

Company Registration No. 4217656

Summit Pharmaceuticals Europe Limited

Report and Financial Statements

31 March 2009

THURSDAY



L2QWPC6G

LD3

06/08/2009

105

COMPANIES HOUSE

Summit Pharmaceuticals Europe Limited

Report and financial statements 2009

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors Report and the financial statements	5
Independent auditors' report to the members of Summit Pharmaceuticals Europe Limited	6
Profit and loss account	8
Reconciliation of movements in equity shareholders' funds	9
Balance sheet	10
Notes to the accounts	11

Summit Pharmaceuticals Europe Limited

Report and financial statements 2009

Officers and professional advisers

Directors

Y Tanaka (appointed 25 June 2008)
Y Oda
M Sasaki

Secretary

Sumitomo Corporation Europe Limited

Registered office

Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

Bankers

The Bank of Tokyo-Mitsubishi, Ltd
Madrid Office
J. Ortega y gasset, 29
28006 Madrid

The Bank of Tokyo-Mitsubishi, Ltd
Viale della Liberazione, 18
20124 Milano

Citibank NA
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Citibank
Foro Buonaparte 16,
20121 Milano

Banca Nazionale del Lavoro
Agenzia 10
Piazza San Fedele, 3
20121 Milano

Solicitors

Denton Wilde Sapte
One Fleet Place
London EC4M 7WS

Auditors

KPMG Audit Plc
Chartered Accountants
London

Summit Pharmaceuticals Europe Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Business review and principal activities

The company trades in pharmaceutical products, selling to the United Kingdom, European and other markets. The company is based in London and has branches in Milan and Barcelona

The functional currency of the company based on the majority of its transactions is the Euro. Hence the financial statements have been prepared in euros.

For the year ended 31 March 2009, the company made a profit after tax of €26,000 (2008: €790,000). Turnover decreased to €42,054,000 (2008: €56,286,000) and gross profit decreased to €3,924,000 (2008: €4,570,000) due to the current economic climate.

The balance sheet shows an increase in net assets of €26,000. As a result of the performance during the year, the company reduced amounts owed to trade creditors and group companies by €2,562,000. Debtors have fallen from €13,526,000 to €10,014,000 due to the reduction in turnover.

Sumitomo Corporation manages its operations in Europe on a regional basis. For this reason, the company's directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European division of Sumitomo Corporation, which includes this company, is discussed in the global group's Annual Report which does not form part of this report.

Future prospects

The directors are confident that the company is soundly based not only to continue with its current activities, but also to promote new areas of business and activities in Europe. The company will continue to target expansion of its business activities through organic growth and strategic investments.

Principal risks and uncertainties

The current economic problem has created an uncertainty in the world's financial and commodity markets. This uncertainty is difficult to quantify in terms of its impact on the company's financial results.

Competitive pressures in the European operating environment provide a continuing risk to the company, which could result in loss of business to its competitors. The key factor for the company in managing this risk is to maintain and enhance the close relationships with its customers and suppliers.

Foreign exchange risk

The company operates in a multi-currency environment and is therefore exposed to currency risks arising from the movement between its principal trading currencies of US Dollar, GBP and Japanese Yen and its reporting currency Euro. The company manages these risks by entering into forward exchange contracts through its parent company, Sumitomo Corporation Europe Limited.

Liquidity and Cash risk

To manage cash and liquidity the company operates a central pooling of bank balances of all of its branches across Europe to the Head Office. Cash and liquidity is managed in conjunction with its parent company, Sumitomo Corporation Europe Limited, based in London, England.

Summit Pharmaceuticals Europe Limited

Directors' report (continued)

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company places a high importance on risk management and in ensuring that the company's customers and vendors have a sound financial base. The current economic problems in the financial and commodity markets have not led to an increase in the bad debts incurred by the company.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include recycling of waste paper and obsolete office equipment, reducing energy consumption and encouraging the purchase of environment-friendly office supplies whenever possible.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employees are consulted regularly on a wide range of matters affecting their interests.

The company is committed to giving full and fair consideration to applications for employment from people with disabilities and to continuing the employment of staff who become disabled and arranging appropriate training to achieve this.

Dividends

The company did not pay a dividend in the year (2008: € Nil) in respect of profits achieved up to and including the year ended 31 March 2009.

Directors

The present membership of the Board is set out on page 1. The directors who held office during the year were as follows:

H Arakawa (resigned 25 June 2008)

Y Tanaka (appointed 25 June 2008)

Y Oda

M Sasaki

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2008: Nil).

Summit Pharmaceuticals Europe Limited

Directors' report (continued)

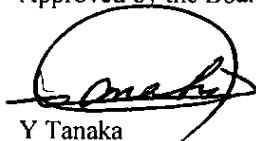
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 487 of the Companies Act 2006, KPMG Audit Plc will be deemed to be re-appointed and will remain in office.

