time the final report or where applicable, product, has been received.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are noted below.

Financial liabilities on funding arrangements

In calculating the financial liability, both at inception and when it is subsequently re-measured, a number of assumptions need to be made by management which include significant estimates. Assumptions used in the model include the following: reported disease prevalence; expected market share based on management's estimates; drug reimbursement pricing in different territories, potential licensing terms which may be offered to the Group (for relevant products); expected patent life; the timing and probabilities of achieving clinical development milestones which are based on industry standards and adjusted for therapy area; and the appropriate discount rate to be used. See Note 17 'Financial liabilities on funding arrangements'.

Share-based payment

The Group measures share options at fair value at their grant date in accordance with IFRS 2, 'Share-based Payment.' The Group calculates the fair value of the share option using either the Black-Scholes model, or for options with performance conditions, a simulation model. The Group charges the fair value to the Consolidated Statement of Comprehensive Income over the expected vesting period. See Note 22 'Share option scheme'.

3. Changes to accounting policies

During the year ended 31 January 2017 the following new standards, amendments to standards or interpretations became effective for the first time. The adoption of these interpretations, standards or amendment to standards were either not relevant for the Group or have not led to any significant impact on the Group's financial statements.

International Accounting Standards (IAS/IFRS)	Effective Date
Amendment to IFRS 5, 'Non-Current Assets Held for Sale and Discontinued Operations: Methods of disposal'.	1 January 2016
Amendment to IFRS 7, 'Financial Instruments: Disclosures'.	1 January 2016
Amendment to IAS 19, 'Employee Benefits'.	1 January 2016
Amendment to IAS 34, 'Interim Financial Reporting'.	1 January 2016
Amendment to IFRS 11, 'Accounting for Acquisitions of interests in Joint Operations'.	1 January 2016
Amendment to IAS 16, 'Property, Plant and Equipment,' and IAS 41, 'Agriculture, Regarding Bearer Plants'.	1 January 2016
Amendment to IAS 16, 'Property, Plant and Equipment,' and IAS 38, 'Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortisation'.	1 January 2016
Amendment to IAS 27, 'Equity Method in Separate Financial Statements'.	1 January 2016
Amendments to IFRS 10, 'Consolidated Financial Statements,' and IAS 28 'Investments in Associates,' on 'Investment Entities: Applying the Consolidation Exception'.	1 January 2016
Amendment to IAS 1, 'Presentation of Financial Statements on the Disclosure Initiative'.	1 January 2016

At the date of authorisation of these Consolidated Financial Statements, the following standards, amendments and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

International Accounting Standards (IAS/IFRS)	Effective Date
IFRS 9, 'Financial Instruments' (as revised in 2014).	1 January 2018
IFRS 15, 'Revenue from Contracts with Customers'.	1 January 2018
IFRS 16, 'Leases'.	1 January 2019
Amendment to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'.	1 January 2018
Amendment to IFRS 10 and IAS 28 'Sale or contribution of Assets between an investor and its Associate or Joint Venture'.	To be determined
Amendment to IAS 7, 'Disclosure Initiative'.	1 January 2017
Amendment to IAS 12, 'Recognition of Deferred Tax Assets for Unrealised Losses'.	1 January 2017

IFRS 15 establishes comprehensive guidelines for determining when to recognise revenue and how much revenue to recognise. The core principle in that framework is that a company should recognise revenue to depict the transfer of control of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard is effective for reporting periods beginning on or after 1 January 2018. The Group continues to assess the impact of IFRS 15 on the phasing of revenue recognition in connection with the Sarepta agreement as the guidance on the application for such arrangements develop. See Note 16 for additional detail on the Sarepta agreement.

IFRS 16, 'Leases' will replace IAS 17 for accounting periods beginning on or after 1 January 2019. In so doing it will eliminate the distinction between classification of leases as finance or operating leases for lessees. The adoption of IFRS 16 is not expected to have a significant impact on the Group's net results or net assets, although the full impact will be subject to further assessment following the conclusion of the ongoing consultations.

The Directors do not expect that the adoption of the remaining standards and interpretations in future periods will have a material impact on the financial statements of the Group.

4. Segmental reporting

The Summit Group comprises nine legal entities, of which three are trading. These included the eight subsidiary companies and the Group holding company, Summit Therapeutics plc. The Group operates in one reportable segment: Drug Development. The Chief Operating Decision-Maker has been identified as the Executive Management Team consisting of the Chief Executive Officer and the Chief Financial Officer. The Executive Management Team reviews the consolidated operating results regularly to make decisions about the financial and organisational resources and to assess overall performance.

The Drug Development segment covers Summit's research and development activities carried out by the Group, primarily comprising the DMD and the CDI programmes (see pages 06 to 09 for more details).

The corporate and other activities of Summit Therapeutics plc, Summit (Oxford) Limited and Summit Therapeutics Inc which comprise the costs incurred in providing the facilities, finance, human resource and information technology services, are incurred by the main segment of the Group.

Substantially all of the Group's assets are held in the United Kingdom.

Notes to the Financial Statements continued

5. Revenue

	Year ended 31 January 2017 £000	Year ended 31 January 2016 £000
Analysis of revenue by category:		
Collaboration and licence agreement	**2,304**	-
	2,304	-

Revenue recognised in the year relates to one single customer. See Note 16 for further details.

	Year ended 31 January 2017 £000	Year ended 31 January 2016 £000
Analysis of revenue by geography:		
United States	**2,304**	-
	2,304	-

The analysis of revenue by geography has been identified on the basis of the customer's geographical location.

6. Directors and employees

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

	31 January 2017	31 January 2016
Technical, research and development	**23**	19
Corporate and administration	**21**	18
	44	37

The Parent Company had no employees in the current or previous financial years.

Their aggregate remuneration comprised:

	Year ended 31 January 2017 £000	Year ended 31 January 2016 £000
Wages and salaries	**5,932**	3,876
Social security costs	**434**	247
Other pension costs	**332**	90
Share-based payment	**1,379**	1,160
	8,077	5,373

Key management of the Group are members of the Executive Management Team. The aggregate amounts of key management compensation are set out below:

	Year ended 31 January 2017 £000	Year ended 31 January 2016 £000
Short-term employee benefits		
Wages and salaries	**1,252**	934
Social security costs	**98**	58
	1,350	992
Post-employment benefits		
Amounts paid in lieu of employer pension contributions	**17**	17
Other pension costs	**11**	-
	28	17
Share-based payment	**327**	626
Total remuneration	**1,705**	1,635

6. Directors and employees (continued)

In respect of Directors' remuneration, the Company has taken advantage of the permission in Paragraph 6(2) of Statutory Instrument 2008/410 to omit aggregate information that is capable of being ascertained from the detailed disclosures in the audited section of the Directors' Remuneration Report on pages 31 to 52, which form part of these Consolidated Financial Statements.

