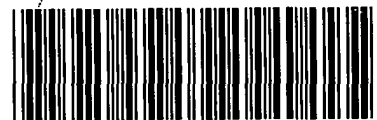


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Summit Corporation plc Annual Report and Accounts

2013/14

Advancing therapies for the treatment
of Duchenne Muscular Dystrophy and
C. difficile Infection

Summit is a drug discovery and development company focused on advancing innovative medicines to treat areas of high unmet medical need.

Our focus is on two therapy areas: the fatal genetic disease Duchenne Muscular Dystrophy ('DMD') and the infectious disease *Clostridium difficile* Infection ('CDI').

Based in Oxfordshire, UK, Summit has a clear strategy for generating value for shareholders.

Full details of our programmes can be found online at:

www.summitplc.com
@summitplc

Progress

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Highlights

Product Development

Duchenne Muscular Dystrophy ('DMD')

- ▶ Lead utrophin modulator SMT C1100 progressed into clinical trials in DMD patients
- ▶ Strategic Alliance formed with University of Oxford to strengthen and expand development of next generation utrophin modulators

C. difficile Infection ('CDI')

- ▶ FDA clearance of IND application for Phase 2 study of novel antibiotic SMT19969 in March 2014
- ▶ Phase 1 healthy volunteer trial successfully completed and reported encouraging data on future efficacy with SMT19969 highly sparing of normal gut flora bacteria

Corporate

- ▶ New funding secured from broad range of sources including equity fundraising with existing and new investors, government grant and charitable foundations

- ▶ Strengthening of clinical operations team

Financial

- ▶ Cash position at 31 January 2014: £2.0 million (31 January 2013: £3.4 million)
- ▶ £22.0 million fundraise completed in March 2014 (£20.7m net)
- ▶ Operational expenditure in-line with expectation, reflecting increased clinical development activities
- ▶ Loss for year ended 31 January 2014 of £6.1 million (31 January 2013: £4.2 million)

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Strategic Report

Business Model

Summit is focused on developing high-quality and differentiated therapies to treat Duchenne Muscular Dystrophy and *C. difficile* Infection.

Summit

Summit is focused on two independent programmes that seek to generate potential life-changing treatments for two serious diseases.

Summit is developing high-quality differentiated programmes that aim to provide the Company with the opportunity of maximising their therapeutic and commercial potential.

Duchenne Muscular Dystrophy

Duchenne Muscular Dystrophy is the most common and severest form of muscular dystrophy and affects approximately 250,000 patients globally. Summit's utrophin modulation programme is a potential disease modifying approach that could benefit all patients with DMD.

C. difficile Infection

Infections caused by the bacteria *Clostridium difficile* is an increasing healthcare threat in hospitals and the wider community. Summit is developing a novel antibiotic that has the potential to address initial infection and disease recurrence, the key clinical challenge in the treatment of this infectious disease.

Technical Milestones

Summit is adding value to its programmes by advancing them through important technical milestones that seek to establish their potential clinical benefit in patients.

Market Opportunity

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

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Key Performance Indicators

The Company's key performance indicators include a range of financial and non-financial measures.

Details about the progress of our drug programmes are included in the Chairman's Statement and Business Review, and below are the other indicators considered pertinent to the business.

- ▶ Total income comprises Revenue and Other operating income and further information is detailed in Note 4 and Note 7.
- ▶ The increase in net cash used in operations was predominately due to the higher investment made into research and development activities. This was due to undertaking human clinical trials in the DMD and CDI programmes.
- ▶ The higher research and development investment resulted in its percentage of recurring administrative expenses also increasing. Recurring administrative expenses are R&D, General and administration, Depreciation and amortisation, and Share-based payments.
- ▶ A number of patents were granted during the year and led to an increase in total patents granted.

Strategic Report

Chairman's Statement

Frank Armstrong
Non-Executive Chairman

Strategic Focus

In my first annual statement to shareholders, I am pleased to report that substantial progress has been made across all areas of the business.

Summit remains focused on the development of two independent clinical stage programmes to treat Duchenne Muscular Dystrophy ('DMD') and *C. difficile* Infection ('CDI') following the Board's strategic decision to concentrate on these two potentially high value assets. This strategy has enabled the Company to allocate its scientific and financial resources more efficiently and adapt to the needs of the respective programmes as they progress into patient clinical trials.

Effective treatments for DMD and CDI could have significant commercial value and the priority for Summit is to establish the clinical benefit that our two development programmes may have as potential life changing treatments for these serious diseases.

Programme Update

It has been a significant period with both of our drug programmes having now entered into patient clinical trials.

In December 2013 the first patient with DMD was enrolled and dosed in a Phase 1b clinical trial of our lead utrophin modulator SMT C1100. This is the first time a utrophin modulator has been administered to patients with DMD and represents an important step forward both for our programme and for the approach. This study is an important step towards starting a proof of concept efficacy trial that will seek to validate the potential of utrophin modulation as a new treatment paradigm for all patients with this fatal muscle wasting disease.

Of longer-term importance was the formation of a Strategic Alliance with the University of Oxford to collaborate on the development of next generation utrophin-based medicines. This alliance supplements our own internal research in novel utrophin approaches and ensures that Summit remains at the forefront of utrophin modulation as we seek to generate a deep pipeline with the potential to deliver longer-term value.

In March 2014 our Investigational New Drug application to initiate a Phase 2 proof of concept study of our selective antibiotic SMT19969 for the treatment of CDI received clearance from the US Food and Drug Administration. This trial will compare the efficacy of SMT19969 against the current standard of care and seek to demonstrate the potential of our novel antibiotic in both treating initial infection and to address the high rates of disease recurrence which is the key clinical issue.

Financial Overview

The Company has strengthened its financial position after receiving support from investors, charitable foundations and the UK Government.

The cash position at 31 January 2014 was £2.0 million (31 January 2013: £3.4 million) but this was significantly increased following completion of a £22.0 million financing before expenses in March 2014 through the issue of new shares. This share placement received support from existing investors and we were pleased to also attract interest from a number of specialist healthcare and institutional investors based in the US and Europe.

Our two programmes also continue to receive support from a number of organisations. The Wellcome Trust is providing substantial funding for our novel CDI antibiotic while the DMD programme is benefiting from a £2.4 million grant from the UK Government's Biomedical Catalyst scheme, along with support from the DMD community.

Consequently Summit is now in a stronger position to fund the increased expenditure associated with executing our clinical plans and progressing the development of both programmes.

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“It has been a significant period with both of our drug programmes having now progressed into patient clinical trials.”

Board Changes

The structure of the Board evolved to reflect some of the key developments at the Company. In June 2013, Dr Barry Price assumed a Non-Executive Director role following my appointment as Chairman while Professor Stephen Davies was re-appointed to the Board in November 2013 reflecting the strategic importance to Summit of the Oxford Alliance.

Outlook

Summit has now entered an exciting period in its development. Both programmes have begun patient clinical trials, the future results of which should provide a fuller understanding about the potential of these life-changing treatments for two serious diseases.

I would like to thank all of our staff for their continuing hard work and commitment. I also sincerely appreciate the continued support of our shareholders and look forward to updating you on our future progress.

Frank Armstrong, FRCPE, FFPM
Non-Executive Chairman

29 April 2014

Strategic Report

Business Review

Glyn Edwards
Chief Executive Officer

It has been a period of significant progress for the Company. Our two clinical stage programmes in development for the treatment of Duchenne Muscular Dystrophy ('DMD') and *C. difficile* Infection ('CDI') have advanced into patient clinical trials. The financial resources to support our clinical development plans were substantially enhanced after new funding was secured from a range of sources, while the clinical operations team supporting development of the programmes was also strengthened.

This progress provides Summit with a strong base from which to exploit the exciting potential of our two clinical programmes.

Product Development

Utrophin Modulators for the Treatment of Duchenne Muscular Dystrophy

Our DMD programme is developing oral, small molecule drugs called utrophin modulators. These drugs have the potential to maintain the production of the protein utrophin and this approach represents a potential treatment for all DMD patients that could slow down or even stop the progression of this devastating disease.

DMD is the most common and the most severe form of muscular dystrophy affecting approximately 250,000 boys and young men in the world. It is a progressive muscle wasting disorder that affects all muscles in the body leading to the loss of ambulation and failure of the respiratory and cardiovascular systems. There is currently no cure for this disease and the average life expectancy is in the late twenties.

DMD is caused by different genetic faults on the gene that encodes dystrophin, a protein that is essential in maintaining the healthy function of muscles. One third of all new cases will occur due to spontaneous mutations in boys with no familial history of the disease.

Utrophin protein is the functional equivalent to dystrophin and is produced by the body in developing muscle fibres, both during foetal and non-foetal development, and also as part of the process to repair a damaged muscle fibre. Scientific studies have shown that utrophin can compensate for the missing dystrophin to maintain normal muscle function.

Being able to modulate the production of utrophin using small molecule drugs therefore represents a new treatment paradigm for DMD, and is also expected to be complementary to other therapeutic approaches that are in development.

Summit is advancing a broad pipeline of utrophin modulators that comprise our lead candidate SMT C1100 and next generation modulators that are at an earlier stage of development.

In December 2013, the first DMD patient was enrolled and dosed in a Phase 1b clinical trial of SMT C1100. This represented a major milestone for the programme as it was the first time a utrophin modulator had been given to boys with DMD. The study is being conducted in four hospitals in the UK and it is primarily evaluating the safety and tolerability of SMT C1100.

The Phase 1b is an integral part of the clinical path towards starting a Phase 2 proof of concept trial with this on-going study also measuring blood plasma levels of SMT C1100 to help determine future dosing regimens. The subsequent Phase 2 trial will evaluate the efficacy of SMT C1100 as we aim to establish the potential of this drug, and utrophin modulation as a viable treatment approach for DMD.

A number of preparatory activities towards enabling the Phase 2 trial are also on-going. The manufacture of SMT C1100 has been transferred to an FDA approved facility that has the capacity to produce sufficient material for the Phase 2 trial, and any potential longer-term requirements. A number of improvements have been made to the process and supply chain which should help to ensure a robust process for the production of drug material.

Long-term safety studies on SMT C1100 are now underway. As it is anticipated that SMT C1100 will be a chronic treatment for DMD, it is important to gather this additional safety data that will enable Summit to undertake longer clinical trials in patients.

During 2013 a comprehensive biomarker programme was initiated. The development of new biomarkers will play an important role in better understanding the potential benefit our utrophin modulators have on the disease. These biomarkers will be related to the mechanism of utrophin modulation as well as examining other aspects of muscle health including inflammation and muscle fibre regeneration.

Raymond Spencer
Chief Financial Officer

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Clostridium difficile infection:
Novel Antibiotic Programme
SMT19969 is a novel, oral small molecule antibiotic that is in development specifically for the treatment of infections caused by the bacteria *Clostridium difficile*.
C. difficile infection is an infection of the colon and it leads to inflammation, severe diarrhoea and in the most serious of cases it can prove fatal.
The serious threat posed by CDI was highlighted in 2013 by the US Center for Disease Control and Prevention who listed this pathogen as one of three that "is an immediate public health threat that requires urgent and aggressive action." In addition, the US Government has introduced the GAIN Act that has a number of commercial incentives aimed at encouraging the development of new antibiotics for certain bacterial threats that include *C. difficile*.
We believe Summit and our novel antibiotic SMT19969 is well placed to capitalise on this renewed interest in this important area of medical research.

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We believe Summit and our novel antibiotic SMT19969 is well placed to capitalise on this renewed interest in this important area of medical research.

Summit is fully committed to the approach of development of SMT C1100. Summit is advancing next generation utrophin modulators to help ensure we maintain a strong pipeline for the future. SMT C1100 has the potential to become the first utrophin drug to reach market but our research team is identifying areas where enhancements could be made as we seek to identify a suitable follow-on candidate for progression into human clinical trials.

The next generation programme was expanded in November 2013 through the formation of a Strategic Alliance with the University of Oxford. Summit acquired exclusive commercial rights to a pipeline of novel, early-stage utrophin modulators and core biological screening technologies, along with an exclusive option to intellectual property ("IP") related to the utrophin field that is generated during the alliance. These assets, developed by the research teams led by Professors Kay Davies and Stephen Davies, were acquired through the issue of up to 42.5 million new Ordinary shares for the spin-out company MuOx Limited. This exciting development will help build our longer-term pipeline of next generation utrophin drugs.

