

Summit Corporation plc
("Summit" or "the Company")

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 JANUARY 2010

Oxford, UK, 6 May 2010, Summit (AIM: SUMM), a UK drug discovery Company with partner funded programmes and an innovative Seglin™ (Second Generation Lead Iminosugar) technology platform for the discovery of new medicines, today reports its preliminary results for the year ended 31 January 2010.

Highlights

Partner Funded Portfolio: Good progress made in key programmes

- BMN-195 for Duchenne Muscular Dystrophy entered into Phase I clinical trials by partner BioMarin Pharmaceuticals Inc; top-line results now expected in Q2 2010.
- SMT 19969 selected as lead compound against *C. difficile* pathogen in Wellcome Trust grant funded programme.

Seglin™ Technology: Identifying medicines from new chemistry space

- Advances in development of technology platform with active Seglins identified against a range of major disease areas.
- Progress in diabetes programme following identification of SMT 14224 as lead candidate with potential new mechanism of action.
- Breakthrough in hepatitis C programme following identification of hits against previously intractable NS3 helicase protein target.

Operational and Financial: A refocused, restructured and well-funded business

- Successful £5.4m Placing and Open Offer funds business until at least December 2011, which is beyond projected receipt of milestones from deals.
- Completion of extensive restructuring programme to reduce net cash used in operating activities by approximately 70%.
- Loss for period reduced by 75% to £5.4m (2008/09: £22.4m).
- Cash position of £6.1 million on 31 January 2010 (31 January 2009: £2.7m).

Steven Lee, PhD, Chief Executive Officer commented, "*Summit has emerged from a challenging year as a focused business with a financial base from which to deliver significant value growth for our shareholders.*

"Over the coming year, I look forward to key developments from within our partner funded programmes, including the Phase I clinical trial results for BMN-195 targeting Duchenne Muscular Dystrophy. In addition, we are building on the exciting scientific results generated from our Seglin™ technology which will further exemplify the potential of this innovative platform as a source of new medicines."

- END -

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About Summit

Summit is an Oxford, UK based drug discovery company with a portfolio of partner funded drug programmes and an innovative technology platform called Seglins™ for the discovery of new medicines.

Summit's partnered drug programmes require no further investment from the Company but have contractual, success-based milestones potentially worth in excess of \$160 million and sales royalties rising to a low teen percentage. Partners include leading orphan drug specialist BioMarin Pharmaceuticals (Duchenne Muscular Dystrophy programme) and the Wellcome Trust (*C. difficile* programme).

Seglin™ technology

Seglin™ technology is using new chemistry to access biological drug targets that cannot be exploited by conventional drug discovery approaches. Summit's internal research is currently focussed in the high value therapy areas of type II diabetes and infectious diseases and the Company will further exploit the technology's wider potential through strategic alliances.

Summit is listed on the AIM market of the London Stock Exchange and trades under the ticker symbol SUMM. Further information is available at www.summitplc.com.

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

INTRODUCTION

We are pleased to report that your Company ended the Financial Year in much better health than it started, in spite of the difficult prevailing economic conditions.

The improvement stems from a refocusing and restructuring of the Company's operations, alongside an aggressive cost reduction programme, a successful Placing and Open Offer that raised £5.4 million, before costs, the award of a grant from the Wellcome Trust of up to £2.2 million and also advances in a number of drug discovery programmes. Summit now has cash resources that are anticipated to last until at least the end of December 2011.

We believe that the Company is now well placed to generate value from its portfolio of partner funded drug programmes and from its innovative Seglin™ technology platform for the discovery of new medicines.

STRATEGY

Summit's strategy remains focused on creating value through the selection and early-stage development of novel product candidates from its Seglin™ technology platform in areas of high unmet medical need. At the appropriate stage of development, Summit will seek to out-license these product candidates with partners who will be responsible for the expensive registration studies and product commercialisation. We currently have a number of partnered programmes that are funded by third parties and these have yielded over \$7 million in upfront payments in the last two years. In addition, Summit is eligible to receive contractual, success based milestone payments potentially worth in excess of \$160 million and sales royalties rising to a low teen percentage.