7. Loss before income tax

	Year ended 31 January 2017 £000	Year ended 31 January 2016 Adjusted* £000
Other operating income		
Income recognised in respect of the Wellcome Trust	**13**	592
Grant income[1]	**56**	645
Research and development credit	**3**	44
	72	1,281
Research and development		
Employee benefit expense	**4,218**	2,848
Share-based payment expense	**374**	356
Programme related costs	**13,605**	13,093
Amortisation of intangible assets	**10**	10
Other research and development costs	**745**	549
	18,952	16,856
General and administration		
Employee benefit expense	**2,480**	1,365
Share-based payment expense	**1,005**	804
Foreign exchange loss/(gain)	**533**	(501)
Depreciation of property, plant and equipment	**48**	38
Operating lease rentals	**213**	131
Other general and administration costs	**3,998**	2,934
	8,277	4,771

* See Note 1 'Change in accounting policy'.

(1) Grant income includes amounts received from Innovate UK.

8. Auditors' remuneration

Services provided by the Group's auditors

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

	Year ended 31 January 2017 £000	Year ended 31 January 2016 £000
Fees payable to the Company's auditors and its associates for the audit of the Parent Company and Consolidated Financial Statements	**110**	44
Fees payable to the Company's auditors and its associates for other services:		
- Audit of the Company's subsidiaries	**120**	71
- Audit-related assurance services	**3**	6
- Other assurance services[1]	**163**	158
- Tax advisory services	**15**	9
- Tax compliance services	**47**	11
Total fees payable	**458**	299

(1) For the year ended 31 January 2017, other assurance services includes assurance reporting on information included in the Company's F-3 registration statement that was originally filed with the US Securities and Exchange Commission on 12 May 2016.

Notes to the Financial Statements continued

9. Income tax

	Year ended 31 January 2017 £000	Year ended 31 January 2016 Adjusted £000
Analysis of credit in the period:		
Current tax: United Kingdom corporation tax at 20% (2016: 20.17%)		
Current tax income	**4,245**	2,971
Adjustments in respect of prior years	**(9)**	87
Total current tax	**4,236**	3,058
Total deferred tax	**100**	-
Total tax	**4,336**	3,058

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Year ended 31 January 2017 £000	Year ended 31 January 2016 Adjusted £000
Loss before tax	**(25,707)**	(23,195)
Loss multiplied by the standard rate of corporation tax in the United Kingdom (Current tax) 20% (2016: 20.17%)	**(5,141)**	(4,678)
Change in unrecognised tax losses	**2,169**	2,691
Non-deductible expenses	**331**	184
Tax relief for qualifying research and development expenditure	**(1,699)**	(1,170)
Prior year adjustments	**9**	(87)
Share options exercised	**(84)**	(45)
Taxable losses at foreign rates	**179**	47
Change in rate of deferred tax	**(100)**	-
Total tax	**(4,336)**	(3,058)

There are no current tax liabilities as at 31 January 2017 (2016: nil).

Tax credits relate to UK research and development tax credits claimed under Finance Act 2015.

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. Subsequently, the Finance Act 2016, which provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020, was substantively enacted on 6 September 2016. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax liability at 31 January 2017 has been calculated at 17% reflecting the tax rate at which the deferred tax liability is expected to be reversed in future periods. Unrecognised deferred tax has been calculated at 17% reflecting the latest enacted rate. In respect of unrecognised deferred tax on losses, the new loss restriction rules which are announced but not substantively enacted are expected to limit the amount of brought forward losses available to use against future taxable profits on a year by year basis to the extent that taxable profits exceed £5.0 million in year. However, the losses will not lapse and therefore the full amount will be relieved over time.

Please see Note 20 'Deferred tax liability' for information on the unrecognised tax losses carried forward.

10. Loss per share

The loss per share has been calculated using the loss for the year £21,371,000 (year ended 31 January 2016: loss of £20,137,000) and dividing this by the weighted average number of Ordinary Shares in issue during the year to 31 January 2017: 61,548,557 (year ended 31 January 2016: 59,102,292).

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

Potentially dilutive shares capable of vesting under the share options currently in issue totalled 7,383,401 as at 31 January 2017 (31 January 2016: 7,006,306).

11. Goodwill

	MuOx Limited £000	Total £000
Cost		
At 1 February 2016	664	664
At 31 January 2017	**664**	**664**
Accumulated amortisation		
At 1 February 2016	–	–
At 31 January 2017	**–**	**–**
Net book amount		
At 1 February 2016	664	664
At 31 January 2017	**664**	**664**

	MuOx Limited £000	Total £000
Cost		
At 1 February 2015	664	664
At 31 January 2016	**664**	**664**
Accumulated amortisation		
At 1 February 2015	–	–
At 31 January 2016	**–**	**–**
Net book amount		
At 1 February 2015	664	664
At 31 January 2016	**664**	**664**

Goodwill represents the difference between the fair value of the identifiable assets acquired and liabilities assumed for MuOx Limited and the amount paid in consideration. Goodwill is attributable to synergies expected from the Group's collaboration with the University of Oxford and other founders of MuOx Limited.

In accordance with IAS 36, 'Goodwill' has been reviewed for impairment and no provision is considered necessary. The impairment review is included as part of the intangible assets impairment review in Note 12 'Intangible assets' as they form part of the same cash-generating unit.

Notes to the Financial Statements continued

12. Intangible assets

	Iminosugar related programmes acquired £000	Utrophin programme acquired £000	Other patents and licences £000	Total £000
Cost				
At 1 February 2016	1,380	3,321	197	4,898
Additions	–	–	7	7
At 31 January 2017	**1,380**	**3,321**	**204**	**4,905**
Accumulated amortisation				
At 1 February 2016	(1,380)	–	(45)	(1,425)
Provided in the year	–	–	(10)	(10)
At 31 January 2017	**(1,380)**	**–**	**(55)**	**(1,435)**
Net book amount				
At 1 February 2016	–	3,321	152	3,473
At 31 January 2017	**–**	**3,321**	**149**	**3,470**

	Iminosugar related programmes acquired £000	Utrophin programme acquired £000	Other patents and licences £000	Total £000
Cost				
At 1 February 2015	1,380	3,321	197	4,898
At 31 January 2016	**1,380**	**3,321**	**197**	**4,898**
Accumulated amortisation				
At 1 February 2015	(1,380)	–	(35)	(1,415)
Provided in the year	–	–	(10)	(10)
At 31 January 2016	**(1,380)**	**–**	**(45)**	**(1,425)**
Net book amount				
At 1 February 2015	–	3,321	162	3,483
At 31 January 2016	**–**	**3,321**	**152**	**3,473**

Amortisation of intangible assets is included in the line 'Research and development' shown on the face of the Consolidated Statement of Comprehensive Income.