The commercial opportunity for a successful DMD therapy is substantial and it is important that Summit secures IP protection on these assets. In August 2013 we were pleased to be granted a key composition of matter patent by the US Patent and Trademark Office for SMT C1100 that will protect its use in the treatment of DMD through until at least November 2028. This cornerstone patent has also been granted in a number of other territories including Japan, and forms part of the wider patent estate that is being established to protect SMT C1100 and the next generation programme.

This Phase 1 trial also measured the impact that SMT19969 had on the normal gut flora of the healthy volunteers. The key clinical issue in CDI is prevention of disease recurrence as approximately 30% of patients either fail to respond to the initial treatment or will have a second episode of the disease. This problem of recurrence is further exacerbated by the use of traditional broad spectrum antibiotics that are typically used to treat CDI. SMT19969 is a highly selective antibiotic that only targets *C. difficile* bacteria and has a minimal impact on other bacterial groups. In the Phase 1 trial, the results showed that SMT19969 was highly sparing of the normal gut flora of the volunteers with only the clostridia bacterial family being reduced to levels below detection. This top-level data demonstrated the specificity of SMT19969 and is highly encouraging for future efficacy clinical trials.

Strategic Report

Business Review cont.

Fundraising Combined Total

£26.6m

Total income

£1.8m

In March 2014, Summit announced clearance by the US Food and Drug Administration ('FDA') of its Investigation New Drug application ('IND') to initiate a Phase 2 proof of concept study for SMT19969. The Phase 2 study, named CoDIFY, is a double blind, randomised, active control trial that will evaluate the efficacy of SMT19969 against the antibiotic vancomycin, the current standard of care for CDI. It is being conducted in the US and Canada and will enrol 100 patients with CDI. Top-line data is expected to be reported from this trial during the first half of 2015.

Corporate

Broad Funding to Support Clinical Programmes

Summit's ability to progress our two clinical programmes has been significantly enhanced after receiving financial support from investors, the UK Government and charitable foundations.

The Company raised a combined total of £26.6 million before expenses from two fundraisings that were completed in July 2013 (£4.6 million) and March 2014 (£22.0 million) respectively. These raises involved existing shareholders and also attracted support from new specialist healthcare institutions based in Europe and the US. These funds have substantially strengthened our financial resources and will enable us to execute our clinical development plans over the next two years.

Our two clinical programmes are receiving financial support from a number of additional groups and foundations. The concept of utrophin modulation received a major endorsement in July 2013 when Summit was awarded a grant from the Biomedical Catalyst Fund worth up to £2.4 million. This funding programme was created by the UK Government to support opportunities that demonstrate the highest scientific and commercial potential irrespective of medical area. This award was made following a highly competitive and rigorous application process and is supporting the clinical trial programme through until completion of the Phase 2 study and also some of the supporting activities.

The DMD community also continues to play an important role in supporting the development of the utrophin programme. Our biomarker programme has received funding from the UK charity Joining Jack to support the on-going research programme at University College London, while the US charity, the Foundation to Eradicate Duchenne has directly funded the collaboration with Children's National Medical Center.

The development of the antibiotic SMT19969 continues to be financially supported through until completion of the on-going Phase 2 proof of concept by a £4.0 million Translational Award from the Wellcome Trust. The completion of the Phase 1 and subsequent submission of the IND application triggered two milestone payments and means we have now received £3.9 million of the award; the final payment is due upon completion of the Phase 2 study.

Operational

During the period, a number of key hires were made to strengthen the clinical operations team, while the development of both programmes is also benefiting from input from a range of world-leading scientific and clinical advisers. In February 2013 an Advisory Board was established that comprises leading scientists and clinicians in the DMD field. This board meets on a regular basis to review all aspects of the programme and is playing a key role in shaping our current and future development plans. Summit is also able to draw on the expert advice from a wide-range of clinicians and infectious disease key opinion leaders to support the development of the CDI antibiotic. Formal advisory meetings are held on a regular basis to review the progress and these sessions have helped towards SMT19969 entering Phase 2 clinical trials.

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“The Company’s financial position has been strengthened significantly through two issues of equity: £4.6 million in July 2013 and £22.0 million in March 2014.”

Financial Review

Cash and Operating Income and Expenditure

Cash at 31 January 2014 was £2.0m (31 January 2013: £3.4m) with net cash used in operating activities for the year ended 31 January 2014 of £5.9m (2012/2013: £3.2m). Combined revenues and other operating income for the year were £1.84m (2012/13: £1.89m). In detail, revenues were £1.37m (2012/13: £1.81m), arising from recognition of milestone payments from the Wellcome Trust supporting development of the CDI antibiotic. Other operating income of £0.47m (2012/13: £0.1m) related to recognition of grant receipts from the Biomedical Catalyst award and funding from DMD charities supporting biomarker studies and other development activities on our lead utrophin modulator for the treatment of DMD. The Biomedical Catalyst award is worth up to £2.4m and it is anticipated that further income will be recognised from this during the current financial year as SMT C1100 progresses through clinical development.

As set out above, the progression of the programmes into Phase 1 clinical trials and other activities related to the preparation for Phase 2 studies has led to an increase in expenditure on research and development to £6.6m (2012/13: £3.6m). This increase was in-line with expectations. General and administrative costs were £1.7m (2012/13: £1.6m).

Losses

Losses before interest, tax, depreciation and amortisation were £6.7m (2012/13: £4.5m). Net loss for the year was £6.1m (2012/13: £4.2m) and 1.49 pence per share (2012/13: 1.34 pence per share).

Share Issues

The Strategic Alliance with the University of Oxford, announced in November 2013, expanded Summit’s next generation utrophin modulator programme for the treatment of DMD. Exclusive commercial rights to a pipeline of novel, early stage utrophin modulators and core biological screening technology were secured through acquisition of the University of Oxford spin-out company MuOx Limited.

Summit issued 35,408,845 new Ordinary shares at 9.38 pence per share for the acquisition of MuOx Limited and warrants over an additional 7,081,771 new Ordinary shares were also issued to the University’s technology commercialisation company ISIS Innovation Limited. The warrants are exercisable at 1 penny per share subject to achievement of certain key pre-clinical and clinical milestones.

In July 2013 a placing of 92,269,391 new Ordinary shares at 5.0 pence per share with new and existing institutional investors in a placing and offer for subscription to raise an additional £4.6m (£4.4m net of costs). The exercise of warrants over 1,000,000 Ordinary shares at 5.0 pence per share in August 2013 raised net proceeds of £0.05m.

Post Period Events

The financial position has been significantly strengthened post the period under review. In March 2014 the issue of 338,461,540 new Ordinary shares at 6.5 pence per share through a Placing and Offer for Subscription to existing and new investors raised total proceeds of £22.0m (£20.7m net of costs). In the same month, Summit triggered receipt of a £1.9m milestone payment under the terms of the Wellcome Trust Translational Award following submission of the IND application to the FDA for our novel CDI antibiotic SMT19969. This milestone followed receipt in June 2013 of a £0.7m payment and means since the grant of the award in 2012, Summit has received £3.9m of the £4.0m.

Outlook

Summit has made significant progress and is in a stronger position from which to exploit the potential of our clinical stage DMD and CDI programmes. We look forward to an exciting period of development as our two programmes prepare to enter patient proof of concept clinical studies that seek to add value to these potential treatments for life-threatening conditions.

Glyn Edwards
Chief Executive Officer

Raymond Spencer, ACA
Chief Financial Officer

29 April 2014

Strategic Report

Principal Risks and Uncertainties

Risk	Description	Mitigation
Research & development	There is a risk that development of Summit's unapproved drug products will fail for a number of reasons. The results of preclinical studies and initial clinical trials may not be predictive of results in later stage clinical trials. Drug candidates may not show efficacy in human clinical trials or replicate results generated in preclinical studies. There may also be unexpected safety concerns or side effects that outweigh clinical benefit. The products may become uneconomical to develop. The success of Summit's research is reliant on maintaining collaborations with third party academic groups including the University of Oxford and contract research organisations.	Programmes are managed by an experienced team in all aspects of drug discovery and development, and this is supported by advisory boards comprising world-leading scientists and clinicians. The safety and efficacy of a drug is first established in preclinical studies before progressing into carefully designed safety and efficacy trials in humans. Additional nonclinical studies will be undertaken as required to support the longer-term clinical development plans. Collaborations with third party research groups are actively managed to promote success; this approach is exemplified by formation of a joint steering committee with the University of Oxford to review the Strategic Alliance.
Intellectual property ('IP')	Summit's success depends in part on its ability to obtain and maintain protection for its inventions and proprietary information and not infringe IP that belongs to third parties. Granted patents may not be valid or enforceable. The Group's IP may also become obsolete before the products and services can be fully commercialised or usurped by IP belonging to competitors. For discovery stage research including the Strategic Alliance with the University of Oxford, Summit will be reliant on unpatented knowhow and continuing technological innovation which are harder to protect.	Summit actively manages its IP portfolio using key technical experts to assist with the application and defence of any IP rights. The strategy aims to maximise the potential of the IP with the patent estate regularly reviewed while freedom to operate and other IP-related searches are also undertaken. Summit ensures it has robust confidentiality and publication clauses when working with external parties where new IP could be generated and, as part of the Strategic Alliance has the benefit of an exclusive licence period.
Regulatory	The development of new drugs is highly regulated with multiple agencies working to ensure that new drugs are safe and effective. It can be difficult to predict the exact requirements of regulatory bodies in different regions. Clinical or regulatory issues could significantly impact a drug development programme leading to delays that take time and investment to resolve. There is also the potential that it may not be financially or scientifically viable to resolve a clinical or regulatory issue.	Summit programme teams include experts in regulatory affairs and the Company has also developed good working relationships with specialist companies in the field. The Company also actively engages with regulatory authorities in different jurisdictions to seek advice about proposed clinical trial design and improve the likelihood of clinical trial applications receiving regulatory approval.

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Risk	Description	Mitigation
Commercial	The cost of conducting later stage trials to obtain marketing approval for a new drug under development by the Company may be prohibitive; the Company may not be able to attract sufficient finance or a partner to meet these costs. The product profile of such drugs may not be sufficiently differentiated or the data may not be sufficiently compelling to attract a partner. Alternative treatment approaches could be developed that undermine the Group's commercial position or the current market potential could also be eroded by other factors. A marketed drug could also fail to generate its forecast sales revenue.	Summit seeks to develop relationships with potential partners in order to improve the opportunity for entering into a commercial agreement and increasing the chances of long-term success. Summit also develops and maintains strong relationships with scientific and clinical experts in a programme therapy area. The market opportunity for each programme asset is regularly reviewed to ensure awareness of the commercial value proposition and of any potential competing programmes.
Financial	The Company is currently loss making and is dependent on securing financial investment to continue development of its drug programmes. This can come from a number of sources including the equity markets, not-for-profit finance or partnership agreements. Failure to generate appropriate levels of funding from one or a combination of these, or other sources, may lead to delays or even postponement in the development of drug programmes. The ability of Summit to continue to operate until sustainable revenues are generated will be dependent upon securing funding from the above sources.	Summit has secured substantial funding from the equity markets and not-for-profit organisations including charitable foundations and government bodies. This will enable the continued development of our core programmes and Summit is confident of being able to secure the additional funding for their future development from the above or other sources as necessary. Summit robustly manages the allocation and expenditure of cash resources and on-going funding needs are discussed regularly.
Operational	The Company's performance is dependent upon the continued services of Executive Directors and other key personnel. In addition, the Company needs to maintain appropriate facilities from which to conduct its operations.	Summit has successfully enhanced its clinical operational team during the period while retaining existing key personnel. The Company continually assesses the various methods used to incentivise staff. The Company ensures it has the necessary insurances in place and has a disaster recovery plan.