Our focus for entering into new commercial agreements is our Seglin™ (Second Generation Lead Iminosugar) technology platform. This innovative technology, which has the potential to identify medicines in a range of major therapy areas, was the primary focus of our internally funded research and development activities during the period. As discussed later, Summit is developing this technology in the areas of type II diabetes and infectious diseases and also aims to exploit the wider potential of this technology in other major therapy areas through strategic alliances.

REFOCUSED, RESTRUCTURED AND REFINANCED

Summit completed its restructuring programme during the period under review. The programme was started in mid-2008 as part of the Company's strategy to refocus operations on drug discovery activities and on developing our Seglin™ technology, which we believe represents an excellent opportunity for the business to create significant value growth.

In December 2009, we were pleased to announce the successful Placing and Open Offer raising £5.4 million, before expenses, and this has provided the business with cash resources until at least December 2011, excluding the receipt of any milestones from existing or new deals.

The restructuring programme included the divestment of Summit's non-core Zebrafish and Dextra service divisions in May 2009 and September 2009 respectively, a reduction in the number of sites in operation from five to one with more favourable terms of rent being renegotiated for the remaining site, and the renegotiating of certain existing licensing agreements. This is discussed in more detail in the Financial Review. These activities reduced the Company's operational cash burn by approximately 70%.

In addition, headcount was reduced by 75% while the Board and Executive management reduced their fees or took pay-cuts of between 20 and 55%. These were necessary actions to secure the future of the business. On behalf of the Board, we again thank the staff who were made redundant for their commitment during their time with the business and wish them well in their future careers.

PORTFOLIO OF PARTNER FUNDED PROGRAMMES

During the period, Summit's portfolio of partnered drug programmes, which requires no further investment from the Company, has made good progress.

DMD Programme advances into clinical trials

Summit's programme targeting the fatal genetic disorder Duchenne Muscular Dystrophy ('DMD') could provide a major benefit to patients and represents a significant value creation opportunity for Summit in the near and medium term.

In January 2010, Summit received a major boost when BioMarin Pharmaceuticals Inc. announced that it had initiated a Phase I clinical study of BMN-195 (formerly SMT C1100) for the treatment of DMD. BMN-195 was discovered by our scientists and its progression into clinical trials represents a major achievement for the Company and is testament to the scientific expertise that exists within the business. Importantly, BMN-195 has the potential to become a first-in-class disease modifying medicine that could treat the entire spectrum of patients with this deadly disease.

BioMarin reported recently that they expect initial results from this Phase I trial in Q2 2010, and if successful, a Phase II patient trial could start in Q1 2011.

The programme was exclusively licensed to BioMarin in July 2008. Summit is eligible to receive success based development and regulatory milestones of up to \$50 million in addition to sales milestones of \$85 million and tiered sales royalties rising to a low-teen percentage.

£2.2m Wellcome Trust Grant to Fund C. difficile Programme

In December 2009, Summit was awarded a grant worth up to £2.2 million from the Wellcome Trust to fund the development of the Company's *C. difficile* infectious disease programme. The grant was awarded following a highly competitive and rigorous application process and it provides a major endorsement of the scientific innovation and expertise that exists within Summit.

C. difficile is a life threatening pathogen for which current therapy options are limited. In 2008 in the UK, *C. difficile* was responsible for over three times more deaths than the MRSA superbug while cost of care in the US is estimated at \$1.1 billion and rising. From initial studies, Summit has indentified a novel class of small molecules, including the leading compound SMT 19969, which have an attractive activity profile. SMT 19969 is highly but selectively active only against all clinically relevant *C. difficile* strains including the endemic, hyper-virulent 027 strain that is associated with higher mortality rates. This selectivity is a key property for any new antibiotic treatment against this pathogen as it means the other bacterium that naturally exists in a healthy human gut would be unharmed.

The award of the grant by Wellcome has allowed Summit to advance SMT 19969 into proof of concept studies in the gold standard *in vivo* model. In addition, a range of in depth bacterial resistance and mechanism of action studies have commenced. The results from all these studies are expected in the second half of this year, and if successful, we would anticipate having a package of data that could be attractive to potential commercial partners. We look forward to reporting on the progress of this exciting programme over the coming months.