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

The key assumptions used in the valuation model to determine the value in use are as follows:

- expected research and development costs based on management's past experience and knowledge;
- probabilities of achieving development milestones based on industry standards;
- reported disease prevalence;
- expected market share based on management's estimates;
- drug reimbursement, costs of goods and marketing estimates; and
- expected patent life.

The valuation model covers a period significantly longer than five years which is based on expected patent life, once filed, due to the length of the development cycle for assets of this nature. A discount factor of 18% has been used over the forecast period.

Based on sensitivity analysis, no reasonably possible change in assumptions would cause the carrying value of this asset to exceed its recoverable amount.

13. Property, plant and equipment

	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
Cost				
At 1 February 2016	9	137	228	374
Additions	–	–	81	81
Disposals	–	(118)	(25)	(143)
At 31 January 2017	**9**	**19**	**284**	**312**
Accumulated depreciation				
At 1 February 2016	(7)	(135)	(149)	(291)
Charge for the year	(2)	–	(46)	(48)
Disposals	–	118	25	143
At 31 January 2017	**(9)**	**(17)**	**(170)**	**(196)**
Net book value				
At 1 February 2016	2	2	79	83
At 31 January 2017	**–**	**2**	**114**	**116**

	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
Cost				
At 1 February 2015	9	137	162	308
Additions	–	–	66	66
At 31 January 2016	**9**	**137**	**228**	**374**
Accumulated depreciation				
At 1 February 2015	(4)	(135)	(114)	(253)
Charge for the year	(3)	–	(35)	(38)
At 31 January 2016	**(7)**	**(135)**	**(149)**	**(291)**
Net book value				
At 1 February 2015	5	2	48	55
At 31 January 2016	**2**	**2**	**79**	**83**

14. Prepayments and other receivables

	31 January 2017 £000	31 January 2016 Adjusted £000
Other receivables	**342**	312
Prepayments and accrued income	**685**	1,207
	1,027	1,519

Notes to the Financial Statements continued

15. Trade and other payables

	31 January 2017 £000	31 January 2016 £000
Trade payables	**906**	716
Other taxes and social security	**94**	79
Accruals	**2,884**	2,310
Other creditors	**100**	101
	3,984	3,206

16. Deferred income

	31 January 2017 £000	31 January 2016 £000
Due within one year	**6,912**	-
Due more than one year	**23,615**	-

On 4 October 2016, Summit announced its entry into an exclusive licence and collaboration agreement (the 'Agreement') with Sarepta Therapeutics Inc. ('Sarepta'), pursuant to which Summit granted Sarepta the exclusive right to commercialise products in the Group's utrophin modulator pipeline in the European Union, Switzerland, Norway, Iceland, Turkey and the Commonwealth of Independent States (the 'Licensed Territory'). Such products include the Group's lead product candidate, ezutromid, for the treatment of Duchenne muscular dystrophy and its pipeline of second generation and future generation small molecule utrophin modulators. The Group also granted Sarepta an option to expand the Licensed Territory to include specified countries in Central and South America ('the Latin America Option'). The Group retains commercialisation rights in the rest of the world.

Under the terms of the Agreement, Summit received an upfront payment of $40.0 million (£32.8 million) from Sarepta. The terms of the contract have been assessed and the Group believes the development services to be indistinguishable from the licence and as a result the upfront payment has been initially reported as deferred income on the Consolidated Statement of Financial Position and is being recognised as revenue over the development period. In addition, the Group will be eligible for potential future ezutromid-related development, regulatory and sales milestone payments totalling up to $522 million. This includes $42 million in respect of specified development milestones (including a $22 million milestone upon the first dosing of the last patient in Summit's PhaseOut DMD trial, payable on or after 1 April 2017), $150 million in respect of specified regulatory milestones and $330 million from specified sales milestones. Summit is also eligible to receive development, regulatory and sales milestones related to its pipeline of second generation and future generation utrophin modulator candidates. Summit is also eligible for escalating royalties ranging from a low to high teens percentage of net sales in the Licensed Territories.

As part of the Agreement with Sarepta, the Group has committed a specified level of expenditure in the performance of its activities prior to the end of calendar year 2019 under a development plan agreed between the parties.

17. Financial liabilities on funding arrangements

The Group has entered into charitable funding arrangements with the Wellcome Trust and the US not for profit organisations, the Muscular Dystrophy Association ('MDA') and Duchenne Partners Fund Inc., ('DPF'). In exchange for the funding provided, these arrangements require the Company to pay royalties on potential future revenues generated from these projects and also give the counterparties certain rights over the intellectual property if the compound is not exploited. A recent IFRIC Interpretations Committee decision has clarified that such arrangements result in a financial liability. The estimate of each financial liability is initially recognised at fair value using a discounted cash flow model with the difference between the fair value of the liability and the cash received considered to represent a charitable grant.

When determining the fair value on initial recognition, the significant assumptions in the models include the estimation of the timing and the probability of successful development leading to commercialisation of the project related results and related estimates of future cash flows. Estimated future cash flows include expected sources of revenue (including commercial sales and upfront payments, milestone payments and royalties from potential licensing arrangements) and are calculated using estimated geographical market share and associated pricing.

The financial liabilities are subsequently measured at amortised cost using discounted cash flow models which calculate the risk adjusted net present values of estimated potential future cash flows for the respective projects related to the Wellcome Trust and MDA and DPF agreements. The financial liabilities are re-measured when there is a specific significant event that provides evidence of a significant change in the probability of successful development such as the completion of a phase of research or changes in use or market for a product. The models will be updated for changes in the clinical probability of success and other associated assumptions with the discount factor to remain unchanged within the model. Discount factors have been calculated using appropriate measures and rates which could have been obtained in the period that the funding agreements were entered into and are in the range of 16% to 18%.