Duchenne Muscular Dystrophy ('DMD')

Duchenne Muscular Dystrophy ('DMD') is a fatal, genetic muscle wasting disease for which there is currently no cure. Summit's utrophin modulation programme is a potential disease-modifying approach that is expected to treat all DMD patients, regardless of the genetic fault causing their disease.

DMD is the most common and severest form of muscular dystrophy. It is caused by different genetic mutations affecting the dystrophin gene on the X-chromosome and means that DMD predominately affects males. The result is a patient's inability to produce dystrophin, a protein essential for maintaining healthy function of all muscles in the body including the heart and diaphragm. Over time their muscles deteriorate and turn into fat and scar tissue which makes it harder to move as the disease progresses. On average, patients will be confined to wheelchairs by their early teens and will in time require full-time care support. There is currently no cure for DMD with average life expectancy into the late twenties. Steroids known as glucocorticoids are the only medication currently available and these slow the decline in muscle strength and function in DMD which in turn reduces the risk of scoliosis (spine curvature) and stabilises pulmonary function.

There are approximately 250,000 DMD patients globally with the estimated disease incidence in 2013 reported to be 1 in 5,000 male births. Approximately two thirds of cases are due to inherited mutations with the remainder being the result of spontaneous mutations in patients with no familial history of the disease. The social and economic impact of DMD is substantial with the Muscular Dystrophy Association reporting that in the US, the total national cost of DMD is approximately \$787 million per year.

Due to the relatively low number of patients with DMD, the disease is classified as a rare or orphan disease. In the US and Europe there is legislation designed to assist and encourage companies in the development of effective treatments for these diseases. The benefits include a guaranteed period of market exclusivity, additional regulatory support and the potential for accelerated approval.

Utrophin Modulation

Utrophin is a naturally occurring protein that is structurally similar to dystrophin. It has the same functional role as dystrophin but is present in young, developing muscle fibres with dystrophin performing the same role in mature fibres. When a muscle fibre is damaged, utrophin will be produced during the initial stages of the repair process. The process that controls utrophin production is the same in DMD patients and healthy people.

Summit's utrophin modulation programme aims to maintain the production of this protein to substitute for the missing dystrophin to restore and maintain healthy muscle function in DMD patients. The most advanced drug is called SMT C1100 and is in clinical trials, while Summit is also developing in parallel next generation utrophin modulators.

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A devastating and fatal genetic disease that causes progressive muscle wasting for which there is currently no cure.

Fast facts

Patient population

In the world:

~250,000

Orphan drugs offer the potential for premium pricing

Genetic disorder

X-linked condition predominantly affecting males

1 in 3 cases

arising in patients with no family history

Fatal condition

No cure with average life expectancy into late twenties

DMD Symptoms & Causes

Duchenne Muscular Dystrophy ('DMD') is a genetic disease that results in progressive wasting of all muscles in the body. The first symptoms begin in early childhood and will typically lead to death by the late twenties due to the failure of the cardiac and respiratory systems.

DMD is diagnosed on average between the age of two and seven years old. The onset of the physical symptoms can be difficult to recognise but early indicators of disease include difficulty in walking or jumping, frequent falling over and generally becoming tired more easily as a result of the muscles becoming weaker. Initially it affects the voluntary muscles in the arms, legs and trunk. Boys will also often have enlarged calves due to the muscle cells being replaced by fat and scar tissue.

By around the age of 12 years old, most DMD boys will need to use a wheelchair on a regular basis. Significant loss of skeletal muscle strength takes place during the teens and while greater assistance is needed for activities involving arms, legs or trunk, most patients will retain use of their fingers allowing them to write or use computers. Symptoms of scoliosis (curvature of the spine) may also develop and is often treated through surgical intervention.

The improved management of the disease has increased life expectancy with young men on average living into their late twenties.

Utrophin modulation is a potential disease modifying treatment for all patients with DMD. It targets the underlying cause of the disease by maintaining production of utrophin protein to act as a substitute for the missing dystrophin. This approach has the potential to slow, or even stop the progression of the disease.

In the later stages of the disease, life threatening heart and respiratory conditions become more common. The function of the diaphragm muscle deteriorates and this leads to shortness of breath and build-up of fluid in the lungs with night-time and eventually 24 hour ventilation required. They will also develop cardiomyopathy (enlarged hearts). Young men will pass away due to these types of complications.

Currently there is no disease modifying treatment for DMD. Steroids are prescribed from a young age and have been shown to delay the progression of the disease although their long-term use is associated with severe side-effects. Other treatments to better manage the symptoms include regular physiotherapy, surgery, mechanical support such as wheelchairs and leg braces and dietary supplements.

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Cause of DMD

Each muscle is made up of bundles of thousands of muscle fibres (Figure 1). Dystrophin and the Dystrophin Associated Protein Complex ('DAPC') are located throughout the inside of the muscle membrane (sarcolemma) of each muscle fibre (Figure 2). Dystrophin works by anchoring to actin (a part of the fibres contractile apparatus) to the sarcolemma, which in turn is linked to the extracellular matrix (a 'glue' between fibres) via the DAPC (Figure 3). This link acts as a shock absorber that helps to maintain stability and elasticity of muscle fibres during contraction and relaxation. The absence of dystrophin means this linkage is lost and muscle fibres become damaged which initiates the continual destructive rounds of muscle degeneration and regeneration, and ultimately progressive muscle wasting.

Utrophin is naturally found in muscle and has a very similar structure and function to dystrophin. It therefore has the potential to substitute for the missing dystrophin to restore the protective connection between fibres and the extracellular matrix to maintain the healthy function of muscles.

Utrophin Modulation Programme

Summit's utrophin modulation programme is a potential disease modifying approach to treat all DMD patients regardless of the underlying dystrophin genetic fault. Our lead candidate is in patient clinical trials and the programme has been strengthened following formation of a Strategic Alliance with the University of Oxford.

Visit www.summitplc.com to view Professor Dame Kay Davies as she talks about her research into utrophin modulators.

"In adult muscle, utrophin is present in very low amounts, and we aim to increase the amount to levels which will help protect the muscle in these boys. If this approach really works as we hope, we could treat these boys very early on, increase their quality of life and length of life."

Summit's utrophin modulation programme is using small molecule, oral drugs to maintain the production of the protein utrophin. Utrophin is a naturally occurring protein that is functionally similar and performs the same structural role as dystrophin in muscle fibres. Utrophin protein is located along developing and repairing (regenerating) muscle fibre membranes. In mature muscle, dystrophin is now found along the fibre membrane with utrophin restricted to specialised regions where nerves and tendons attach to muscle fibres. If production of utrophin could be maintained resulting in utrophin located throughout the fibre membrane, it has the potential to compensate for the lack of dystrophin to restore and maintain the healthy function of muscles. A significant advantage of this utrophin modulation approach is that it will benefit all DMD patients, regardless of the specific genetic mutation in the dystrophin gene that is causing the underlying disease.

The concept of utrophin as a potential treatment for DMD was developed by Professor Dame Kay Davies FRS at the University of Oxford. The pioneering research of Professor Davies showed that through gene manipulation it was possible to prevent DMD in models of the disease by continually maintaining the expression of utrophin protein. This led to the discovery that it was possible to modulate the expression of utrophin using compounds and this led to the foundation of Summit's utrophin modulation programme.

Summit's most advanced utrophin modulator is SMT C1100. Evaluation in nonclinical efficacy studies shows SMT C1100 increases production of utrophin in muscles cells from DMD patients and had a clinical relevant impact on disease progression in dystrophin deficient *in vivo* models of the disease with a reduction in muscle fibrosis, inflammation and improving whole muscle function. Importantly an increase in utrophin was recorded in muscles including the heart and diaphragm.

A Phase 1 clinical trial in healthy volunteers successfully completed in 2012 and showed that SMT C1100 was safe and well tolerated at all doses tested. A Phase 1b safety trial in patients with DMD commenced in late 2013 and is the first time that a utrophin modulator drug has been administered to patients. This study forms part of the wider clinical development plans that aim to establish the viability of SMT C1100 and utrophin modulation as a treatment approach for DMD.

In parallel to the development of SMT C1100, Summit is also advancing next generation modulators with the aim of maintaining a strong development pipeline for the future. This research was expanded in 2013 through formation of a Strategic Alliance with the University of Oxford. The alliance will provide access to new utrophin modulators, core screening technologies and an exclusive option to intellectual property related to utrophin generated. These assets were developed by the research teams led by Professors Kay and Stephen Davies and will increase the longer-term pipeline of next generation utrophin modulator drugs.

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Utrophin modulation

- ▶ Modulates production of utrophin protein and is independent of underlying mutation in the dystrophin gene
- ▶ Targets 100% of DMD patients
- ▶ Potential to be complementary to dystrophin therapies in development

Exon Skipping

- ▶ A mutation specific approach that produces partially functional dystrophin protein
- ▶ Converts symptoms to less debilitating Becker Muscular Dystrophy
- ▶ *Skipping the 10 most applicable exons would treat ~41% of patients
- ▶ Most advanced drug in development skips exon 51 and would treat ~13% of patients

Nonsense Mutations

- ▶ A type of mutation that produces incomplete, non-functioning dystrophin protein
- ▶ Affects ~13% of all DMD patients
- ▶ Therapeutic approach aims to override the mutation to produce functional dystrophin

Fast facts

- ▶ Utrophin modulation is a potential disease modifying approach that could treat all DMD patients which is in contrast to other approaches that target only small sub-sets of patients.
- ▶ Summit's most advanced utrophin modulator is SMT C1100 and this has now entered clinical trials in patients with DMD.
- ▶ A Strategic Alliance was formed with the University of Oxford in 2013 that will expand research into development of next generation utrophin modulators to build a longer-term pipeline.

C. difficile Infection ('CDI')

Clostridium difficile Infection ('CDI') is a serious illness that is a significant healthcare threat in hospitals, long-term care homes and increasingly in the community.

Summit is developing SMT19969, a novel antibiotic that has the potential to treat initial CDI and reduce rates of recurrent disease.

CDI is an infection of the colon caused by the bacteria *Clostridium difficile*, which produces toxins that result in inflammation of the colon and severe diarrhoea, and may result in more serious disease symptoms including pseudomembranous colitis, bowel perforation and toxic megacolon. In up to 7% of cases, the infection can prove fatal.

Recent years have seen a significant increase in CDI and it is estimated that there are approximately 900,000 cases per year in North America and Europe. The rise in CDI has coincided with an increase in morbidity and mortality and which is primarily attributed to the emergence of hyper virulent strains such as BI/NAP1/027. These strains produce an additional toxin which may be associated with more severe disease.

The disease is traditionally viewed as a hospital acquired infection but recent epidemiology data indicates an increase in community acquired and community onset CDI. In addition there is also a rise in disease cases in population previously viewed as low risk including women in late-stage pregnancy, children and antibiotic naïve patients.

The healthcare risk from CDI was highlighted in 2013 by the US Center for Disease Control who labelled the hazard posed by *C. difficile* as 'Urgent', its highest threat level. The threat posed by CDI and other specific bacterial infections has also led to the recent introduction by the US Government of the GAIN Act which is intended to provide companies with greater commercial incentives to develop new antibiotics to counter these specific threats.

The financial burden of CDI is high with acute care direct costs estimated at \$4.8 billion annually in the US alone. With data focusing on hospital care, the total cost of CDI on the healthcare system is potentially being under-estimated.

The existing treatment options for CDI are limited and fail to address the risks from recurrent disease and the emerging hyper virulent strains. Summit is developing SMT19969 as a differentiated, novel antibiotic that is a potential treatment for initial CDI that could significantly reduce rates of recurrent disease.

A bacterial infection of the colon that causes inflammation, diarrhoea and in the most serious cases death.

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Fast facts

Number of cases per annum
(North America and Europe)

~900,000

Financial cost
Annual cost of care:

>\$4.8bn

In the US

Fatal disease
Mortality rate up to:

7%

In patients with CDI

SMT19969: A Novel Antibiotic for CDI

Summit is developing a novel small molecule antibiotic called SMT19969 for the treatment of *C. difficile* Infection ('CDI'). It has the ideal profile to become an effective treatment of this serious infectious disease.

CDI is a bacterial infection of the colon that causes severe diarrhoea and which can lead to severe, life threatening complications.