Signing of New Co-development Agreements

In May 2009, Summit signed three new co-development agreements with the Taiwan-based company, Orient Pharma for the reprofiled drug programmes in acne (SMT D002), glaucoma (SMT D003) and wet age-related macular degeneration (AMD, SMT D004). The agreements provide Orient with exclusive development and commercialisation rights in Asia-Pacific and Australasia and they will be responsible for all development, manufacturing and distribution costs within those territories.

In addition, and as part of the restructuring programme, Summit signed a new agreement for the sialorrhoea programme (SMT D001) that entailed Orient taking full ownership of the programme. The terms of the deal involved Orient making an equity investment in Summit of \$500,000 at a price of 13.5 pence per share, which was approximately 2.5 times the Company's share price at that time.

Although Summit's future research and development activities are now primarily focused on the Seglin™ technology, these programmes remain a potential source of future value upside that requires no investment from the Company.

SEGLIN™ TECHNOLOGY: Identifying medicines from new chemistry space

Our Seglin™ technology represents the major area of research and development investment for the business. This innovative technology uses new chemistry to access biological targets that cannot be exploited by conventional drug discovery approaches.

It is our belief that Seglin™ technology provides a major opportunity for the discovery of new medicines in a number of therapeutic areas and has the potential to deliver significant value growth. This belief was supported by new and existing shareholders, who invested during the recent fundraising. These new funds help ensure that the business has the resources to develop the Seglin platform to the point where we believe it will deliver new licensing and collaboration deals.

Summit has validated the platform through the identification of a number of advanced Seglin compounds in a range of therapy areas. This includes our Seglin compound targeting malignant melanoma cancer, which has been given the preclinical development candidate identity SMT C2100, SMT 14224 for type II diabetes and SMT 15000 as a biodefence countermeasure. In addition, Seglin™ technology has generated hits in a wide range of other disease areas. Collectively, these data exemplify the potential power of the platform.

Summit's main therapeutic areas of focus are in metabolic diseases and infectious diseases and good progress was made in both of these areas during the period. In addition, we aim to exploit the wider potential of this innovative technology beyond our focus areas by collaborating with other parties through strategic alliances. It is pleasing to report that we are receiving increasing levels of interest from major pharmaceutical and biotechnology companies about the technology and are currently exploring potential collaborations with interested parties.

The coming year represents an important period in the development of the technology and we look forward to reporting on its progress in due course.

Seglin Focus Areas: Metabolic diseases

Our focus in metabolic diseases is on the development of potential treatments for type II diabetes, which affects over 18 million patients in the US alone and has a global market worth in excess of \$25 billion.

During the period under review, this programme has made good progress and a package of data has been generated that has already garnered interest from potential commercial partners. Our lead Seglin compound, SMT 14224, has demonstrated *in vivo* proof of concept in chronic and acute efficacy models

and significantly, the results generated to date indicate it may operate *via* a new mechanism of action. Furthermore, a set of additional compounds have been identified from *in vitro* screening and these are now undergoing optimisation work.

It is the belief of the Board that further value can be added to the programme, and having received the financial support from our investors, additional studies are underway to reinforce data already generated to confirm the potential unique position of SMT 14224 and additional compounds. We expect to report results from these studies in the second half of 2010.

Seglin Focus Areas: Infectious diseases

Our second focus area targets infectious diseases and specifically viral diseases. Multiple hit compounds against a range of viral diseases have been identified using the Seglin™ technology and the most advanced of these programmes targets the life threatening disease hepatitis C ('HCV'), which the World Health Organisation estimates affects 170 million people worldwide.

Summit is using the Seglin™ technology against a set of hepatitis C targets including the NS3 helicase protein, an enzyme that unwinds the double-stranded RNA complex allowing the virus to replicate. HCV helicase is a well validated target that has proved to be intractable despite major efforts being made over the last decade by the pharmaceutical industry. Summit has identified a number of active Seglins against this enzyme. This represents a breakthrough towards finding new drugs to treat hepatitis C, and importantly, exemplifies the wider potential of Seglins to access intractable targets. Results from this, and other on-going studies, are expected in the second half of 2010.