The value of the estimated financial liabilities for funding arrangements as of 31 January 2017 amounted to £5.9 million (31 January 2016: £5.0 million). The increase in value of the estimated financial liabilities during the year ended 31 January 2017 amounted to £0.9 million (31 January 2016: £2.9 million) and was recognised as a finance cost. Since initial recognition the estimated financial liabilities were re-measured following significant successful events in the DMD and CDI clinical programmes. The financial liabilities were re-measured in the year ended 31 January 2016 following positive data in the DMD and CDI clinical programmes which increased the probabilities of success.

	31 January 2017 £000	31 January 2016 Adjusted £000
At 1 February	**5,034**	2,155
Unwinding of discount factor	**862**	268
Re-measurement of financial liabilities on funding arrangements	**-**	2,611
Total finance cost in Consolidated Statement of Comprehensive Income	**862**	2,879
Cash received from funding arrangements accounted for as financial liabilities	**23**	-
At 31 January	**5,919**	5,034

The table below describes the value of the liabilities as at 31 January 2017 of £5.9 million compared to what the total value would be following the presented variations to the underlying assumptions in both models:

	31 January 2017 £000
Estimated financial liabilities on funding arrangements	**5,919**
1% lower discount rate	**6,487**
1% higher discount rate	**5,414**
10% lower revenue assumptions	**5,336**
10% higher revenue assumptions	**6,455**
10% lower probability of success	**3,474**
10% higher probability of success	**8,328**

Summary of milestone payments and royalty provisions contained in the funding arrangements

Wellcome Trust

Under the terms of the revenue sharing agreement the Group would enter into with the Wellcome Trust to permit its exploitation of the exploitation intellectual property ('IP') or award products, the Wellcome Trust is entitled to a share of the cumulative net revenue that the Company or its affiliates receive from exploiting the exploitation IP or award products. The Wellcome Trust would be eligible to receive a tiered portion of the net revenue, ranging from a mid-single digit percentage up to a mid-twenties percentage. In addition, the Company would be obligated to pay the Wellcome Trust a milestone of a specified amount if cumulative net revenue exceeds a specified amount.

Notes to the Financial Statements continued

17. Financial liabilities on funding arrangements (continued)

Summary of milestone payments and royalty provisions contained in the funding arrangements (continued)

US Not for Profit Organisations

Muscular Dystrophy Association

The Group has agreed to pay the MDA a specified lump sum amount, less the previously paid MDA cash infusion milestone payment, following the regulatory approval of any project product for use in the United States or European Union in the treatment of DMD or Becker muscular dystrophy ('BMD') and an additional specified sum upon achievement of a commercial milestone. The Group would be obligated to pay MDA a low single digit percentage royalty of worldwide net sales by the Group, its affiliates or licensees of any project product.

Duchenne Partners Fund Inc.

The Group has agreed to pay DPF a specified lump sum amount, less the previously paid DPF cash infusion milestone payment, following the regulatory approval of any project product for use in the United States or European Union in the treatment of DMD or BMD and an additional specified sum upon achievement of a commercial milestone. The Group would be obligated to pay DPF a low single digit percentage royalty of worldwide net sales by the Group, its affiliates or licensees of any project product.

The total amount payable with respect to regulatory milestones under the two agreements with the US not for profit organisations would be $2.5 million if the Group meets all regulatory milestones.

18. Financial instruments

	Note	31 January 2017 £000	31 January 2016 £000
Loans and receivables			
Other receivables[1]	14	**342**	312
Cash and cash equivalents		**28,062**	16,304
		28,404	16,616
Financial liabilities measured at amortised cost			
Trade and other payables	15	**3,984**	3,206
Financial liabilities on funding arrangements	17	**5,919**	5,034
		9,903	8,240

(1) Prepayments have been excluded as they are not considered to be a financial instrument.

The Group's activities expose it to a variety of financial risks: foreign currency risk; interest rate risk; credit risk; and liquidity risk.

The Group's principal financial instrument comprises cash and cash equivalents, and this is used to finance the Group's operations. Other financial instruments include other receivables and trade and other payables that arise directly from its operations. The category of other receivables all mature within one year.

The Group has compared fair value to book value for each class of financial asset and liability: no difference was identified other than in respect of financial liabilities on funding arrangements. The Group has a policy, which has been consistently followed, of not trading in financial instruments.

The Group consider the financial liabilities on funding arrangements to be a level 3 financial instrument and the fair value at the balance sheet date was calculated to be £8.3 million. The key inputs to the model are described more fully within Note 2 'Critical accounting judgements and key sources of estimation uncertainty' and Note 17 'Financial liabilities on funding arrangements.'

18. Financial instruments (continued)

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's net income and financial position, as expressed in Pounds Sterling, are exposed to movements in foreign exchange rates against the US Dollar and the Euro. The main trading currencies of the Group are Pounds Sterling, the US Dollar and the Euro. The Group is exposed to foreign currency risk as a result of trading transactions, including the receipt of potential payments related to the Group's agreement with Sarepta, capital raises in the US and the translation of foreign bank accounts.

The exposure to foreign exchange is monitored by the Group's finance function. Exposures are generally managed through natural hedging *via* the currency denomination of cash balances and any realised impact currently is not material to the Group.

Cash at bank and in hand	**31 January 2017 £000**	31 January 2016 £000
Pounds Sterling	**8,969**	12,430
US Dollar	**19,093**	3,874
	28,062	16,304

Interest rate risk

One of the risks arising from the Group's financial instruments is interest rate risk. The Group holds no derivative instruments to manage interest rate risk; instead the Group placed deposits surplus to short-term working capital requirements with a variety of reputable UK-based and US-based banks and building societies. There were no amounts on short-term deposits at the year end. These balances are placed at fixed rates of deposit with maturities between one month and three months.

The Group's cash and short-term deposits were as follows:

	31 January 2017 £000	31 January 2016 £000
On current account	**28,062**	16,304
	28,062	16,304

The interest rates for dated deposits were dependent on the rates offered by the Group's borrowers. The interest rate for short-term deposits is variable dependent on the rates offered by the Group's banks. During the year to 31 January 2017, the banking facilities returned an average rate after fees of 0.04% (2016: 0.22%).

The Group's exposure to interest rate risk is illustrated with regard to the opening and closing cash balances and the difference that an increase or decrease of 1% in interest rates would have made based on the average cash balance of £22,183,000 (2016: £13,785,000) in the year:

Year ended 31 January 2017	**-1%**	**Actual**	**+1%**
Interest rate	**-**	**0.04**	**1.04**
Interest received (£000)	**-**	**8**	**230**

Year ended 31 January 2016	-1%	Actual	+1%
Interest rate	-	0.22	1.22
Interest received (£000)	-	30	168

Credit risk

The credit risk with respect to customers is limited and the Group had no trade receivables outstanding at 31 January 2017.