CDI typically develops following disruption to the natural gut flora, due to prior use of antibiotics, which can allow overgrowth of *C. difficile*. There is a significantly increased risk of developing CDI during antibiotic therapy for a different illness and in the three months after treatment has stopped.

The broad spectrum antibiotics used to treat CDI cause further disruption to the gut flora and are associated with increasing the risk of recurrent disease, the key clinical issue. It is estimated that up to 30% of patients experience at least one additional episode of CDI following initial treatment. Each episode of recurrent disease is associated with higher risks of further recurrent episodes, with each of these often being more severe and having an increased chance of mortality.

SMT19969 is a novel antibiotic that is differentiated to existing CDI treatments. It works via a new mechanism of action and has a targeted spectrum of activity. It combines potent activity against *C. difficile*, including hyper virulent strains, with a minimal antibiotic effect against bacteria that comprise the healthy gut flora. In nonclinical efficacy studies, SMT19969 was able to treat initial infection and prevent recurrent disease.

In 2013 SMT19969 successfully completed a Phase 1 clinical trial in healthy volunteers with the results showing it to be safe and well tolerated at all doses tested, including the expected therapeutic dose. It was also confined to the gastrointestinal tract, the site of infection. SMT19969 is now progressing into a proof of concept Phase 2 clinical trial with data expected to be reported during the first half of 2015.

The development of SMT19969 is being supported by a prestigious Translational Research Award from the Wellcome Trust.

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Development

CDI typically develops following disruption to natural gut flora by use of broad spectrum antibiotics.

Recurrent disease

1 in 3 patients get recurrent disease.

Oral antibiotic

Summit is developing SMT19969, a selective oral antibiotic to treat initial infection and prevent recurrent disease.

Importance of Gut Flora in *C. difficile* Infection

The protective role of the gut flora in preventing proliferation of *C. difficile* is well known. Use of antibiotics causes significant disruption to the natural balance of the gut flora and increases the risk of CDI. Once the antibiotic treatment ends, the gut flora will begin to recover and re-establish the natural protection against CDI.

When CDI occurs, the antibiotics used to treat the disease cause further disruption to the gut flora and pre-dispose patients to recurrent episodes of the disease.

SMT19969 is a novel antibiotic for the treatment of CDI. In a Phase 1 clinical trial in healthy volunteers, SMT19969 was safe and well tolerated at all doses tested. In addition SMT19969 was shown to be highly sparing of the major bacterial families resident in the gut. The one exception was total clostridia, the bacterial family that *C. difficile* belongs to, with this being reduced below levels of detection mid-way through dosing. These data support SMT19969 as a highly selective CDI antibiotic and is encouraging for future patient efficacy trials.

Board of Directors

Frank Armstrong, FRCPE, FFPM
Non-Executive Chairman

Dr Armstrong (57) was appointed a Non-Executive Director of Summit in November 2012 and was appointed Non-Executive Chairman in 2013. Dr Armstrong has held Chief Executive roles with five biotechnology companies (public and private) one of which was Fulcrum Pharma, an AIM-listed Professional Services Company that was sold to Private Equity Investors in 2009. More recently, Dr Armstrong led Medical Research and Innovation ('MSI') at Merck Serono and previously was Head of Worldwide Product Development at Bayer and Senior Vice President of Medical Research and Communications Group at Zeneca. Dr. Armstrong is currently the Chairman of Xceleron and Cardiorientis, and is a Non-Executive Director of Actino Pharma, Columbia Laboratorios Inc. and Entelos. Dr Armstrong is a Member of the Scientific Advisory Board of Healthcare Royalty Partners and adviser to Phase 4 Partners. Dr Armstrong is a Fellow of the Royal College of Physicians.

Glyn Edwards, MBE
Chief Executive Officer

Mr Edwards (58) was appointed to the Board of Directors as Chief Executive Officer in April 2012. Mr Edwards has a wealth of experience garnered from a thirty-year career in the life sciences industry, during which time he has held a number of senior executive and business development roles. Prior to joining Summit, he was interim Chief Executive Officer of the UK trade body the BioIndustry Association ('BIA') and Chief Executive Officer at Antisoma plc for 13 years, and Vice President of Business Development at Therapeutic Antibodies Ltd. Mr Edwards holds a BSc in Biochemistry from Bristol University and an MSc in Economics from the London Business School.

Barry Price, PhD
Non-Executive Director

Dr Price (70) has a wealth of industry and board-level expertise in the pharmaceutical and life sciences industry. He spent 28 years with the Glaxo Group of companies and held several executive positions including Managing Director of Glaxochem Ltd. Dr Price was a Non-Executive Director of Shire plc and during his 13 years with the company, he was involved in Shire developing into one of the UK's largest and most successful life science companies. Dr Price was appointed Non-Executive Chairman of Summit in 2006 and became a Non-Executive Director in 2013. He has previously held directorships at Chiroscience plc, Celltech Group plc, Pharmagene plc, Antisoma plc and BioWisdom Ltd.

Jim Mellon
Non-Executive Director

Mr Mellon (57) is a renowned investor and entrepreneur with interests in several industries including the biopharmaceutical industry. He is the Non-Executive Chairman of the UK biotechnology company, Plethora Solutions plc and a Non-Executive Director of the biopharmaceutical investment company, Port Erin BioPharma plc. He began his career in the United States and Hong Kong with GT Management and later Thornton Management (Asia) Ltd. Mr Mellon co-founded Regent Pacific Group Ltd and Charlemagne Capital Limited. He is currently Chairman of Manx Financial Group plc and Speymill plc, Co-Chairman of Regent Pacific Group Ltd and West Africa Minerals Corporation, Non-Executive Director of Charlemagne Capital Ltd, Condor Resources plc, Polo Resources Ltd. He is also Chairman of Burnbrae Group Ltd and various other investment companies. Mr Mellon, a graduate of the University of Oxford, was appointed to the Board of Directors in November 2012.

Professor Stephen Davies
Non-Executive Director

Professor Davies (64) is a distinguished academic who has been professor at the University of Oxford for over 20 years and was elected to the Waynflete Chair of Chemistry in 2006, one of the most prestigious academic posts in UK science. His areas of expertise include medicinal and asymmetric chemistry and he has received numerous awards for his contribution to chemistry. A serial entrepreneur, Professor Davies is a co-founder of Summit and also founded a number of other spin-out companies. These included Oxford Asymmetry and Oxford Diversity which would later combine for the IPO of Oxford Asymmetry International. This subsequently merged with Evotec for £316 million. Professor Davies has held a number of board positions and he currently holds directorships with OxStem Ltd, Isis Innovation Ltd and Sci-Ink Ltd.

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Directors' Report

For the year ended 31 January 2014

The Directors present their report and the audited financial statements for Summit Corporation plc ('Summit') and its subsidiaries (the 'Group') for the year ended 31 January 2014.

Principal activities

The principal activity of Summit and the Group is the discovery and development of novel drug candidates to treat areas of high unmet medical need.

Business review

A detailed review of the business, its results and future direction is included in the Chairman's Statement and Business Review.

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
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Non-Executive

Frank Armstrong, FRCPE, FFPM	Chairman (appointed on 4 June 2013, previously Non-Executive Director)
Barry Price, PhD	Non-Executive Director (stepped down from Chairman role on 4 June 2013)
Professor Stephen Davies	Non-Executive Director (resigned 28 February 2013 and re-appointed 22 November 2013)
Jim Mellon	Non-Executive Director

Details of the Directors' interests, share options and service contracts are shown in the Directors' Remuneration Report (pages 27 to 29).

The Company maintained directors' and officers' liability insurance cover throughout the period.

Biographical details of the Directors are available on page 22.

Principal risks and uncertainties

For a discussion of the principal risks and uncertainties which face Summit please see pages 10 and 11.

Results and dividends

The Consolidated Statement of Comprehensive Income for the year is set out on page 33. The Group's loss for the financial year after taxation was £6,093,000 (2012/13: £4,225,000).

The Directors do not recommend the payment of a dividend (2012/13:nil).

Financial information

The Group produces detailed budgets and cash flow projections on an annual basis for approval by the Board. These are updated during the year 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.

Financial Key Performance Indicators ('KPIs')

For a review of the Group's KPIs please see page 03.

Research and development

Details of the Group's key research and development programmes can be found in the Chairman's Statement, Business Review and the detailed programme sections. Further information is also available on the Company website, www.summitplc.com.

Post Balance Sheet Events

A General Meeting of shareholders held on 28 February 2014, approved the placing of 338,461,540 new Ordinary 1p shares at an issue price of 6.5p per share. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £20,700,000. Following the placing the number of Ordinary shares in issue was 821,228,226.

Directors' Report

For the year ended 31 January 2014

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 places deposits surplus to short-term working capital requirements with a range of reputable UK-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 15 'Financial instruments' in the Notes to the Financial Statements for IFRS 7 disclosure regarding financial instruments.

Substantial shareholdings

On 17 April 2014 the Company had been notified of the following holdings of more than 3% or more of the issued share capital of the Company.

	Holding	%
Lansdowne Partners	221,543,405	26.98
Robert Keith	66,782,330	8.13
Galloway Limited†	48,846,155	5.95
Polar Capital Global Healthcare Growth and Income Trust Plc	24,661,334	3.00

†Galloway Limited is a company wholly owned by a trust of which Mr Jim Mellon, Non-Executive Director of Summit, is a life tenant.

Annual General Meeting

Accompanying this report is the Notice of the Annual General Meeting ('AGM') together with the notes on the proposed resolutions. The meeting will be held at 10:00 am on 3 July 2014 at the Milton Park Innovation Centre, 99 Park Drive, Milton Park, Abingdon, Oxfordshire, UK, OX14 4RY.

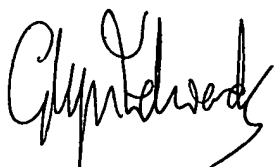
Auditors

During the year BDO LLP resigned as auditors to the Company, and the Directors have appointed PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP have expressed their willingness to be appointed in office as auditors for the year. A resolution to reappoint them will be proposed at the forthcoming AGM.

In the case of each Director in office at the date the Directors' report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



Glyn Edwards
Chief Executive Officer

29 April 2014

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Corporate Governance Report

For the year ended 31 January 2014

Over the past year there have been a number of developments in reporting regulations, including the recently issued 2012 UK Corporate Governance Code ('the Code'). The Group is subject to the continuing requirements of AIM Rules and is committed to adhering to corporate governance standards appropriate for a group of Summit's size. As an AIM-quoted company, none of these developments are mandatory for the Group and the Group is not required to comply with the disclosure requirements of the Code. As such, this section provides general information on the Group's adoption of corporate governance but does not constitute full compliance with the Code.

The Board

At 31 January 2014, the Board comprised four Non-Executive Directors, and one Executive Director.

During the period the following Board changes took place: On 4 June 2013 Dr Frank Armstrong took over the role of Non-Executive Chairman from Dr Barry Price who then assumed the role of Non-Executive Director. Professor Stephen Davies re-joined the Board on 22 November 2013 as Non-Executive Director after stepping down on 28 February 2013.

Directors' biographies are on page 22.

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. The Board has also convened by telephone conference during the period to review the strategy and activities of the business. 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 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 through his management of the executive committee.

The Board is satisfied that the presence of Dr Armstrong, who is considered by the Board to be an independent Director, provides sufficient independent influence to ensure that the Board is balanced and that good corporate governance practice is maintained. The Board considers that all the Non-Executive Directors are of sufficient competence and calibre to add strength and objectivity to the Board as well as bringing 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 the Board has adopted a policy that all Non-Executive Directors will seek annual re-election by shareholders. Executive Directors will continue to seek re-election at least once every three years.

Performance Evaluation

The Board has a process for evaluation of its own performance, that of its committee and individual Directors, including the Chairman. These evaluations are carried out at least annually.

Board Committees

The Board has assumed direct responsibility for carrying out the functions previously delegated to the Audit Committee and Remuneration Committee and specific meetings are held to discuss relevant items that would have been discussed by the Committees.