BOARD AND MANAGEMENT CHANGES

Mr Raymond Spencer ACA joined Summit in March 2009 as interim Chief Financial Officer. Raymond has provided valuable strategic support and input to the Board during the year. In addition, his financial expertise in operational management and corporate transactions has helped ensure that the business has emerged from the challenges of the year in a stronger position. The Board is pleased that Raymond has agreed to continue in this role on a permanent, part-time basis. In March 2009, Mr Anthony Weir left the Company by mutual consent.

SUMMARY

It is the belief of the Board that the Company has emerged from this challenging period with a solid foundation from which to deliver value growth for our investors.

The restructuring and refocusing of the business ensures the Company has the necessary resources in place so as to benefit from the receipt of milestone payments from existing deals and is also in a position to exploit the exciting potential offered by our innovative Seglin™ technology.

On behalf of the Board, we wish to thank our loyal and dedicated staff who worked hard to ensure the business came through a difficult year. Finally, we thank all our shareholders for their continuing support and we look forward to reporting on future progress of Summit during what we anticipate will be an exciting period for your Company.

Barry Price, PhD
Chairman

Steven Lee, PhD
Chief Executive Officer

5 May 2010

FINANCIAL REVIEW

During the period under review, Summit has made good progress in strengthening the financial position of the Group in spite of the challenging economic conditions.

The Group has ended the year with £6.1 million in cash following completion of the Placing and Open Offer in December 2009 and, together with the radical action taken by your Board to reduce costs, the Group now has sufficient cash to last until at least December 2011.

The cost savings have been achieved through a combination of a reduction in head count (and associated salaries), Directors' remuneration, lease of premises, general overheads and a more focused approach in research and development investment. Total operating costs on continuing operations have fallen by £7.5 million to £5.8 million (2008/09: £13.3 million). Consequently, the loss attributable to continuing operations fell by over 50% to £5.5 million (2008/09: £11.3 million), with the total loss for the period falling by approximately 75% to £5.4 million (2008/09: £22.4 million). It is expected that the full benefit of the restructuring programme will be reflected in the coming financial year.

As noted in the Chairman and Chief Executive's Statement, your Board is pleased to report the progress made by BioMarin Pharmaceuticals Inc. in progressing the DMD product BMN-195 into Phase I human clinical studies. BioMarin expect a readout from this trial in the second quarter of 2010. The subsequent entry into a Phase II study will trigger a \$3 million milestone due to Summit and, if this is successful, a pivotal study will generate an additional \$10 million milestone payment to Summit.

We were pleased with the support of shareholders in the £5.4 million, before expenses, raised in the Placing and Open Offer in December 2009 and particularly from the Company's largest shareholder, Lansdowne, who provided a cornerstone investment and increased their ownership in the Company to 29.9%. In December 2009 the Group was awarded a grant from the Wellcome Trust for its *C. difficile* programme of up to £2.2 million. £558,000 of this grant was received in January 2010.

In addition the Company raised £315,000 from an issue of shares to Orient Pharma as part of a renegotiation of the commercial arrangements with them. In May 2009, the Zebrafish business was sold for £500,000 and in September 2009 the Dextra business was sold for £950,000. In each case the proceeds were in cash and subject to either a working capital adjustment or net asset adjustment. The Group also received £815,000 (2008/09: £898,000) in R&D tax credits during the year.

Your Board believes that the Group now has sufficient resources to develop its core programmes over the next two years and establish whether they have potential medical utility and also to chart the progress of the DMD programme with BioMarin.

For continuing operations during the period under review, research and development costs fell by 55% to £2.3 million (2008/09: £5.1 million) while combined general and administrative and sales and marketing expenses fell by 33% to £2.9 million (2008/09: £4.3 million). Headcount has fallen from an average of 142 in the year ended 31 January 2009 to 31 employees as at 31 January 2010. The Chief Executive Officer and Chief Scientific Officer also agreed to cuts in their basic salaries of 25% and 20% respectively; the members of the Board also reduced their fees by between 27% and 55%. The cost of leasing premises has fallen from over £1.0 million per annum to approximately £200,000 per annum from January 2010. In total, the cash burn from operating activities has fallen from £10.1 million to £3.1 million.

