

Company Registration No. 4217656

Summit Pharmaceuticals Europe Limited

Report and Financial Statements

31 March 2010

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Summit Pharmaceuticals Europe Limited

Report and financial statements 2010

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Summit Pharmaceuticals Europe Limited

Directors' report

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

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 Madrid

Business review

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

During the year the company transferred its Spanish branch operations from Barcelona to Madrid

On 17 March 2010, the company sold its 10% shareholding in Summit Pharmaceutical China Limited to its parent company, Sumitomo Corporation

Apart from the above there have not been any significant changes in the company's principal activities in the year under review

For the year ended 31 March 2010, the company made a profit after tax of €162,000 (2009 €26,000). Turnover/revenue increased to €3,974,000 (2009 €3,924,000) due to a better performance during the year

The balance sheet shows an increase in net assets of €162,000. As a result of the performance during the year, the company increased amounts owed to trade creditors and group companies by €5,863,000. Debtors have increased from €10,014,000 to €15,547,000

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

Principal risks and uncertainties

The current economic climate 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. However, the company has a diversified client base to meet the uncertainties of the future

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 fellow group 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

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.

Price risk

The company monitors changes in commodity prices on a continual basis to ensure that the company maintains control over its gross trading profit and inventory value.

Employees

Details of the number of employees and related costs can be found in note 4 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 (2009 € Nil) in respect of profits achieved up to and including the year ended 31 March 2010.

Directors

The directors who held office during the year were as follows:

Y Tanaka

Y Oda (Resigned 1 June 2009)

N Sone (Appointed 1 June 2009)

M Sasaki (Resigned 20 May 2009)

T Suto (Appointed 20 May 2009)

T Sato (Appointed 19 March 2010)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2009 Nil).

Summit Pharmaceuticals Europe Limited

Directors' report (continued)

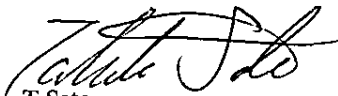
Disclosure of information to auditors

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



T Sato
Director
18 June 2010

Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

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)

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 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.



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

We have audited the financial statements of Summit Pharmaceutical Europe Limited for the year ended 31 March 2010 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

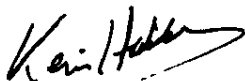
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

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

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



Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square, London, EC4Y 8BB

18 June 2010

Summit Pharmaceuticals Europe Limited

Profit and loss account for the Year ended 31 March 2010

	Notes	2010 €'000	2009 Restated €'000
Turnover/Revenue	2	3,974	3,924
Administrative expenses		(3,880)	(3,750)
Operating profit	5	94	174
Interest receivable and similar income	6	17	107
Interest payable and similar charges	7	(31)	(69)
Profit on sale of investments		145	-
Profit on ordinary activities before taxation		225	212
Tax on profit on ordinary activities	8	(63)	(186)
Profit on ordinary activities after taxation for the financial year		162	26

During the current year, the company has undertaken a review of the substance of its transactions and determined that transactions previously recognised as gross sales by the company were in substance agency transactions and so €45,225,000 (2009 €42,054,000) gross sales should be recognised as net sales to reflect the substance of the transactions. This treatment has been adopted in 2010 and the 2009 comparatives have been amended accordingly. This change has no impact on profits or the balance sheet in either year.

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 2010

	2010 €'000	2009 €'000
Profit for the year	162	26
Net increase in shareholders' funds	162	26
Opening shareholders' funds	2,618	2,592
Closing shareholders' funds	2,780	2,618

Summit Pharmaceuticals Europe Limited

Balance sheet As at 31 March 2010

	Note	2010 €'000	2009 €'000
Fixed assets			
Tangible assets	9	26	26
Investments	10	-	187
		26	213
Current assets			
Stocks	11	1,931	768
Debtors	12	15,547	10,014
Cash at bank and in hand		156	496
		17,634	11,278
Creditors: amounts falling due within one year			
Bank overdraft		25	-
Trade creditors	13	6,085	3,458
Amounts owed to group undertakings	13	8,123	4,887
Other creditors including taxation and social security	14	187	135
Accruals and deferred income		256	191
		14,676	8,671
Net current assets			
		2,958	2,607
Total assets less current liabilities			
		2,984	2,820
Provision for liabilities	15	(204)	(202)
Net assets			
		2,780	2,618
Capital and reserves			
Called up share capital	18	2,399	2,399
Profit and loss account	19	381	219
Shareholders' funds			
		2,780	2,618

These financial statements were approved by the Board of Directors on 18 June 2010

Signed on behalf of the Board of Directors



T Sato

Director

Company registered number 4217656

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

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.

Turnover represents the gross sales value achieved by the company when acting as a principal together with commissions and service fees receivable. The factors which determine whether a transaction is recorded as gross or net include who carries the risk of inventory or credit risk, who fixes the contract price and product specification, whether there is payment of fixed commission to the company. The gross contract values where the company does not act as a principal are excluded from turnover and cost of sales to reflect the substance of these transactions.

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

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

1. Accounting policies (continued)

which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

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

(forming part of the financial statements)

2. Turnover/Revenue

Turnover/revenue 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/revenue 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/revenue by geographical area.

The gross value of trades where the company acts as an agent during the year is €45,225,000 (2009 €42,054,000), with associated cost of sales €41,251,000 (2009 €38,130,000).