Audit Committee

Dr Armstrong assumes the notional role of Chair of the Audit Committee when the following items are discussed at Board meetings:

- 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.
- 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.

Remuneration Committee

The following duties of the Remuneration Committee are undertaken by the full Board:

- 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; performance conditions which are to apply.
- Determining bonuses payable under the Group's cash bonus scheme.
- Determining the vesting of awards under the Group's long-term incentive plans and exercise of share option.

The Directors' Remuneration Report is presented on pages 27 to 29.

Corporate Governance Report

For the year ended 31 January 2014

Attendance at Board meeting and committees

The Directors attended the following bi-monthly Board meetings during the year:

Attendance	Board
Frank Armstrong	6/6
Glyn Edwards	6/6
Barry Price	6/6
Jim Mellon	5/6
Stephen Davies	2/2

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.

The Group does not consider it necessary to have an internal audit function due to the small size of the administrative function. Instead there is a detailed monthly review and authorisation of transactions by the Chief Financial Officer.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, compared with the budget, are reported to the Board on a bi-monthly basis and discussed in detail.

The Group maintains appropriate insurance cover in respect of actions taken against the Executive 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 a periodic 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.

Employment

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. Our website, www.summitplc.com, has a section dedicated to investor matters and provides useful information for the Company's owners.

The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, while the 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 sent to shareholders and Interim Results statements notified via Regulatory Information Service announcements. All financial reports and statements are available on the Company's website.

Shareholders are welcome to attend the Group's Annual General Meeting ('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.

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Directors' Remuneration Report

For the year ended 31 January 2014

This report sets out the remuneration policy operated by Summit in respect of the Executive and Non-Executive Directors. The functions and responsibilities of the Remuneration Committee are discharged by the Board. No Director is involved in discussions relating to their own remuneration.

Unaudited Information

Remuneration policy for Executive Directors

The Board sets the remuneration policy that aims to align Executive Director remuneration with shareholders' interests and attract and retain the best talent for the benefit of the Group.

The remuneration of the Executive Director during the year 2013/14 is set out below:

Basic salary

Basic salaries are reviewed annually and revised salaries take effect from the start of the financial year. The review process is managed by the Board with reference to market salary data, and the Executive's performance and contribution to the Company during the year.

Bonuses

Annual bonuses are based on achievement of stretching Company strategic and financial targets and personal performance objectives.

The Non-Executive Directors believe that bonuses are an incentive to achieve the targets and objectives, and represent an important element of the total compensation awards to the Executive Director; they have established that the annual bonus potential will be 100% for the Executive Director. On 18 December 2013 the Chief Executive Officer was awarded a bonus representing 70% of his gross basic salary and in order to further align the interests of the Executive Director with those of shareholders and to preserve cash resources within the Company, it was agreed to award the bonus by way of share options that could be exercised immediately on or after 18 June 2014. These options have an exercise price of 1p per share. The total number of shares included in this option award was 1,527,273.

The cost of these awards will be recognised as share-based payments over the vesting period to 18 June 2014 under IFRS 2.

Longer term incentives

In order to further incentivise the Executive Director and employees, and align their interests with shareholders, the Company granted new options during the year under the existing Company Share Option Plan. The options, which, in majority, fall under the HMRC approved Enterprise Management Incentive Scheme, vest subject to the completion of Phase 2 proof of concept trials in both the DMD and CDI programmes or the third anniversary of grant, whichever is sooner and the average closing share price being greater than a fifty percent improvement in the share price at date of grant (9.25p) in any period of 30 consecutive calendar days ending on or before the third anniversary. The Company intends to grant additional options subject to a cap, as previously agreed with shareholders, of up to 15% of total issued share capital in any ten year period.

Pension

The Group operates a defined contribution pension scheme which is available to all employees. The Chairman received no contribution towards his pension fund. The assets of the scheme are held separately from those of the Company in independently administered funds.

Other benefits

Other benefits provided are life assurance and private medical insurance.

The Company does not offer a company car allowance for any member of staff.

Executive Directors' service contracts and termination provisions

The service contracts of Executive Directors are approved by the Board and are one-year rolling contracts. The service contract may be terminated by either party giving six months' notice to the other. It is also the Company's policy that contractual termination payments should not exceed the Director's current salary, benefits and bonus entitlements for the notice period. The details of the Directors' contracts are summarised below:

	Date of contract	Notice period
Glyn Edwards	4 April 2012	6 months

Non-Executive Directors' service contracts and remuneration

The remuneration of the Non-Executive Directors is determined by the Board, with regard to market comparatives, and independent advice is sought to ensure parity is maintained with similar businesses.

The Non-Executive Directors do not receive any pension, bonus or share option benefits from the Company. The contracts of the Non-Executive Directors are reviewed by the Board annually. Current contracts are summarised below:

	Date of contract
Barry Price	6 June 2013
Frank Armstrong	6 June 2013
Jim Mellon	21 November 2012
Stephen Davies	19 December 2013

Non-Executive Directors have contracts that have a term of three years, but can be terminated without notice by either party.

Directors' Remuneration Report

For the year ended 31 January 2014

Audited Information Directors' remuneration

The Directors received the following remuneration during the year:

	Salaries and fees £	Taxable benefits £	Emoluments 2013/14 £	Pension contributions £	Total 2013/14 £	Emoluments 2012/13 £	Pension contributions £	Total 2012/13 £
Executive								
Glyn Edwards ⁽¹⁾	180,000	817	180,817	9,000	189,817	127,500	6,375	133,875
Richard Storer ⁽²⁾	-	-	-	-	-	107,159	70,883	178,042
Barry Price ⁽³⁾	-	-	-	-	-	17,500	-	17,500
Non-Executive								
Barry Price ⁽³⁾	27,083	-	27,083	-	27,083	22,500	-	22,500
Jim Mellon ⁽⁴⁾	22,917	-	22,917	-	22,917	2,282	-	2,282
Frank Armstrong ⁽⁵⁾	8,333	-	8,333	-	8,333	-	-	-
Stephen Davies ⁽⁶⁾	6,354	-	6,354	-	6,354	20,000	-	20,000
George Elliott ⁽⁷⁾	-	-	-	-	-	20,000	-	20,000
Andrew Richards ⁽⁷⁾	-	-	-	-	-	20,000	-	20,000
	244,687	817	245,504	9,000	254,504	336,941	77,258	414,199

⁽¹⁾ Joined the Board on 4 April 2012.

⁽²⁾ Resigned from the Board on 21 November 2012 and retired from the Company on 28 February 2013. Dr Storer received termination payments totalling £66,970.

⁽³⁾ Returned to his former role as Non-Executive Chairman on 4 April 2012 and then moved to role as Non-Executive Director on 4 June 2013.

⁽⁴⁾ Joined the Board on 21 November 2012.

⁽⁵⁾ Joined the Board on 21 November 2012, appointed as Non-Executive Chairman on 4 June 2013 and is also being compensated through his consulting company, see Note 22 for details.

⁽⁶⁾ Resigned from the Board on 28 February 2013 and re-appointed on 22 November 2013.

⁽⁷⁾ Resigned from the Board on 21 November 2012.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of these options are as follows:

Director	Date of grant	At 1 February 2013	Granted during the period	Cancelled during the period	At 31 January 2014	Price per share (p)	Date from which exercisable	Expiry date
Glyn Edwards	10-May-12	4,550,000	-	-	4,550,000	3.0	Note (i)	10-May-22
	10-May-12	13,150,000	-	-	13,150,000	3.0	Note (ii)	10-May-22
	31-Jan-13	1,459,459	-	-	1,459,459	1.0	Note (iii)	31-Jan-23
	18-Dec-13	-	6,000,000	-	6,000,000	9.3	Note (iv)	18-Dec-23
	18-Dec-13	-	1,527,273	-	1,527,273	1.0	Note (v)	18-Dec-23
		19,159,459	7,527,273	-	26,686,732			
Barry Price	07-Apr-11	500,000	-	-	500,000	3.3	(Note vi)	07-Apr-21
	18-Dec-13	-	500,000	-	500,000	9.3	Note (iv)	18-Dec-23
		500,000	500,000	-	1,000,000			
Frank Armstrong	18-Dec-13	-	1,500,000	-	1,500,000	9.3	Note (iv)	18-Dec-23
		-	1,500,000	-	1,500,000			
Jim Mellon	18-Dec-13	-	500,000	-	500,000	9.3	Note (iv)	18-Dec-23
		-	500,000	-	500,000			
Stephen Davies	18-Dec-13	-	500,000	-	500,000	9.3	Note (iv)	18-Dec-23
		-	500,000	-	500,000			

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Directors' share options (continued)**Notes**

- (i) Full vesting will occur where the average closing share price is equal to or greater than 11p for the two months preceding the third anniversary of the grant, 25% where the share price is 7p and pro-rated where the share price is between 7p and 11p. The options will lapse if the performance condition is not met by the third anniversary of the grant.
- (ii) The options are split into four tranches with varying performance conditions attached and will only vest if the average closing share price is equal or greater than the specified condition in any period of 60 consecutive calendar days, ending on or before the fifth anniversary of the grant. Details of the tranches are as follows, 4,150,000 with a performance condition of 20p, 4,000,000 with a performance condition of 30p, 3,000,000 with a performance condition of 40p and 2,000,000 with a performance condition of 50p. The options will lapse if the performance condition is not met by the fifth anniversary of the grant.
- (iii) These options were awarded under the Company bonus incentive. They will vest and may be exercised on or after 31 July 2013.
- (iv) These options will vest in full subject to completion of Phase 2 proof of concept trials in both the DMD and CDI programmes or the third anniversary of grant, whichever is sooner and the average closing share price being equal or greater than 13.875p in any period of 30 consecutive calendar days ending on or before the third anniversary.
- (v) These options were awarded under the Company bonus incentive. They will vest and may be exercised on or after 18 June 2014.
- (vi) These options will vest and may be exercised on or after 8 April 2014 subject to the meeting of performance conditions in relation to the Company's share price. In order to vest in full the Company's average share price will have to exceed 15p over the two months ending 7 April 2014. If the performance conditions are not satisfied in full, or in part, the options shall lapse in respect of those Option shares that do not vest.

Directors' shareholdings

The Directors who served during the period, together with their beneficial interests in the shares of the Company, are as follows:

Director	Ordinary shares at 31 January 2014	Ordinary shares at 31 January 2013
Executive		
Glyn Edwards	4,066,667	3,466,667
Non-Executive		
Frank Armstrong	50,000	-
Barry Price	1,514,615	1,014,615
Stephen Davies	11,699,633	8,158,748
Jim Mellon ⁽¹⁾	45,000,001	25,000,001
	62,330,916	37,640,031

⁽¹⁾ Shares are held by Galloway Limited of which Jim Mellon is a life tenant.

The market price of the Company's shares at 31 January 2014 was 10.75p per share. During the year from 1 February 2013, the closing market price of the Company's shares has ranged from 3.88p to 19.5p.

On behalf of the Board

Frank Armstrong, FRCPE, FFPM
Non-Executive Chairman

29 April 2014

Statement of Directors' Responsibilities

For the year ended 31 January 2014

Directors' responsibilities

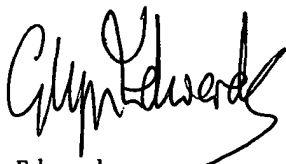
The Directors are responsible for preparing the annual report and the Group and Parent financial statements in accordance with applicable law and regulations.

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 adopted by the European Union, and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the group and parent company financial statements respectively;
- 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. They are also responsible for safeguarding the assets of the Parent Company and the Group 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 Company and Group website, www.summitplc.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Glyn Edwards
Chief Executive Officer

29 April 2014

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Independent Auditors' Report

To the Members of Summit Corporation plc

Report on the Group financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Group's affairs as at 31 January 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Group financial statements (the 'financial statements'), which are prepared by Summit Corporation plc, comprise:

- the Consolidated Statement of Financial Position as at 31 January 2014;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the Notes to the Financial Statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('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 group'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.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of 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. 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.

Independent Auditors' Report continued

To the Members of Summit Corporation plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 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.

Other matter

We have reported separately on the Parent Company financial statements of Summit Corporation plc for the year ended 31 January 2014.



Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

29 April 2014

- (a) The maintenance and integrity of the Summit Corporation plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Consolidated Statement of Comprehensive Income

For the year ended 31 January 2014

	Note	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Revenue	4	1,375	1,814
Cost of sales		-	-
Gross profit		1,375	1,814
Other operating income	7	469	81
Administrative expenses			
Research and development		(6,564)	(3,624)
General and administration		(1,737)	(1,638)
Depreciation and amortisation		(26)	(93)
Cessation of inhouse discovery		-	(308)
Impairment of intangible assets		-	(899)
Release of provision		-	205
Share-based payment	19	(226)	(115)
Total administrative expenses	7	(8,553)	(6,472)
Operating loss		(6,709)	(4,577)
Finance income		9	11
Loss before income tax	7	(6,700)	(4,566)
Income tax	9	607	341
Loss for the year		(6,093)	(4,225)
Loss and total comprehensive expense for the year attributable to owners of the parent		(6,093)	(4,225)
Basic and diluted loss per ordinary share from continuing operations	10	(1.49)p	(1.34)p

The notes on pages 37 to 52 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 January 2014

	Note	31 January 2014 £000	31 January 2013 £000
ASSETS			
Non-current assets			
Intangible assets	11	3,493	171
Property, plant and equipment	12	43	23
		3,536	194
Current assets			
Trade and other receivables	13	431	461
Current tax receivable		634	343
Cash and cash equivalents		2,030	3,379
		3,095	4,183
Total assets		6,631	4,377
LIABILITIES			
Current liabilities			
Trade and other payables	14	(1,852)	(1,376)
Provisions for other liabilities and charges	16	(17)	(150)
		(1,869)	(1,526)
Total liabilities		(1,869)	(1,526)
Net assets		4,762	2,851
EQUITY			
Share capital	18	10,075	8,788
Share premium account		40,177	33,686
Share-based payment reserve	19	1,636	1,410
Merger reserve		(1,943)	(1,943)
Retained earnings		(45,183)	(39,090)
Total equity attributable to the equity shareholders of the Parent		4,762	2,851

The notes on pages 37 to 52 form part of these financial statements.

The financial statements on pages 33 to 52 were approved by the Board of Directors and signed on its behalf by



Glyn Edwards
Chief Executive Officer

29 April 2014

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Consolidated Statement of Cash Flows

For the year ended 31 January 2014

	Note	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Cash flows from operating activities			
Loss before income tax		(6,700)	(4,566)
		(6,700)	(4,566)
Adjusted for:			
Finance income		(9)	(11)
Foreign exchange loss		18	5
Depreciation		17	48
Amortisation of intangible fixed assets		9	45
(Profit)/Loss on disposal of property, plant and equipment	7	(14)	21
Impairment charge	11	-	899
Movement in provisions	16	(133)	(55)
Research and development expenditure credit		(29)	-
Share-based payment		226	115
Adjusted loss from operations before changes in working capital and provisions		(6,615)	(3,499)
Increase in trade and other receivables		(65)	(45)
Increase in trade and other payables		465	85
Cash used by operations		(6,215)	(3,459)
Taxation received		346	272
Net cash used in operating activities		(5,869)	(3,187)
Investing activities			
Proceeds from disposal of property, plant and equipment		102	-
Purchase of property, plant and equipment		(37)	(33)
Purchase of intangible assets		(10)	(43)
Interest received		9	11
Net cash generated by/(used in) investing activities		64	(65)
Financing activities			
Proceeds from issue of share capital		4,663	5,000
Transaction costs on share capital issued		(207)	(445)
Net cash generated from financing activities		4,456	4,555
(Decrease)/Increase in cash and cash equivalents		(1,349)	1,303
Cash and cash equivalents at beginning of year		3,379	2,076
Cash and cash equivalents at end of year		2,030	3,379

The notes on pages 37 to 52 form part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 January 2014

Year ended 31 January 2014

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2013	8,788	33,686	1,410	(1,943)	(39,090)	2,851
Loss for the year from continuing operations	-	-	-	-	(6,093)	(6,093)
Total comprehensive expense for the year	-	-	-	-	(6,093)	(6,093)
New share capital issued	1,287	6,698	-	-	-	7,985
Transaction costs on share capital issued	-	(207)	-	-	-	(207)
Share-based payment	-	-	226	-	-	226
At 31 January 2014	10,075	40,177	1,636	(1,943)	(45,183)	4,762

Year ended 31 January 2013

Group	Share capital £000	Share premium account £000	Share-based payment reserve £000	Merger reserve £000	Retained earnings £000	Total £000
At 1 February 2012	7,121	30,798	1,295	(1,943)	(34,865)	2,406
Loss for the year from continuing operations	-	-	-	-	(4,225)	(4,225)
Total comprehensive expense for the year	-	-	-	-	(4,225)	(4,225)
New share capital issued	1,667	3,333	-	-	-	5,000
Transaction costs on share capital issued	-	(445)	-	-	-	(445)
Share-based payment	-	-	115	-	-	115
At 31 January 2013	8,788	33,686	1,410	(1,943)	(39,090)	2,851

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. Summit Corporation plc shares have a nominal value of 1p 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.

Retained earnings

The retained earnings reserve records the accumulated profits and 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.

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Notes to the Financial Statements

For the year ended 31 January 2014

1. Basis of accounting

The principal accounting policies adopted 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

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), 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.

After review of the future operating costs of the business in conjunction with the cash held at 31 January 2014 and the proceeds received following completion of a fund raise in March 2014, management are confident about the Group's ability to continue as a going concern.

Use of estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, 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 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 estimates and judgements'.

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

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.

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 intangible 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.

Intangible assets

In-process research and development that is separately acquired as part of a company acquisition or in-licensing agreement is required by IAS 38 to be capitalised even if they have not yet demonstrated technical feasibility, which is usually signified by regulatory approval. The intangible asset relating to intellectual property rights capitalised on the acquisition of MuOx Limited in November 2013 is considered to be not yet available for use so will not be subject to amortisation and will be tested at least annually for impairment 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).

Notes to the Financial Statements

For the year ended 31 January 2014

1. Basis of accounting (continued)

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 assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. See Note 11 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 Company 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.

Revenue recognition

Group revenue comprises the value generated from licensing and collaboration agreements (excluding VAT and taxes, trade discounts and intra-Group transactions) that are derived from either acquired or internally generated intellectual property rights. Monies received as part of the Wellcome Trust award is treated as revenue as they are more akin to contract research than government assistance and are part of wider funding and revenue sharing agreements. The monies received through these means are held as deferred income in the Consolidated Statement of Financial Position and are released to the Consolidated Statement of Comprehensive Income as the expenditure is incurred.

Grant income

Other grant related income is shown as other income, so as to match it against the expenditure which it compensates.

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.

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 been submitted for 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.

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1. Basis of accounting (continued)

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 model and a Hull White trinomial lattice model have 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.

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.

Research and development tax credits not received at the year end date are included as current assets within the Consolidated Statement of Financial Position.

Amounts receivable under the Research and Development Expenditure Credit are included within other income in the Consolidated Statement of Comprehensive Income with a corresponding asset included as current asset within the Consolidated Statement of Financial Position.

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.

Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Management team including the Chief Executive Officer and the Chief Financial Officer.

Details are set out in Note 4.

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. Changes in fair value of such warrants are not recognised in the Consolidated Financial Statements.

When the warrants are exercised, the Company issues new Ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

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2. Critical accounting estimates and judgements

The preparation of the Consolidated Financial Statements requires the Group to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Group bases its estimates and judgements on historical experience and various other assumptions that it considers to be reasonable. Actual results may differ from these estimates under different assumptions or conditions.

Recognition of research expenditure

The Group recognises expenditure incurred in carrying out its research and development activities in line with the 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.

Impairment

The Group reviews annually whether there is any indication that intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1, and if there is any indication then further tests are undertaken to determine the potential impact on the carrying value of the assets. The recoverable amounts of cash generating units have been determined based on value-in-use calculations which will be incurred in selling it. These calculations require the use of estimates; the nature of the estimates used in impairment testing as at 31 January 2014 and 31 January 2013 are presented in Note 11.

3. Changes to accounting policies

During the year ended 31 January 2014 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
IFRS 7	Disclosures – Transfers of Financial Assets (amendments)	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Employee Benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013

International Financial Reporting Interpretations (IFRI)		Effective Date
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC') have issued the following standards and interpretations to be applied to financial statements with periods commencing on or after the following dates:

International Accounting Standards (IAS/IFRS)		Effective Date
IFRS 9	Financial Instruments	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2014
IAS 32	Disclosures – Offsetting Financial Assets and Financial Liabilities (amendment)	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement	1 January 2014

International Financial Reporting Interpretations (IFRI)		Effective Date
IFRIC 21	Levies	1 January 2014

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group.

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4. Segmental reporting

The Summit Group comprises seven legal entities, of which three are trading. These included the six subsidiary companies detailed in Note 9 to the Parent Company Financial Statements on page 59 and the Group holding company, Summit Corporation plc. For the purposes of segmental reporting, the activities of the three trading entities are currently covered by one operating and reporting segment: Drug Development.

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 12 to 21 for more details).

The corporate and other activities at Summit Corporation plc and Summit (Oxford) Limited 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.

During the year under review the Group's management and financial reporting did not identify any specific drug programmes as segments under IFRS 8. However the Directors recognise that within the Drug Development segment, different opportunities to develop individual drug programmes may emerge and change this position for future periods.

All of the Group's assets are held in the UK.

All of the revenue in the year (£1,375,000) related to the Wellcome Trust award supporting development of the CDI programme. In the prior year, there were two major sources of revenue, which when combined, totalled 94% of revenue in that year of which £1,101,000 related to the Wellcome Trust award and £611,000 as part of the agreement with the US DMD organisations to fund work related to the Phase 1 clinical trial of the utrophin modulator SMT C1100 for the treatment of DMD.

Geographical segmentation

The Group operates in the international market with no particular concentration in any one region. The following table shows the geographical split of revenue.

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
UK	1,375	1,101
USA	-	713
	1,375	1,814

5. Acquisition of subsidiary

On 22 November 2013, the Group acquired 100% of the share capital of MuOx Limited, a University of Oxford spin-out company which holds exclusive rights to early stage utrophin modulators and core biological screening technology. As part of the transaction the Group also entered into a number of key agreements including a sponsored research agreement, an exclusive option agreement over new intellectual property developed and a warrant instrument (see Note 18).

The acquired business did not contribute any revenues (or costs) and did not contribute any net profit (or loss) from this date. If the acquisition had occurred on 1 February 2013, Group revenue would be unchanged and Group loss would be £6,113,000. These amounts have been calculated using the Group's accounting policies. No adjustments to the results in respect of fair value adjustments are required. Details of the net assets acquired are as follows:

Purchase consideration	£
Fair value of shares issued	3,321,350
Total purchase consideration	3,321,350

The fair value of the shares issued was based on the published share price.

The assets and liabilities as of 22 November 2013 arising from the acquisition are as follows:

	Fair value £
Deed of Licence of Knowhow with University of Oxford	3,321,350
Fair value of net assets	3,321,350

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6. Directors and employees

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

	31 January 2014	31 January 2013
Technical, research and development	7	16
Corporate and administration	10	11
	17	27

The Parent Company had no employees in the current or previous financial years. On 31 January 2014, the number of people employed by the Group was 20 (2013:16).

Their aggregate remuneration comprised:

	31 January 2014 £000	31 January 2013 £000
Wages and salaries	1,191	1,530
Social security costs	146	152
Other pension costs	77	81
Share-based payment	226	115
	1,640	1,878

The Directors are of the opinion that the key management of the Group comprises the Executive and Non-Executive Directors of Summit Corporation plc, together with the Executive Management team. These persons have authority and responsibility for planning, directing and controlling the activities of the entity.

The aggregate amounts of key management compensation are set out below:

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Short term employee benefits	355	397
Post-employment benefits	22	41
Termination benefits	-	66
Share-based payment	182	101
	559	605

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 27 to 29, which form part of these financial statements.