Working Capital

Following the fundraise, grant receipts, sales of Dextra and Zebrafish, R&D tax credit and the significant cost reductions during the year, the Group had £6.1 million in cash at 31 January 2010 (31 January 2009: £2.7 million) which is sufficient on current projections until at least December 2011 excluding any revenues other than the Wellcome Trust grant. These financial statements have, therefore, been prepared on a Going Concern basis.

Summary

The Group has emerged from the year as a streamlined and refocused drug discovery business that is funded beyond the point where it anticipates receiving additional revenues from existing or new deals.

It is the belief of the Board that a solid foundation has been laid from which the Group will be able to provide value growth for our investors through the progression of the partner funded programmes and development of our innovative SeglinTM technology platform.

Raymond Spencer, ACA
Chief Financial Officer

5 May 2010

FINANCIAL STATEMENTS
Consolidated Statement of Comprehensive income
 For the year ended 31 January 2010

	Year ended 31 January 2010	Year ended 31 January 2009 (Restated)
	£000s	£000s
Revenue	189	185
Cost of sales	-	(4)
Gross profit	189	181
Other operating income	196	195
Administrative expenses		
Research and development	(2,302)	(5,119)
General and administration	(2,630)	(3,490)
Sales and marketing	(233)	(779)
Depreciation and amortisation	(826)	(1,555)
Accelerated depreciation of leasehold improvements	(1,361)	-
Impairment	-	(2,597)
Release of loan	1,211	-
Share-based payment	(4)	(154)
Total administrative expenses	(6,145)	(13,694)
Operating loss	(5,760)	(13,318)
Finance income	8	299
Finance cost	(67)	(81)
Loss before taxation	(5,819)	(13,100)
Taxation	372	1,747
Loss for the year from continuing operations	(5,447)	(11,353)
Profit/(loss) for the year from discontinued operations	28	(11,050)
Loss and total comprehensive expense for the year attributable to owners of the parent	(5,419)	(22,403)
Basic and diluted loss per ordinary share for continuing operations	(8.13)p	(21.26)p
Basic and diluted profit / (loss) per ordinary share for discontinued operations	0.04p	(20.70)p

The comparatives have been restated as a result of the discontinued operations (Note 2).

Consolidated Statement of Financial Position
As at 31 January 2010

	31 January 2010	31 January 2009
	£000s	£000s
ASSETS		
Non-current assets		
Intangible assets	4,535	4,820
Property, plant and equipment	335	3,714
	4,870	8,534
Current assets		
Inventories	-	391
Trade and other receivables	246	1,495
Current tax	306	805
Cash and cash equivalents	6,082	2,717
	6,634	5,408
Total assets	11,504	13,942
LIABILITIES		
Current liabilities		
Trade and other payables	(1,104)	(1,732)
Borrowings	-	(135)
Total current liabilities	(1,104)	(1,867)
Non-current liabilities		
Deferred income	-	(141)
Provisions	(1,180)	(1,180)
Borrowings	-	(1,181)
Deferred tax	(942)	(1,020)
Total non-current liabilities	(2,122)	(3,522)
Total liabilities	(3,226)	(5,389)
Net assets	8,278	8,553
EQUITY		
Share capital	6,910	5,597
Share premium account	29,633	25,785
Share-based payment reserve	1,159	1,176
Merger reserve	(1,943)	12,654
Retained earnings	(27,481)	(36,659)
Total equity attributable to the equity shareholders of the Parent	8,278	8,553