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of short-term cash investments and trade accounts receivable. Excess cash is invested in short-term money market instruments, including bank term deposits, money market and liquidity funds, and other debt securities provided by a variety of financial institutions with strong credit ratings; these investments typically bore minimal credit risk in the year.

Cash balances maintained during the year have been principally held with reputable UK-based and-US based banks and building societies. We do not believe that this constituted a major credit risk. As of 31 January 2017 and 31 January 2016, the majority of cash and cash equivalents were placed with HSBC Bank plc.

Notes to the Financial Statements continued

18. Financial instruments (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group ordinarily finances its activities through cash generated from operating activities and private and public offerings of equity securities. The Group anticipates that its operating cash flow together with available cash, cash equivalents and short-term investments will be sufficient to meet its anticipated needs. See Note 1 'Going concern.'

All of the financial liability categories at each balance sheet date, excluding the financial liabilities on funding arrangements, have maturity dates of less than twelve months from the balance sheet date. Provisions are amounts contingent upon events taking place and the recognition of deferred taxation is dependent upon future profits arising.

Capital management

The primary aim of the Group's capital management, defined as its share capital, is to safeguard the Group's ability to continue as a going concern, to support its programmes and maximise shareholder value.

The Group monitors its capital structure and makes adjustments, as and when it is deemed necessary and appropriate to do so, using such methods as the issuing of new shares. The capital structure of the Group has come entirely from equity issues.

19. Provisions for other liabilities and charges and contingent liabilities

Dilapidations	31 January 2017 £000	31 January 2016 £000
At 1 February	**73**	45
Additions	**12**	28
At 31 January	**85**	73

Management have made a provision in respect of the dilapidation costs associated with the reinstatement obligations on their current lease based on best estimates. It is management's intention to utilise the provision at the end of the lease term.

In addition to those items provided for above, the Group also has the following contingencies:

MuOx Limited

Under the option agreement that the Group and Oxford University Innovation Limited ('OUI'), formerly known as Isis Innovation Limited, entered into in November 2013, and as amended in November 2015, OUI granted to the Group an exclusive option to license the intellectual property ('IP') arising from the research carried out under the sponsored research agreement within specified periods. If the Group exercises its option to obtain a licence under arising IP, the Group would be obliged to pay OUI up to a specified sum in option exercise fees.

For any IP arising from the research carried out under the sponsored research agreement and for which the Group has exercised the option and that comprises new chemical entities or compounds, the Group would obtain an exclusive, sub licensable licence. The Group is obligated to pay milestone payments of up to £75,000 upon the achievement of specified development milestones, whether such milestones occur prior to or after the Group's exercise of the option to obtain an exclusive sub licensable licence. Following exercise of such an option the Group would also be obligated to pay milestone payments upon the achievement of specified regulatory milestones with respect to each optioned compound. The specified regulatory milestone payment is due each time the specified regulatory milestone is achieved with respect to an optioned compound and, if each optioned compound achieved each regulatory milestone, we would be obligated to pay Isis a total of £3.7 million in regulatory milestone payments for each optioned compound.

The Group would also be obligated to pay OUI a low single digit royalty of net sales by the Group, its affiliates or sub licensees of any product containing an optioned compound.

The School of Pharmacy, University of London

The Group has agreed to pay The School of Pharmacy, University of London, a low single-digit share of all revenue, pre and post commercialisation, received by the Group in respect of ridinilazole up to a maximum of £1.0 million in consideration of their role in the development of the initial compound series from which ridinilazole was later identified.

20. Deferred tax liability

A deferred tax liability was recognised upon acquisition of MuOx Limited which took place in the year ended 31 January 2014.

	31 January 2017 £000	31 January 2016 £000
Amounts falling due after more than one year		
At 1 February	**664**	664
Credited to the income statement	**(99)**	-
At 31 January	**565**	664

There is an unrecognised deferred tax asset in relation to the trading losses carried forward of £10,882,000 (2016: £9,579,000), £14,000 in relation to provisions (2016: £13,000) and £229,855 in relation to future exercisable shares (2016: £184,000). There is a deferred tax liability of £3,000 (2016: £10,000) in respect of accelerated capital allowances, this has been offset against the deferred tax asset in relation to trading losses carried forward.

The unrecognised deferred tax asset would be recovered against future Company taxable profits. In the opinion of the Directors, there is insufficient evidence that the asset will be recovered, as such the deferred tax asset has not been recognised in the financial statements.

21. Share capital

	31 January 2017 £000	31 January 2016 £000
Allotted, called up and fully paid		
61,841,566 (2016: 61,290,740) Ordinary Shares of 1p each	**618**	613
	618	613

On 14 April 2016, the number of Ordinary Shares increased to 61,467,785 following the exercise of warrants over 177,045 Ordinary Shares at an exercise price of 60 pence per share. The issue of shares raised net proceeds of £107,000.

During the year to 31 January 2017 the following exercise of share options took place:

Date	Number of options exercised
28 June 2016	16,667
6 October 2016	238,804
7 October 2016	77,500
14 October 2016	3,560
24 October 2016	11,000
19 January 2017	26,250
	373,781

The total net proceeds from exercised share options during the year was £0.28 million.

Following the exercise of the above share options, the number of Ordinary Shares in issue was 61,841,566.

Post the year end, on 22 February 2017, the number of Ordinary Shares increased to 61,891,566 following the exercise of warrants by Oxford University Innovation Limited, formerly known as Isis Innovation Limited, over 50,000 Ordinary Shares at an exercise price of 20 pence per share. The issue raised net proceeds of £10,000.