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7. Loss before income tax

	Note	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Other operating income			
Grant income		307	81
Other income		133	-
Research and development expenditure credit		29	-
		469	81
Non-recurring items			
Cessation of inhouse discovery research		-	(308)
Release of provision for deferred consideration	16	-	205
Impairments			
Intangible assets	11	-	(899)
		-	(1,002)
Profit/(Loss) on disposals			
Intangible assets		-	(31)
Property plant and equipment		14	10
		14	(21)
Other			
Share-based payments	19	226	115
Employer pension contributions	6	77	81
Foreign exchange loss		18	5
Amortisation of intangible assets	11	9	45
Depreciation of property plant and equipment	12	17	48
Operating lease rentals		117	184

Included in other income are amounts recognised from the funding provided from the charitable organisations, Save Our Sons and Joining Jack, in support of the DMD programme. Grant income includes amounts received from the Technology Strategy Board.

Included in the cessation of inhouse discovery research costs in the prior year are employee redundancy costs of £92,000, termination costs in respect of a Director of £66,000 and a provision for dilapidation costs in respect of the laboratory facilities of £150,000.

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 2014 £000	Year ended 31 January 2013 £000
Fees payable to the Company's auditors for the audit of the Parent Company and Consolidated Financial Statements	21	20
Fees payable to the Company's auditors for other services		
- The audit of the Company's subsidiaries	9	5
- Audit related assurance services	3	11
- Tax advisory services	8	-
- Tax compliance services	6	6
Total fees payable	47	42

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9. Taxation

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Analysis of credit in period		
United Kingdom corporation tax at 23% (2013: 24%)		
Current tax credit	604	343
Prior year adjustment	3	(2)
Taxation	607	341

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

Loss before tax	(6,700)	(4,566)
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 23% (2013: 24%)	(1,552)	(1,096)
Non-deductible expenses	88	33
Enhanced deductions for R&D expenditure	(707)	(533)
Difference in rate regarding R&D tax credits	669	392
Depreciation in excess of capital allowances	(9)	8
Increase in losses to carry forward	901	819
Movement in short-term temporary differences	6	34
Prior year adjustments	(3)	2
Total taxation	(607)	(341)

There are no current tax liabilities as at 31 January 2014 (2013: nil).

10. Loss per share

The loss per share for continuing operations has been calculated using the loss for the year attributable to continuing operations of £6,093,000 (year ended 31 January 2013: loss of £4,225,000) and dividing this by the weighted average number of Ordinary shares in issue during the year to 31 January 2014: 410,192,616 (year ended 31 January 2013: 316,188,906).

Since the Group has reported a net loss for continuing activities, 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 64,993,418 as at 31 January 2014 (31 January 2013: 46,443,375).

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11. Intangible assets

	Iminosugar related programmes acquired £000	Utrophin programme acquired as part of the strategic alliance £000	Other patents and licences £000	Total £000
Cost				
At 1 February 2013	1,380	-	187	1,567
Additions	-	3,321	10	3,331
At 31 January 2014	1,380	3,321	197	4,898
Accumulated amortisation and impairment				
At 1 February 2013	(1,380)	-	(16)	(1,396)
Provided in the year	-	-	(9)	(9)
At 31 January 2014	(1,380)	-	(25)	(1,405)
Net book amount				
At 1 February 2013	-	-	171	171
At 31 January 2014	-	3,321	172	3,493

	Iminosugar related programmes acquired £000	Other patents and licences £000	Total £000
Cost			
At 1 February 2012	1,380	180	1,560
Additions	-	43	43
Disposals	-	(36)	(36)
At 31 January 2013	1,380	187	1,567
Accumulated amortisation and impairment			
At 1 February 2012	(445)	(11)	(456)
Provided in the year	(36)	(9)	(45)
Impairments	(899)	-	(899)
Disposals	-	4	4
At 31 January 2013	(1,380)	(16)	(1,396)
Net book amount			
At 1 February 2012	935	169	1,104
At 31 January 2013	-	171	171

Amortisation of intangibles assets is included in the line 'Depreciation and amortisation' shown on the face of the Consolidated Statement of Comprehensive Income.

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

Intangible assets related to the utrophin programme recognised on acquisition of MuOx Limited:

In the year £3,321,000 of intangible assets related to the utrophin programme were recognised on the acquisition of MuOx Limited as disclosed in Note 5.

The programme was fair valued on acquisition using a risk adjusted, discounted cash flow valuation model which assessed the potential cash flows arising from the programme over an expected development timeline.

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11. Intangible assets (continued)

The key assumptions used in the valuation model to assess for impairment are as follows:

- Expected research and development costs
- Probabilities of achieving development milestones based on industry standards
- Reported disease prevalence
- Expected market share
- Drug reimbursement, costs of goods and marketing estimates
- 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.

12. Property, plant & equipment

	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
Cost				
At 1 February 2013	5	137	114	256
Additions	9	–	28	37
Disposals	(5)	–	(15)	(20)
At 31 January 2014	9	137	127	273
Accumulated depreciation				
At 1 February 2013	(4)	(135)	(94)	(233)
Charge for the year	(2)	–	(15)	(17)
Disposals	5	–	15	20
At 31 January 2014	(1)	(135)	(94)	(230)
Net book value				
At 1 February 2013	1	2	20	23
At 31 January 2014	8	2	33	43

	Leasehold improvements £000	Laboratory equipment £000	Office and IT equipment £000	Total £000
Cost				
At 1 February 2012	5	1,131	122	1,258
Additions	–	10	23	33
Disposals	–	(1,004)	(31)	(1,035)
At 31 January 2013	5	137	114	256
Accumulated depreciation				
At 1 February 2012	(3)	(995)	(111)	(1,109)
Charge for the year	(1)	(33)	(14)	(48)
Disposals	–	893	31	924
At 31 January 2013	(4)	(135)	(94)	(233)
Net book value				
At 1 February 2012	2	136	11	149
At 31 January 2013	1	2	20	23

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13. Trade and other receivables

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Trade receivables	-	51
Other receivables	86	187
Prepayments and accrued income	345	223
	431	461

14. Trade and other payables

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Trade payables	349	254
Other taxes and social security costs	56	70
Accruals and deferred income	1,412	998
Other creditors	35	54
	1,852	1,376

15. Financial instruments

	Note	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Cash and cash equivalents		2,030	3,379
Loans and receivables			
Trade and other receivables	13	431	461
Financial liabilities measured at amortised cost			
Trade and other payables	14	1,852	1,376

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk); cash flow and fair value interest rate risk; credit risk; and liquidity risk.

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 receivables and payables that arise directly from its operations. The category of loans and receivables contains only trade and other receivables, shown on the face of the Consolidated Statement of Financial Position, all of which mature within one year.

We have compared fair value to book value for each class of financial asset and liability: no difference was identified.

The Group has a policy, which has been consistently followed, of not trading in financial instruments.

Interest rate risk

The main risk 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 banks and building societies. 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:

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
On dated deposit: fixed rate	-	-
On current account	2,030	3,379
	2,030	3,379

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15. Financial instruments (continued)

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 bankers. During the year to 31 January 2014, the banking facility returned an average rate after fees of 0.35% (2012/13: 0.40%).

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 £2,705,000 in the year:

Year ended 31 January 2014	-1%	Actual	+1%
Interest rate	-	0.35	1.35
Interest received (£000)	-	9	37

Year ended 31 January 2013	-1%	Actual	+1%
Interest rate	-	0.40	1.40
Interest received (£000)	-	11	38

Market risk

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 and the translation for foreign bank accounts.

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

Credit risk

The credit risk with respect to customers is limited and the Group had no trade receivables outstanding at 31 January 2014.

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 held with three major UK banking institutions. We do not believe that this constituted a major credit risk.

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 and debt 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'.

Of all the financial liability categories, no amounts can be analysed for maturity. 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.

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16. Provisions and contingent liabilities

Cost	Dilapidations £000
At 1 February 2013	150
Additions	17
Provision utilised	(150)
At 31 January 2014	17

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.

As part of the funding agreements entered into with the US DMD organisations, repayment terms were included in the event that key milestones were reached. The likely timing of these payments is not known and no provision has been made for these amounts.

17. Deferred tax liability

Deferred income tax assets of £4,000 (2012/13: £33,000) relating to provisions and £7,486,000 (2012/13: £6,782,000) on tax losses have not been recognised to the extent that they are not regarded as recoverable in the foreseeable future. A further deferred tax liability of £9,000 (2012/13: £5,000) in respect of accelerated capital allowances are not recognised to the extent that they are not considered material.

18. Share capital

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Allotted, called up and fully paid		
482,766,686 (2013: 354,088,450) Ordinary shares of 1p each	4,828	3,541
524,702,133 (2013: 524,702,133) Deferred shares of 1p each	5,247	5,247
	10,075	8,788

The Deferred shares have no voting or dividend rights and on a return to capital there is the right to receive the amount paid up after the holders of the Ordinary shares have received the amount paid up on those Ordinary shares and an additional £1 million of return of capital per Ordinary share.

On 23 July 2013 the number of Ordinary shares was increased by 92,269,391 new Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,406,000.

On 29 August 2013 the number of Ordinary shares was increased to 447,357,841 following the exercise of warrants over 1,000,000 Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The issue of new shares raised net proceeds of £50,000.

On 22 November 2013, the acquisition of MuOx Limited was effected by way of a share for share exchange at a fully paid up price of 9.38p per share. As a result the number of Ordinary shares was increased by 35,408,845 new Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. As part of the transaction warrants over a further 7,081,771 Ordinary Shares were issued at an issue price of 1p. These warrants can be exercised on achievement of key preclinical and clinical development milestones within a predetermined time period.

As part of an equity placing in April 2012, warrants over 3,540,884 Ordinary 1p shares were issued to Nplus1 Singer Capital Markets Limited (formerly Singer Capital Markets Limited), the Company's nominated advisor and joint-broker at the time, at an issue price of 3p. The warrants can be exercised in whole or in part at any time prior to 24 April 2016.

After the year end, a General Meeting of shareholders, held on 28 February 2014, approved the placing of 338,461,540 new Ordinary 1p shares at an issue price of 6.5p per share. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of approximately £20.7 million. Following the placing the number of Ordinary shares in issue was 821,228,226.

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19. Share option scheme

At 31 January 2014 the outstanding share options, which include the share options granted to Directors, are shown below:

	Date of grant	Exercise price (p)	Number of shares	Date from which exercisable	Expiry date
Approved EMI scheme					
	02 Dec 05	171.5	21,000	02 Dec 06	02 Dec 15
	13 Oct 06	136.0	2,400	13 Oct 07	13 Oct 16
	21 Nov 07	114.0	9,600	21 Nov 08	21 Nov 17
	07 Apr 11	3.3	1,985,000	08 Apr 14	07 Apr 21
	10 May 12	3.0	4,345,000	10 May 13	10 May 22
	10 May 12	3.0	6,300,000	10 May 14	10 May 22
	24 Dec 12	4.3	8,000,000	24 Dec 15	24 Dec 22
	31 Jan 13	1.0	1,814,189	31 Jul 13	31 Jan 23
	18 Dec 13	9.3	12,090,000	*	18 Dec 23
	18 Dec 13	1.0	212,121	19 Jun 13	18 Dec 23
			34,779,310		
Unapproved scheme					
	02 Dec 05	171.5	3,382	02 Dec 06	02 Dec 15
	22 May 06	165.0	540,120	22 May 07	22 May 16
	13 Oct 06	136.0	105,000	13 Oct 07	13 Oct 16
	21 Nov 07	114.0	38,333	21 Nov 08	21 Nov 17
	07 Apr 11	3.3	500,000	08 Apr 14	07 Apr 21
	10 May 12	3.0	13,150,000	10 May 12	10 May 22
	31 Jan 13	4.3	2,000,000	24 Dec 15	24 Dec 22
	30 May 13	4.0	2,000,000	30 May 15	30 May 23
	18 Dec 13	9.3	10,350,000	*	18 Dec 23
	18 Dec 13	1.0	1,527,273	19 Jun 13	18 Dec 23
			30,214,108		
			64,993,418		

* 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 (p)	Year ended 31 January 2014	Weighted average exercise price (p)	Year ended 31 January 2013
Outstanding at 1 February	6	46,444,375	15	11,044,520
Granted during the year	9	26,379,394	3	40,159,189
Lapsed/surrendered during the year	5	(7,830,351)	5	(4,759,334)
Number of outstanding options at 31 January	7	64,993,418	6	46,444,375

As at 31 January 2014, 2,534,024 share options were capable of being exercised with a weighted average exercise price of 45.5p (2013: 885,520 with a weighted average exercise price of 143.0p). The options outstanding at 31 January 2014 had a weighted average exercise price of 7.0p (2013: 6.0p), and a weighted average remaining contractual life of 8.9 years (2013: 9.1 years).