Consolidated Statement of Cash Flows
For the year ended 31 January 2010

	Year ended 31 January 2010 £000s	Year ended 31 January 2009 £000s
Cash flows from operating activities		
Loss before tax from continuing activities	(5,819)	(13,100)
Profit before tax from discontinued activities	28	(11,027)
	(5,791)	(24,127)
Adjusted for:		
Finance income	(8)	(304)
Finance cost	69	85
Foreign exchange loss	22	2
Depreciation	2,045	1,182
Amortisation of intangible fixed assets	323	718
Loss on disposal	7	198
Impairment loss	-	12,464
Cancellation of loan	(1,211)	-
Share-based payment	(18)	212
Adjusted loss from operations before changes in working capital and provisions	(4,562)	(9,570)
Decrease in trade and other receivables	923	86
Decrease/(Increase) in inventories	181	(54)
(Decrease) in trade and other payables	(451)	(1,489)
Cash used by operations	(3,909)	(11,027)
Taxation Received	815	898
Net cash used in operating activities	(3,094)	(10,129)
Investing activities		
Proceeds from disposal of discontinued operations	1,507	-
Proceeds from disposal of property, plant and equipment	8	-
Purchase of property, plant and equipment	(48)	(997)
Purchase of intangible assets	(40)	(150)
Interest received	8	304
Net cash used in investing activities	1,435	(843)
Financing activities		
Proceeds from issue of share capital	5,706	3,900
Transaction costs on share capital issued	(552)	-
Repayment of debt during the period	(53)	(204)
Repayment of finance lease costs	(8)	(10)
Interest paid	(69)	(85)
Net cash generated from financing activities	5,024	3,601
Net increase/(decrease) in cash and cash equivalents	3,365	(7,371)
Cash and cash equivalents at beginning of period	2,717	10,088
Cash and cash equivalents at end of year	6,082	2,717

Consolidated Statement of Changes in Equity

For the year ended 31 January 2010

Group	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
At 1 February 2009	5,597	25,785	1,176	12,654	(36,659)	8,553
Loss for the year from continuing operations	-	-	-	-	(5,447)	(5,447)
Profit for the year from discontinued operations	-	-	-	-	28	28
Total comprehensive expense for the year	-	-	-	-	(5,419)	(5,419)
New share capital issued	1,313	4,400	-	-	-	5,713
Transaction costs on share capital issued	-	(552)	-	-	-	(552)
Transfer following realisation on disposal of discontinued operations	-	-	-	(14,597)	14,597	-
Share-based payment	-	-	(17)	-	-	(17)
At 31 January 2010	6,910	29,633	1,159	(1,943)	(27,481)	8,278

For the year ended 31 January 2009

Group	Share capital £000s	Share premium account £000s	Shares to be issued £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
At 1 February 2008	4,967	22,750	1,443	964	11,328	(14,256)	27,196
Loss for the year	-	-	-	-	-	(22,403)	(22,403)
Total comprehensive expense for the year	-	-	-	-	-	(22,403)	(22,403)
New share capital issued	630	3,035	(117)	-	-	-	3,548
Share-based payment	-	-	-	212	-	-	212
Share issue eligible for merger relief	-	-	(1,326)	-	1,326	-	-
At 31 January 2009	5,597	25,785	-	1,176	12,654	(36,659)	8,553

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2010

1. Basis of accounting

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 January 2010 or 2009 for the purposes of section 435 of the Companies Act 2006, but it is derived from those accounts that have been audited. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered after the forthcoming AGM. The auditors have reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006 in 2010 or under s237 (2) or (3) Companies Act 1985 in 2009.

While the financial information for the year ended 31 January 2010 is prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (IFRSs) as endorsed by the European Union and implemented in the UK, this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs later in May 2010. These financial statements have also been prepared in accordance with the accounting policies set out in the 2010 Annual Report and Financial Statements, as amended by the following new accounting standards:

International Accounting Standards (IAS/IFRS)

IAS 1	Presentation of Financial Statements (Revised)
IFRS 8	Operating segments

IAS 1(Revised) has led to changes in the format of the primary statements. Primarily, the reconciliation of the movement in equity is now a primary statement and not a note to the accounts and the Consolidated Statement of Income is now shown as Consolidated Statement of Comprehensive Income. The Group has adopted a '1' statement approach.

The Group early adopted IFRS 8 'Operating Segments' for the year ended 31 January 2008 on its transition to IFRS. Further details about how the Group has identified its segments and chief operating decision maker are detailed in the full financial statements.

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. Management are confident about the Group's ability to continue as a going concern as a result of the cost reductions made over the last year, the successful fund raise in December 2009 and the future opportunities for the business that are outlined in the Chairman and Chief Executive's Statement and Financial Review.