Notes to the Financial Statements continued

22. Share option scheme

At 31 January 2017 the outstanding share options, which include the share options granted to Directors, are shown below:

	Date of grant	Exercise price (£)	Number of shares	Date from which exercisable	Expiry date
Approved EMI scheme					
	21 November 2007	2.28	4,800	21 November 2008	21 November 2017
	7 April 2011	0.65	5,873	8 April 2014	7 April 2021
	10 May 2012	0.60	150,046	10 May 2014	10 May 2022
	24 December 2012	0.85	54,000	24 December 2015	24 December 2022
	31 January 2013	0.20	72,973	31 July 2013	31 January 2023
	15 July 2014	1.26	347,121	15 July 2016	15 July 2024
	21 January 2015	1.23	25,000	21 January 2017	21 January 2025
	23 June 2016	1.05	660,952	23 June 2017	23 June 2026
			1,320,765		
Unapproved scheme					
	21 November 2007	2.28	19,167	21 November 2008	21 November 2017
	7 April 2011	0.65	13,981	8 April 2014	8 April 2021
	10 May 2012	0.60	657,500	10 May 2012	10 May 2022
	18 December 2013	0.20	76,364	19 June 2013	19 June 2023
	23 June 2014	0.20	16,667	23 June 2015	23 June 2024
	23 June 2014	1.48	525,000	23 June 2015*	23 June 2024
	15 July 2014	1.26	975,000	15 July 2016	15 July 2024
	15 July 2014	0.80	100,000	30 May 2015	30 May 2023
	23 December 2014	1.37	25,000	23 December 2016	23 December 2024
	21 January 2015	1.23	75,000	21 January 2017	21 January 2025
	16 June 2015	1.43	2,402,333	16 June 2017	16 June 2025
	4 September 2015	1.49	120,000	4 September 2017	4 September 2025
	15 October 2015	1.31	50,000	15 October 2017	15 October 2025
	23 June 2016	0.01	110,576	21 July 2016	23 June 2026
	23 June 2016	1.05	250,000	23 June 2019	23 June 2026
	23 June 2016	1.05	646,048	23 June 2017	23 June 2026
			6,062,636		
			7,383,401		

* Subject to the achievement of performance conditions, these options will vest and become exercisable on completion of Phase 2 proof of concept clinical trials in both the DMD and CDI programmes or the third anniversary of grant, whichever is sooner.

The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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

	Weighted average exercise price (£)	Year ended 31 January 2017	Weighted average exercise price (£)	Year ended 31 January 2016
Outstanding at 1 February	**1.29**	**7,006,306**	1.18	5,250,838
Granted during the year	**0.98**	**1,667,576**	1.43	2,592,333
Lapsed/surrendered during the year	**1.90**	**(916,700)**	1.31	(501,322)
Exercised during the year	**0.76**	**(373,781)**	0.66	(335,543)
Number of outstanding options at 31 January	**1.17**	**7,383,401**	1.29	7,006,306

As at 31 January 2017, 1,972,654 share options were capable of being exercised with a weighted average exercise price per option of 84 pence (2016: 1,987,296 with a weighted average exercise price per option of 98 pence). The options outstanding at 31 January 2017 had a weighted average exercise price per option of 117 pence (2016: 129 pence), and a weighted average remaining contractual life of 8.9 years (2016: 8.2 years).

22. Share option scheme (continued)

The fair value per award granted and the assumptions used in the calculations are as follows:

Date of grant	Type of award	Number of shares	Exercise price (£)	Share price at grant date (£)	Fair value per option (£)	Award life (years)	Risk free rate
21 November 2007	EMI	4,800	2.28	2.28	0.84	3.00	4.60%
21 November 2007	Unapproved	19,167	2.28	2.28	0.84	3.00	4.60%
7 April 2011	EMI	5,873	0.65	0.65	0.47	5.00	2.70%
7 April 2011	Unapproved	13,981	0.65	0.65	0.47	5.00	2.70%
10 May 2012	EMI	150,046	0.60	0.52	0.24	5.00	1.00%
10 May 2012	Unapproved	657,500	0.60	0.52	0.20	5.00	1.00%
24 December 2012	EMI	54,000	0.85	0.85	0.59	5.00	0.90%
31 January 2013	EMI	72,973	0.20	0.94	0.74	5.00	1.00%
18 December 2013	Unapproved	76,364	0.20	1.85	1.65	5.00	1.00%
23 June 2014	Unapproved	16,667	0.20	1.50	0.92	3.00	1.30%
23 June 2014	Unapproved	525,000	1.48	1.50	0.92	3.80	1.30%
15 July 2014	EMI	347,121	1.26	1.26	0.65	3.00	1.30%
15 July 2014	Unapproved	975,000	1.26	1.26	0.65	3.00	1.30%
15 July 2014	Unapproved	100,000	0.80	0.81	0.65	1.90	0.50%
23 December 2014	Unapproved	25,000	1.37	1.37	0.70	3.00	0.80%
21 January 2015	EMI	25,000	1.23	1.22	0.64	3.00	0.60%
21 January 2015	Unapproved	75,000	1.23	1.22	0.64	3.00	0.60%
16 June 2015	Unapproved	2,402,333	1.43	1.44	0.65	3.00	0.91%
4 September 2015	Unapproved	120,000	1.49	1.48	0.68	3.00	0.88%
15 October 2015	Unapproved	50,000	1.31	1.36	0.57	3.00	0.70%
23 June 2016	EMI	660,952	1.05	1.05	0.25	3.00	0.30%
23 June 2016	Unapproved	110,576	0.01	1.05	1.04	0.50	0.30%
23 June 2016	Unapproved	250,000	1.05	1.05	0.24	3.00	0.30%
23 June 2016	Unapproved	646,048	1.05	1.05	0.25	3.00	0.30%
		7,383,401					

The key assumptions used in calculating the share-based payments are as follows:

a. Black-Scholes valuation methodology was used for the 2007 options and for the 2016 options.
b. The majority of share option awards made since 2011 are performance related, as described in the Directors' Remuneration Report, and have been modelled using the Monte-Carlo methodology. The options granted on 31 January 2013 and 18 December 2013 at an exercise price of 20 pence respectively, and 16,667 of the unapproved options granted on 23 June 2014 are not performance related.
c. Figures in the range of 18-134% have been used for expected volatility. This has been derived from historic share price performance, weighted to exclude periods of unusually high volatility.
d. Expected dividend yield is nil, consistent with the Directors' view that the Group's business model is to generate value through capital growth rather than the payment of dividends.
e. The risk free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.
f. Share options are assumed to be exercised immediately on vesting.
g. The fair value of the options awarded on 10 May 2012 is the average of the fair values calculated per possible vesting instalment.

23. Fixed assets purchase commitments

At 31 January 2017 the Group had no capital commitments (31 January 2016: nil).

Notes to the Financial Statements continued

24. Leasing and other commitments

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

	Land & Buildings	
Leases which expire	As at 31 January 2017 £000	As at 31 January 2016 £000
Not later than one year	**88**	97
Later than one year and not later than five years	**210**	194
	298	291

On 17 February 2017, post the year end, the Group signed a ten year lease for new UK office premises. The total commitment of the new lease over the initial period up until the break clause is £719,579. The current lease will end on or before 31 August 2017.