3. Remuneration of directors

	2010 €'000	2009 €'000
Directors' Emoluments	<u>469</u>	<u>418</u>
No pension contributions were made in respect of Directors		
Remuneration of highest paid director	<u>469</u>	<u>418</u>

4. Staff numbers and costs

	2010 €'000	2009 €'000
Employee costs during the year (including directors)		
Wages and salaries	1,967	1,750
Social security costs	301	255
Other pension costs	83	91
	<u>2,351</u>	<u>2,096</u>
	No.	No.
Average number of persons employed	<u>23</u>	<u>23</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

5. Operating profit

	2010 €'000	2009 €'000
Operating profit is after charging		
Auditors' remuneration – audit of these financial statements	64	79
Depreciation	9	11
Net loss on exchange differences	229	76
	<u>229</u>	<u>76</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

6. Interest receivable and similar income

	2010 €'000	2009 €'000
Bank deposit interest	5	7
Interest receivable from group companies	12	100
	<u>17</u>	<u>107</u>

7. Interest payable and similar charges

	2010 €'000	2009 €'000
Interest payable to group companies	31	69
	<u>31</u>	<u>69</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

8. Tax on profit on ordinary activities

(a) Analysis of charge in year

	2010 €'000	2009 €'000
Current tax		
UK corporation tax on profits of the year	-	18
Foreign tax	197	101
Adjustment to tax charge in respect to previous period	(134)	77
	<u>63</u>	<u>196</u>
Total current tax		
Deferred tax		
Origination and reversal of timing differences	-	(10)
	<u>-</u>	<u>(10)</u>
Tax charge on profit on ordinary activities	<u>63</u>	<u>186</u>

(b) Factors affecting tax for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 €'000	2009 €'000
Profit on ordinary activities before tax	<u>225</u>	<u>212</u>
Tax at 28% (2009 28%) thereon	63	59
Effects of		
Expenses not deductible for tax purposes	23	50
Capital allowances in period in excess of depreciation	(1)	-
Overseas tax rates	153	10
Gains on sale of investment	(41)	-
Adjustment to tax charge in respect to previous period	(134)	77
	<u>63</u>	<u>196</u>
Current tax charge for year	<u>63</u>	<u>196</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

9. Tangible fixed assets

	Plant and machinery €'000	Fixtures and fittings €'000	Total €'000
Cost			
At 1 April 2009	156	71	227
Additions	8	1	9
Disposals	(27)	(5)	(32)
	<u>137</u>	<u>67</u>	<u>204</u>
At 31 March 2010			
Accumulated depreciation			
At 1 April 2009	134	67	201
Charge for the year	8	1	9
Disposals	(27)	(5)	(32)
	<u>115</u>	<u>63</u>	<u>178</u>
At 31 March 2010			
Net book value			
At 31 March 2010	<u>22</u>	<u>4</u>	<u>26</u>
At 31 March 2009	<u>22</u>	<u>4</u>	<u>26</u>

10. Investments held as fixed assets

	2010 Other investments (unlisted) €'000	2009 Other investments (unlisted) €'000
Cost and net book value		
At 1 April 2009 and 31 March 2010	-	187
	<u>-</u>	<u>187</u>

On the 17 March 2010, the company sold its 10% shareholding in Summit Pharmaceutical China Limited to its parent company, Sumitomo Corporation

11. Stocks

	2010 €'000	2009 €'000
Finished goods and goods for resale	<u>1,931</u>	<u>768</u>

The replacement cost of stocks held by the company at 31 March 2010 was not significantly different from the amount at which it is stated in the balance sheet

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

12. Debtors

	2010 €'000	2009 €'000
Trade debtors	8,531	5,311
Amounts owed by group undertakings	6,755	4,083
Other debtors	18	13
Tax debtor	-	184
Deferred taxation	-	10
Prepayments and accrued income	243	413
	<u>15,547</u>	<u>10,014</u>

The average credit period taken on sales of goods is 123 days (2009 81 days) This is calculated using the gross value of transactions for agency sales The gross value of trades where the company acts as an agent during the year is €45,225,000 (2009 €42,054,000)

No interest is charged on the receivable from the date of invoicing until the due date of payment

13. Trade creditors and Amounts owed to group undertakings

	2010 €'000	2009 €'000
Trade creditors	<u>6,085</u>	<u>3,458</u>
Amounts owed to group undertakings	<u>8,123</u>	<u>4,887</u>

Trade creditors and amounts owed to group undertakings principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 125 days (2009 80 days) This is calculated on gross cost of sales The gross value of cost of sales where the company acts as an agent during the year is €41,251,000 (2009 €38,130,000)

14. Other creditors including taxation and social security

	2010 €'000	2009 €'000
Other creditors	28	35
Corporation tax	34	64
Other taxation and social security costs	125	36
	<u>187</u>	<u>135</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

15. Provision for liabilities

	2010 €'000	2009 €'000
Employee's retirement allowance (TFR)	204	202
	<u>€'000</u>	<u>€'000</u>
Opening balance	202	169
Charge to profit and loss account	33	35
Amounts paid	(29)	(2)
Transfer in of funds for new employees	6	-
Transfer out of funds for leavers	(8)	-
	<u>204</u>	<u>202</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 €40,000 (2009 €44,000)

16. Deferred taxation

The movements in deferred tax are as follows

	2010 €'000	2009 €'000
Opening balance	10	-
Charged to profit and loss account	(10)	10
	<u>-</u>	<u>10</u>

17. 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 €43,000 (2009 €47,000)

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

18. Called up share capital

	2010 €'000	2009 €'000
Called up, allotted and fully paid:		
1,614,000 ordinary shares of £1 each	2,399	2,399

The value of the company's £1 shares translated at the closing rate at 31 March 2010 is €1,814,000 (2009 €1,734,000)

19. Profit and loss account

	2010 €'000	2009 €'000
Balance brought forward	219	193
Profit retained for year	162	26
Balance carried forward	381	219

20. Parent company

The parent company is Sumitomo Corporation, a company incorporated in Japan, which owns 51% of the share capital. The remaining shareholding is owned by Sumitomo Corporation Europe Limited, a company incorporated in England.

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.