2. Discontinued operations

On 7 May 2009, the Zebrafish business, which was held within part of Summit (Oxford) Limited and the whole of the subsidiary Summit Asia Pte Limited, was sold to Evotec AG. The proceeds for the sale were £500,000, plus a working capital adjustment of £57,000, which resulted in an overall profit of £275,000.

On 2 September 2009 Dextra Laboratories Limited, the carbohydrate services business was, sold to NZP Holding Limited. The proceeds for the sale were £950,000 plus a final net asset adjustment of £29,000 and resulted in an overall loss of £240,000. For further details regarding these transactions please see the Chairman and Chief Executive's Statement.

The profit on the sale of the discontinued operations was calculated as follows:

	Zebrafish business £000	Carbohydrates Services business £000	Total £000
CONSIDERATION RECEIVED:			
Cash	557	979	1,536
LESS ASSETS DISPOSED OF:			
Cash	17	-	17
Net assets (other than cash):			
Property, plant and equipment	225	1,107	1,332
Intangibles	-	3	3
Trade and other receivables	40	286	326
Other financial assets	-	210	210
Trade and other payables	-	(142)	(142)
Other financial liabilities	-	(245)	(245)
	<u>265</u>	<u>1,219</u>	<u>1,484</u>
Pre-tax gain / (loss) on disposal of discontinued operations	275	(240)	35
Related tax expense	-	-	-
	<u>275</u>	<u>(240)</u>	<u>35</u>

The results of the discontinued operations which have been included in the Consolidated Statement of Comprehensive Income were as follows:

	Year ended 31 January 2010 £000s	Year ended 31 January 2009 £000s
Revenue	<u>1,283</u>	1,646
Expenses	<u>(1,313)</u>	(12,673)
Loss before tax of discontinued operations	<u>(30)</u>	(11,027)
Tax	<u>23</u>	(23)
Loss after tax of discontinued operations	<u>(7)</u>	(11,050)
Profit on sale of discontinued operations	35	-

Tax	-	-
	35	-
Profit / (loss) on discontinued operations	28	(11,050)

During the period, the discontinued operations absorbed £184,000 of the Group's net operating cash flows (2009: £1,720,000), £15,000 (2009: £526,000) in respect of investing activities and £8,000 (2009: £10,000) in respect of financing activities.

3. Share capital

On 29 May 2009 Orient Pharma Limited made a \$500,000 (£314,820) equity investment via a subscription for 2,332,000 new Ordinary 10 pence shares at a price of 13.5 pence per share. This was in exchange for full ownership of the clinical candidate SMT D001, which is being developed to treat sialorrhoea, a non-motor symptom of Parkinson's disease. The shares issued to Orient are subject to a 12 month lock-in period followed by a 12 month orderly market agreement.

On 20 August 2009 the shareholders approved a reorganisation of the share capital, the effect of which is that for each issued Ordinary share of 10p held, shareholders were issued with one new Ordinary share of 1p and nine deferred shares of 1p each. The remaining authorised but unissued share capital was also subdivided into 10 new Ordinary shares of 1p each. The deferred shares have no voting or dividend rights and on a return of capital there is the right to receive the amount paid up after the holders of 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 30 December 2009 the number of Ordinary shares in issue increased to 166,249,806 following the placing of 107,949,569 Ordinary 1p shares. The shares rank *pari passu* with existing Ordinary shares. The equity placing raised net proceeds of £4,845,717.

4. Annual General Meeting

The Annual General Meeting is due to be held at 10:00am on Thursday, 17 June at the Milton Park Innovation Centre, 99 Milton Park, Abingdon, Oxfordshire, OX14 4RY.

Forward Looking Statements

This document contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipates", "intends", "plans", "seeks", "believes", "estimates", "expects" and similar references to future periods, or by the inclusion of forecasts or projections.

Forward-looking statements are based on the Company's current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. The Company's actual results may differ materially from those contemplated by the forward-looking statements. The Company cautions you therefore that you should not rely on any of these forward-looking statements as statements of historical fact or as guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements and regional, national, global political, economic, business, competitive, market and regulatory conditions.