In addition to land and buildings, the Group enters into contracts in the normal course of business with contract research organisations to assist in the performance of research and development activities and other services and products for operating purposes. These contracts generally provide for termination on notice, and therefore are cancellable contracts and not reflected in the table above.

25. Related party transactions

During the year £nil was paid to Dr Frank M Armstrong Consulting Limited, a company controlled by Dr Frank Armstrong in respect of his fees as Non-Executive Director and Chairman (2016: £18,332). Of this amount £nil was outstanding at the year end (2016: £nil).

Dr Frank Armstrong is a member of the board of directors of Juniper Pharmaceuticals Inc. During the year £65,448 (2016: £21,551) was paid to Juniper Pharma Services Limited, a wholly owned subsidiary of Juniper Pharmaceuticals Inc, in respect of clinical manufacturing services. Of this amount £nil was outstanding at the year end (2016: £nil).

See Note 6 for details of key management emoluments.

Independent auditors' report to the members of Summit Therapeutics Plc

Report on the financial statements

Our opinion

In our opinion, Summit Therapeutics Plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 January 2017 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- Company Balance Sheet as at 31 January 2017;
- Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 53, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Sam Taylor (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
29 March 2017

Company Balance Sheet

Summit Therapeutics plc Individual Financial Statements (Company Number 5197494)

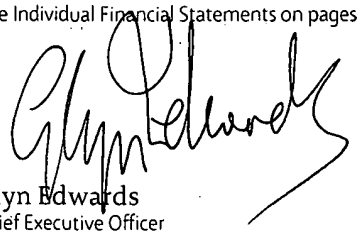
At 31 January 2017

	Note	31 January 2017 £000	31 January 2016 £000
Fixed assets			
Investments	3	**10,307**	8,928
Current assets			
Trade and other receivables	4	**53,741**	46,469
Cash and cash equivalents		**1,406**	11,793
		55,147	58,262
Total assets		**65,454**	67,190
Creditors: amounts falling due within one year	5	**(262)**	(269)
Total assets less current liabilities		**65,192**	66,921
Net assets		**65,192**	66,921
Capital and reserves			
Called up share capital	6	**618**	613
Share premium account		**46,420**	46,035
Share-based payment reserve		**5,136**	3,757
Special reserve		**19,993**	19,993
Profit and loss account		**(6,975)**	(3,477)
Total shareholders' funds		**65,192**	66,921

The Company's loss for the year was £3,498,000 (2015/16: £2,340,000).

The notes on pages 85 to 88 form part of these financial statements.

The Individual Financial Statements on pages 83 and 88 were approved by the Board of Directors and signed on its behalf by



Glyn Edwards
Chief Executive Officer

29 March 2017

Company Statement of Changes in Equity

Summit Therapeutics plc Individual Financial Statements (Company Number 5197494)

Year ended 31 January 2017

	Share capital £000	Share premium account £000	Share-based payment reserve £000	Special reserve £000	Profit and loss account £000	Total £000
At 1 February 2016	613	46,035	3,757	19,993	(3,477)	66,921
Loss for the year	–	–	–	–	(3,498)	(3,498)
Total comprehensive loss for the year	–	–	–	–	(3,498)	(3,498)
New share capital issued from exercise of warrants	2	105	–	–	–	107
Share options exercised	3	280	–	–	–	283
Share-based payment	–	–	1,379	–	–	1,379
At 31 January 2017	**618**	**46,420**	**5,136**	**19,993**	**(6,975)**	**65,192**

Year ended 31 January 2016

	Share capital £000	Share premium account £000	Share-based payment reserve £000	Special reserve £000	Profit and loss account £000	Total £000
At 1 February 2015	411	24,101	2,597	19,993	(1,137)	45,965
Loss for the year	–	–	–	–	(2,340)	(2,340)
Total comprehensive loss for the year	–	–	–	–	(2,340)	(2,340)
New share capital issued	198	25,903	–	–	–	26,101
Transaction costs on share capital issued	–	(4,187)	–	–	–	(4,187)
Share options exercised	4	218	–	–	–	222
Share-based payment	–	–	1,160	–	–	1,160
At 31 January 2016	**613**	**46,035**	**3,757**	**19,993**	**(3,477)**	**66,921**

The accompanying notes form an integral part of these Individual Financial Statements.

Information pertaining to the share options issued in the year are analysed in Note 22. The share-based payment reserve is borne on behalf of the underlying subsidiaries.

Notes to the Individual Financial Statements of Summit Therapeutics plc

1. Principal accounting policies

A summary of the principal accounting policies is set out below:

Basis of preparation

The Individual Financial Statements of the Parent Company, Summit Therapeutics plc have been prepared in accordance with FRS 100, 'Application of Financial Reporting Requirements,' and FRS 101, 'Reduced Disclosure Framework,' and the Companies Act 2006 applicable to companies reporting under UK GAAP. The principal accounting policies adopted in the preparation of the Summit Therapeutics plc Individual Financial Statements (Company Number 5197494) are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The Individual Financial Statements have been prepared on a historical cost basis.

The Individual Financial Statements are presented in Pounds Sterling (£) and have been presented in round thousands (£000).

Going concern

The financial information in these financial statements has been prepared on a going concern basis which assumes that the Company will continue in operation existence for the foreseeable future.

After review of the future operating costs of the business in conjunction with the cash held at 31 January 2017, management is confident about the Company's ability to continue as a going concern.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 101:

1. A statement of cash flows and related notes.
2. The requirement of IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of the Group as they are wholly owned within the Group.
3. Disclosure of key management personnel compensation.
4. Presentation of a comparative reconciliation of the number of Ordinary Shares outstanding at the beginning and at the end of the period.
5. The effect of future accounting standards not adopted.
6. Disclosures in relation to impairment of assets.
7. Disclosures in respect of financial instruments.

Investments

The Company holds 100% ownership of the subsidiaries detailed below in Note 7; these are held at cost. The carrying value of the subsidiaries is reviewed annually by management for any indicators of impairment.

Share-based payments

In accordance with IFRS 2, 'Share-based payment,' share options are measured at fair value at their grant date. The fair value for the majority of the options is calculated using the Black-Scholes formula and charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditional upon the Group achieving certain predetermined financial criteria) either a Monte-Carlo or Hull White trinomial lattice model has been used. At each year end date, the Group revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market-based conditions. A capital contribution is created over time as the Company bears the cost of issuing Summit Therapeutics plc share options to the employees of each subsidiary. See Note 22, 'Share option scheme' of the Group Consolidated Financial Statements for further information.