Approved by the Board of Directors and signed on behalf of the Board



Y Tanaka
Director

23 July 2009

Summit Pharmaceuticals Europe Limited

Statement of directors' responsibilities in respect of the Directors Report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

8 Salisbury Square

London

EC4Y 8BB

United Kingdom

Independent auditors' report to the members of Summit Pharmaceuticals Europe Limited

We have audited the financial statements of Summit Pharmaceuticals Europe Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

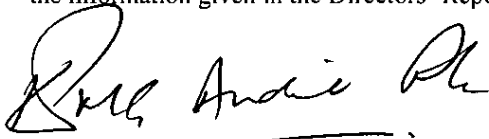
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Summit Pharmaceuticals Europe Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

5 August 2009

Summit Pharmaceuticals Europe Limited

Profit and loss account Year ended 31 March 2009

	Notes	2009 €'000	2008 €'000
Turnover	2	42,054	56,286
Cost of sales		<u>(38,130)</u>	<u>(51,716)</u>
Gross profit		3,924	4,570
Administrative expenses		<u>(3,750)</u>	<u>(3,329)</u>
Operating profit	4	174	1,241
Interest receivable and similar income	5	107	219
Interest payable and similar charges	6	(69)	(172)
Profit on ordinary activities before taxation		<u>212</u>	<u>1,288</u>
Tax on profit on ordinary activities	7	<u>(186)</u>	<u>(498)</u>
Profit on ordinary activities after taxation for the financial year		<u>26</u>	<u>790</u>

There are no recognised gains or losses for the current or prior year other than those shown in the profit and loss account.

Summit Pharmaceuticals Europe Limited

Reconciliation of movements in shareholders' funds Year ended 31 March 2009

	2009 €'000	2008 €'000
Profit for the year	26	790
Net increase in shareholders' funds	26	790
Opening shareholders' funds	2,592	1,802
Closing shareholders' funds	2,618	2,592

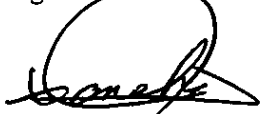
Summit Pharmaceuticals Europe Limited

Balance sheet As at 31 March 2009

	Note	2009 €'000	2008 €'000
Fixed assets			
Tangible assets	8	26	29
Investments	9	187	187
		<u>213</u>	<u>216</u>
Current assets			
Stocks	10	768	1,407
Debtors	11	10,014	13,526
Cash at bank and in hand		496	206
		<u>11,278</u>	<u>15,139</u>
Creditors: amounts falling due within one year			
Trade creditors		3,458	4,759
Amounts owed to group companies		4,887	7,449
Other creditors including taxation and social security	12	135	233
Accruals and deferred income		191	153
		<u>8,671</u>	<u>12,594</u>
Net current assets		<u>2,607</u>	<u>2,545</u>
Total assets less current liabilities		<u>2,820</u>	<u>2,761</u>
Provision for liabilities	13	(202)	(169)
Net assets		<u>2,618</u>	<u>2,592</u>
Capital and reserves			
Called up share capital	16	2,399	2,399
Profit and loss account	17	219	193
Shareholders' funds		<u>2,618</u>	<u>2,592</u>

These financial statements were approved by the Board of Directors on 23 July 2009.

Signed on behalf of the Board of Directors



Y Tanaka

Director

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provisions for impairment. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset. The rates of depreciation generally in use are as follows:

Plant and machinery	10%-33% per annum
Fixtures and fittings	10%-33% per annum

Investments

Investments held as fixed assets are stated at cost less any provision required for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

1. Accounting policies (continued)

Trade receivables

Trade receivables are measured at initial recognition at cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. All transactions are recognised on their transaction date.

Foreign exchange

Transactions in currencies other than the entity's functional currency are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Related parties

The company has taken advantage of the disclosure exemptions in FRS8: Related Parties and therefore has not disclosed details of transactions with group companies in these financial statements.

Cash flow statement

The company has taken advantage of the exemption offered by FRS1: Cash Flow Statements not to prepare a cash flow statement on the basis that the ultimate parent company produces consolidated accounts, which include a cashflow statement, into which the company's accounts are fully consolidated.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts, value added tax and other sales related taxes. The turnover is attributable to one activity, the trading of pharmaceutical products. In the opinion of the directors, it is seriously prejudicial to the interests of the company and not meaningful to give an analysis of turnover by geographical area.

3. Information regarding directors and employees

	2009 €'000	2008 €'000
Directors' Emoluments	<u>418</u>	<u>455</u>
No pension contributions were made in respect of Directors.		
Remuneration of highest paid director	<u>418</u>	<u>455</u>
Employee costs during the year (including directors)		
Wages and salaries	1,750	1,626
Social security costs	255	208
Other pension costs	<u>91</u>	<u>93</u>
	<u>2,096</u>	<u>1,927</u>

The average number of persons employed by the company in the year was 23 (2008: 23).