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19. 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 (p)	Share price at grant date (p)	Fair value per option (p)	Award life (years)	Risk free rate
02 Dec 05	EMI	21,000	171.5	168.5	41	3.0	4.2%
02 Dec 05	Unapproved	3,382	171.5	168.5	41	3.0	4.2%
22 May 06	Unapproved	540,120	165.0	167.0	45	3.0	4.6%
13 Oct 06	EMI	2,400	136.0	136.0	36	3.0	4.6%
13 Oct 06	Unapproved	105,000	136.0	136.0	36	3.0	4.6%
21 Nov 07	Unapproved	38,333	114.0	114.0	42	3.0	4.6%
21 Nov 07	EMI	9,600	114.0	114.0	42	3.0	4.6%
07 Apr 11	EMI	1,985,000	3.3	3.4	2	5.0	2.7%
07 Apr 11	Unapproved	500,000	3.3	3.4	2	5.0	2.7%
10 May 12	EMI	4,345,000	3.0	2.6	1	5.0	1.0%
10 May 12	EMI	6,300,000	3.0	2.6	1	5.0	1.0%
10 May 12	Unapproved	13,150,000	3.0	2.6	1	5.0	1.0%
24 Dec 12	EMI	8,000,000	4.3	4.3	1	5.0	0.9%
31 Jan 13	EMI	1,814,189	1.0	4.7	4	5.0	0.9%
31 Jan 13	Unapproved	2,000,000	1.0	4.7	0	5.0	1.0%
30 May 13	Unapproved	2,000,000	4.0	4.0	0	5.0	0.9%
18 Dec 13	EMI	12,090,000	9.3	9.3	4	5.0	1.8%
18 Dec 13	EMI	212,121	1.0	9.3	8	5.0	1.8%
18 Dec 13	Unapproved	10,350,000	9.3	9.3	4	5.0	1.8%
18 Dec 13	Unapproved	1,527,273	1.0	9.3	8	5.0	1.8%
		64,993,418					

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

- Black-Scholes valuation methodology was used for all options prior to 2008.
- The award of unapproved share options made in 2010, 2011 and 2012 are performance related, as described in the Directors' Remuneration Report, and have been modelled using either the Monte-Carlo methodology or Hull White trinomial lattice model. The options granted on 31 January 2013 are not performance related and has been modelled using the Hull White trinomial lattice model.
- Figures in the range 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.
- 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.
- 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.
- Share options are assumed to be exercised immediately on vesting.
- The fair value of the options awarded on 10 May 2012 is the average of the fair values calculated per possible vesting instalment.

20. Capital commitments

At 31 January 2014 the Group had no capital commitments (31 January 2013: nil).

Notes to the Financial Statements

For the year ended 31 January 2014

21. Leasing commitments

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

	Land & Buildings	
	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Leases which expire		
Not later than one year	88	128
Later than one year and not later than five years	330	129
Later than five years	34	-
	452	257

22. Related party transactions

During the year £32,967 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 (2012/13: £2,303). Of this amount £2,775 were outstanding at the year end (2013: £nil).

During the year £17,550 was paid to T1ps.com Limited, a company controlled by Mr Jim Mellon in respect of investor relations support services (2012/13: £12,000). Of this amount £nil was outstanding at the year end (2013: £nil). The Group had an existing relationship with T1ps.com Limited prior to Mr Jim Mellon becoming a Non-Executive Director of the Group.

See Note 6 for details of key management emoluments.

23. Post Balance Sheet Events

A General Meeting of shareholders, held on 28 February 2014, approved the placing of 338,461,540 new Ordinary 1p shares at an issue price of 6.5p per share. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of approximately £20.7 million. Following the placing the number of Ordinary shares in issue was 821,228,226.

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Independent Auditors' Report

To the Members of Summit Corporation plc

Report on the Parent Company financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Parent Company's affairs as at 31 January 2014;
- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The Parent Company financial statements (the "financial statements"), which are prepared by Summit Corporation plc, comprise:

- the Parent Company Balance Sheet as at 31 January 2014;
- the Notes to the Financial Statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('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 Parent 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.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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 by the Parent Company, 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.

Independent Auditors' Report continued

To the Members of Summit Corporation plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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 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.

Other matter

We have reported separately on the Group financial statements of Summit Corporation plc for the year ended 31 January 2014.



Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

29 April 2014

- (a) The maintenance and integrity of the Summit Corporation plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Company Balance Sheet

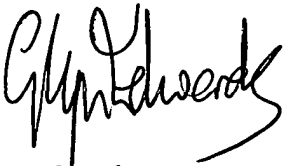
Summit Corporation plc Individual Financial Statements (Company Number 5197494)

At 31 January 2014

	Notes	31 January 2014 £000	31 January 2013 £000
Fixed assets			
Investments	3	6,831	3,284
Current assets			
Debtors – due after more than one year	4	18,784	14,338
		18,784	14,338
Total assets		25,615	17,622
Creditors due within one year	5	(10)	(10)
Total assets less current liabilities		25,605	17,612
Net assets		25,605	17,612
Capital and reserves			
Called up share capital	6	10,075	8,788
Share premium account	7	40,177	33,686
Share-based payment reserve	7	1,636	1,410
Profit and loss account	7	(26,283)	(26,272)
Equity shareholder's funds	8	25,605	17,612

The notes on pages 56 to 59 form part of these financial statements.

The financial statements on pages 55 to 59 were approved by the Board of Directors and signed on its behalf by



Glyn Edwards
Chief Executive Officer

29 April 2014

Notes to the Individual Financial Statements of Summit Corporation plc

1. Principal accounting policies

A summary of the principal accounting policies adopted 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 financial statements of the Parent Company, Summit Corporation plc, have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. These financial statements have been prepared on a going concern basis.

Investments

The Company holds 100% ownership of the subsidiaries detailed below in Note 9; these are held at cost. The carrying value of the subsidiaries is reviewed annually by management for any indicators of impairment.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the year end date where transactions or events have occurred at that date that will result in an obligation to pay more, or the right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the year end date.

Share-based payments

In accordance with FRS 20 'Share-based payment', share options are measured at fair value at their grant date. The fair value for the majority of the options is calculated using the Black-Scholes formula and charged to the profit and loss account 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 Corporation plc share options to the employees of each subsidiary. See Note 19, 'Share option scheme' on page 50 for further information.

Related party transactions

The Company is exempt under FRS 8 from disclosing related party transactions with entities that are part of the Group.

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 profit and loss account for the year. The Company's loss for the year was £11,000 (2012/13: £12,000).

Directors' remuneration

The remuneration of the Directors is disclosed in the Directors' Remuneration Report on pages 27 to 29.

Auditors' remuneration

The remuneration of the auditors is disclosed in Note 8 to the Consolidated Financial Statements.

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3. Investments

	Investment in subsidiaries £000	Capital contributions for share options recharge £000	Total £000
Cost			
At 1 February 2013	16,878	1,375	18,253
Additions	3,321	226	3,547
As at 31 January 2014	20,199	1,601	21,800
Impairment			
At 1 February 2013 and 31 January 2014	(14,944)	(25)	(14,969)
Net book value			
At 1 February 2013	1,934	1,350	3,284
At 31 January 2014	5,255	1,576	6,831

The Directors believe that the carrying value of the investments is 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.

4. Debtors

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Amounts owed by group undertakings	18,784	14,338

Amounts owed to the Company by group undertakings are due after more than one year, are not secured and do not bear interest.

5. Creditors

	Year ended 31 January 2014 £000	Year ended 31 January 2013 £000
Other Creditors	10	10

Notes to the Individual Financial Statements of Summit Corporation plc

6. Share capital

	31 January 2014 £000	31 January 2013 £000
Allotted, called up and fully paid		
482,766,686 (2013: 354,088,450) Ordinary shares of 1p each	4,828	3,541
524,702,133 (2013: 524,702,133) Deferred shares of 1p each	5,247	5,247
	10,075	8,788

The Deferred shares have no voting or dividend rights and on a return to capital there is the right to receive the amount paid up after the holders of the Ordinary shares have received the amount paid up on those Ordinary shares and an additional £1 million of return of capital per Ordinary share.

On 23 July 2013 the number of Ordinary shares was increased by 92,269,391 new Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,406,000.

On 29 August 2013 the number of Ordinary shares was increased to 447,357,841 following the exercise of warrants over 1,000,000 Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The issue of new shares raised net proceeds of £50,000.

On 22 November 2013, the acquisition of MuOx Limited was effected by way of a share for share exchange at a fully paid up price of 9.38p per share. As a result the number of Ordinary shares was increased by 35,408,845 new Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. As part of the transaction warrants over a further 7,081,771 Ordinary Shares were issued at an issue price of 1p. These warrants can be exercised on achievement of key preclinical and clinical development milestones within a predetermined time period.

As part of an equity placing in April 2012, warrants over 3,540,884 Ordinary 1p shares were issued to Nplus1 Singer Capital Markets Limited (formerly Singer Capital Markets Limited), the Company's nominated advisor and joint-broker at the time, at an issue price of 3p. The warrants can be exercised in whole or in part at any time prior to 24 April 2016.

After the year end, a General Meeting of shareholders, held on 28 February 2014, approved the placing of 338,461,540 new Ordinary 1p shares at an issue price of 6.5p per share. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of approximately £20.7 million. Following the placing the number of Ordinary shares in issue was 821,228,226.

7. Reserves

Year ended 31 January 2014

	Share premium account £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 February 2013	33,686	1,410	(26,272)	8,824
New share capital issued	6,491	-	-	6,491
Share-based payment	-	226	-	226
Loss for the period	-	-	(11)	(11)
At 31 January 2014	40,177	1,636	(26,283)	15,530

Information pertaining to the share options issued in the period are analysed in Note 19 'Share option scheme' on page 50. The share-based payment reserve is borne on behalf of the underlying subsidiaries.

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8. Reconciliation of movement in shareholders' funds

	31 January 2014 £000	31 January 2013 £000
Opening shareholders' funds	17,612	12,954
Shares issued during the year	1,287	1,667
Share premium on issued shares (net of expenses)	6,491	2,888
Share-based payment	226	115
Loss for the financial year	(11)	(12)
Closing shareholders' funds	25,605	17,612

9. Subsidiaries

Company name	Country of incorporation	Percentage shareholding	Description
Summit (Oxford) Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit (Wales) Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit (Cambridge) Limited	Great Britain	100%	109,599,000 ordinary 1p shares
Summit Discovery 1 Limited	Great Britain	100%	1,000 £1 ordinary shares
Summit Corporation Employee Benefit Trust Company Limited	Great Britain	100%	1 £1 ordinary shares
MuOx Limited	Great Britain	100%	20,000 £1 ordinary shares

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

Summit Discovery 1 Limited, Summit Corporation Employee Benefit Trust Company Limited and Summit (Cambridge) Limited are dormant companies. The Group is not intending on using MuOx Limited as a trading company and as such this company will become dormant.

10. Post Balance Sheet Events

A General Meeting of shareholders, held on 28 February 2014, approved the placing of 338,461,540 new Ordinary 1p shares at an issue price of 6.5p per share. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of approximately £20.7 million. Following the placing the number of Ordinary shares in issue was 821,228,226.

Company Information

Directors

Frank Armstrong, FRCPE, FFPM	Non-Executive Chairman
Glyn Edwards, MBE	Chief Executive Officer
Barry Price, PhD	Non-Executive Director
Jim Mellon	Non-Executive Director
Professor S Davies	Non-Executive Director

Company Secretary

Raymond J Spencer, ACA

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