Critical accounting estimates and judgements

The preparation of the Individual Financial Statements requires the Company to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. There are not any critical accounting estimates or judgements to be disclosed in addition to the critical accounting estimates and judgements already disclosed in Note 2, 'Critical accounting judgements and key sources of estimation uncertainty' to the Consolidated Financial Statements.

Notes to the Individual Financial Statements of Summit Therapeutics plc continued

2. Profit of the Parent Company

Loss in the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present its own income statement for the year.

Directors' remuneration

The remuneration of the Directors' is disclosed in the Directors' Remuneration Report on pages 31 to 52.

Auditors' remuneration

Audit remuneration is disclosed in Note 8 of the Group Consolidated Financial Statements.

3. Investments

	Investment in subsidiaries £000	Capital contributions for share options recharge £000	Total £000
Cost			
At 1 February 2016	20,212	3,722	23,934
Reclassification	–	(17)	(17)
Additions	–	1,379	1,379
At 31 January 2017	**20,212**	**5,084**	**25,296**
Accumulated impairment			
At 1 February 2016	(14,981)	(25)	(15,006)
Reclassification	122	(105)	17
At 31 January 2017	**(14,859)**	**(130)**	**(14,989)**
Net book value			
At 1 February 2016	5,231	3,697	8,928
At 31 January 2017	**5,353**	**4,954**	**10,307**

The Directors believe that the carrying value of investments are supported by their underlying net assets.

The charge for the share-based payment was financed by the Company in the form of a capital contribution in the accounts of the underlying subsidiaries.

See Note 7 for a listing of the interests the Company had in subsidiaries at 31 January 2017.

4. Trade and other receivables

	31 January 2017 £000	31 January 2016 £000
Prepayments and other debtors	**94**	322
Amounts owed by Group undertakings	**53,647**	46,147
	53,741	46,469

Amounts owed to the Company by Group undertakings are unsecured, interest free and payable on demand.

5. Creditors: amounts falling due within one year

	31 January 2017 £000	31 January 2016 £000
Other creditors	**212**	120
Amounts owed to Group undertakings	**50**	149
	262	269

Amounts owed to Group undertakings are unsecured, interest free and payable on demand.

6. Called up share capital

	31 January 2017 £000	31 January 2016 £000
Allotted, called up and fully paid		
61,841,566 (2016: 61,290,740) Ordinary Shares of 1p each	**618**	613
	618	613

On 14 April 2016, the number of Ordinary Shares increased to 61,467,785 following the exercise of warrants over 177,045 Ordinary Shares at an exercise price of 60 pence per share. The issue of shares raised net proceeds of £107,000.

During the year to 31 January 2017 the following exercise of share options took place:

Date	Number of options exercised
28 June 2016	16,667
6 October 2016	238,804
7 October 2016	77,500
14 October 2016	3,560
24 October 2016	11,000
17 January 2017	26,250
	373,781

The total net proceeds from exercised share options during the year was £0.28 million.

Following the exercise of the above share options, the number of Ordinary Shares in issue was 61,841,566.

Post the year end, on 22 February 2017, the number of Ordinary Shares increased to 61,891,566 following the exercise of warrants by Oxford University Innovation Limited, formerly Isis Innovation Limited, over 50,000 Ordinary Shares at an exercise price of 20 pence per share. The issue raised net proceeds of £10,000.

Notes to the Individual Financial Statements of Summit Therapeutics plc continued

7. Subsidiaries

Company name	Country of incorporation	Address	Percentage shareholding	Description
Summit (Oxford) Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 Ordinary Shares
Summit (Wales) Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 Ordinary Shares
Summit (Cambridge) Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	109,599,000 Ordinary 1p shares
Summit Discovery 1 Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	1,000 £1 Ordinary Shares
Summit Corporation Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	1 £1 Ordinary Shares
Summit Corporation Employee Benefit Trust Company Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	1 £1 Ordinary Shares
MuOx Limited	England and Wales	136a Eastern Avenue, Milton Park, OX14 4SB	100%	20,000 £1 Ordinary Shares
Summit Therapeutics Inc	United States of America	One Broadway Cambridge MA 02142	100%	20,000 $1 Ordinary Shares

All subsidiary companies are directly held.

The principal activity of Summit (Oxford) Limited is proprietary drug discovery research and development.

Summit Discovery 1 Limited, Summit Corporation Employee Benefit Trust Company Limited, Summit Corporation Limited, Summit (Cambridge) Limited, Summit (Wales) Limited and MuOx Limited are dormant companies.

Summit Therapeutics Inc is incorporated in Delaware and operates from an office in Cambridge, Massachusetts. It is the Group's authorised representative in the United States. Differences arising from the translation of net assets and the results for the year are taken to other comprehensive income.

Company Information

Directors

Frank Armstrong, FRCPE, FFPM	Non-Executive Chairman
Glyn Edwards, MBE	Chief Executive Officer
Barry Price, PhD	Non-Executive Director
Professor S Davies	Non-Executive Director
Leopoldo Zambeletti	Non-Executive Director
Valerie Andrews	Non-Executive Director
David Wurzer	Non-Executive Director

Company Secretary
Melissa Strange, FCCA

Registered office
136a Eastern Avenue
Milton Park
Abingdon
Oxfordshire OX14 4SB UK

Registered number
05197494 England and Wales

Nominated advisers
Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London EC2V 6AX UK

Brokers
Nplus1 Singer
One Bartholomew Lane
London EC2N 2AX UK

Public Relations
Consilium Strategic Communications
41 Lothbury
London EC2R 7HG UK

MacDougall Biomedical Communications
888 Worcester Street, Suite 200
Wellesley MA 02482 US

Auditors
PricewaterhouseCoopers LLP
3 Forbury Place
23 Forbury Road
Reading
Berkshire RG1 3JH UK

Solicitors
Druces LLP
Salisbury House
London Wall
London EC2M 5PS UK

WilmerCutler Pickering Hale and Dorr LLP
7 World Trade Center
250 Greenwich Street
New York, NY 10007 US

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham BR3 4TU UK

Design & production
www.carrkamasa.co.uk

Summit Therapeutics plc

136a Eastern Avenue
Milton Park
Abingdon
Oxfordshire OX14 4SB
United Kingdom

Tel: +44 (0)1235 443939
Fax: +44 (0)1235 443999

www.summitplc.com