4. Operating profit

	2009 €'000	2008 €'000
Operating profit is after charging:		
Auditors' remuneration – audit of these financial statements	79	80
Depreciation	11	16
Net loss on exchange differences	<u>76</u>	<u>126</u>

Fees paid to KPMG Audit Plc and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

5. Interest receivable and similar income

	2009 €'000	2008 €'000
Bank deposit interest	7	25
Interest receivable from group companies	100	194
	<u>107</u>	<u>219</u>

6. Interest payable and similar charges

	2009 €'000	2008 €'000
Interest payable to group companies	69	172
	<u>69</u>	<u>172</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

7. Tax on profit on ordinary activities

(a) Analysis of charge in year:

	2009 €'000	2008 €'000
Current tax:		
UK corporation tax on profits of the year	18	120
Foreign tax	101	401
Adjustment to tax charge in respect to previous period	77	15
	<u>196</u>	<u>536</u>
Total current tax		
Deferred tax:		
Origination and reversal of timing differences	(10)	(38)
	<u>186</u>	<u>498</u>
Tax charge on profit on ordinary activities		

(b) Factors affecting tax for the year

The tax assessed for the year is higher (2008: higher) than the standard rate of corporation tax in the UK of 28% (2008: 30%). The differences are explained below:

	2009 €'000	2008 €'000
Profit on ordinary activities before tax	<u>212</u>	<u>1,288</u>
Tax at 28% (2008: 30%) thereon	59	387
Effects of:		
Expenses not deductible for tax purposes	50	30
Overseas tax rates	10	104
Adjustment to tax charge in respect to previous period	77	15
	<u>196</u>	<u>536</u>
Current tax charge for year		

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

8. Tangible fixed assets

	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
Cost			
At 1 April 2008	227	71	298
Additions	8	-	8
Disposals	(79)	-	(79)
	<u>156</u>	<u>71</u>	<u>227</u>
Accumulated depreciation			
At 1 April 2008	203	66	269
Charge for the year	10	1	11
Disposals	(79)	-	(79)
	<u>134</u>	<u>67</u>	<u>201</u>
Net book value			
At 31 March 2009	<u>22</u>	<u>4</u>	<u>26</u>
At 31 March 2008	<u>24</u>	<u>5</u>	<u>29</u>

9. Investments

	2009 Other investments (unlisted) €'000	2008 Other investments (unlisted) €'000
Cost and net book value		
At 1 April 2008 and 31 March 2009	<u>187</u>	<u>187</u>

The company holds 10% of the ordinary shares of Summit Pharmaceutical Europe China Limited, a fellow group company registered and incorporated in China

10. Stocks

	2009 €'000	2008 €'000
Finished goods and goods for resale	<u>768</u>	<u>1,407</u>

The replacement cost of stocks held by the company at 31 March 2009 was not significantly different from the amount at which it is stated in the balance sheet.

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

11. Debtors

	2009 €'000	2008 €'000
Trade debtors	5,311	6,598
Amounts owed by group undertakings	4,083	5,915
Other debtors	13	234
Tax debtor	184	-
Deferred taxation	10	-
Prepayments and accrued income	413	779
	<u>10,014</u>	<u>13,526</u>

12. Other creditors including taxation and social security

	2009 €'000	2008 €'000
Other creditors	35	112
Corporation tax	64	77
Other taxation and social security costs	36	44
	<u>135</u>	<u>233</u>

13. Provision for liabilities

	2009 €'000	2008 €'000
Employee's retirement allowance (TFR)	<u>202</u>	<u>169</u>
	€'000	€'000
Opening balance	169	101
Charge to profit and loss account	35	41
Amounts paid	(2)	(9)
Transfer in of funds for new employees	-	39
Transfer out of funds for leavers	-	(3)
Closing balance	<u>202</u>	<u>169</u>

Employees' retirement allowance

Under Italian law the company is required to maintain a *Trattamento Fine Rapporto* (TFR) for its employees. The cost to the company during the year was €44,000 (2008: €41,000).

Summit Pharmaceuticals Europe Limited

Notes to the accounts Year ended 31 March 2009

14. Deferred taxation

The movements in deferred tax are as follows:

	2009 €'000	2008 €'000
Opening balance	-	38
Charged to profit and loss account	10	(38)
Closing balance	<u>10</u>	<u>-</u>

15. Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €47,000 (2008: €52,000).

16. Called up share capital

	2009 £'000	2008 £'000
Authorised: 3,000,000 ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
Called up, allotted and fully paid: 1,614,000 ordinary shares of £1 each	<u>1,614</u>	<u>1,614</u>

17. Profit and loss account

	2009 €'000	2008 €'000
Balance brought forward	193	(597)
Profit retained for year	26	790
Balance carried forward	<u>219</u>	<u>193</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts

Year ended 31 March 2009

18. Ultimate and intermediate parent companies

The immediate parent company is Sumitomo Corporation Europe Limited, which owns 80% of the share capital. Sumitomo Corporation Europe Limited heads the smallest group of which the company is a member and for which group accounts are prepared. The group accounts are available from the registered office, at Vintners' Place, 68 Upper Thames Street, London EC4V 3BJ.

The company's ultimate parent company and controlling party is Sumitomo Corporation, a company incorporated in Japan, which ultimately controls 100% of the share capital. Sumitomo Corporation heads the largest group of which the company is a member and for which group accounts are prepared.

The group accounts for Sumitomo Corporation are available at 8-11 Harumi, 1-chome, Chuo-ku, Tokyo, Japan.