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**SUMMIT PHARMACEUTICALS EUROPE
LIMITED**

Report and Financial Statements

2001



**Deloitte & Touche
London**

REPORT AND FINANCIAL STATEMENTS 2001

CONTENTS	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Reconciliation of movements in shareholders' funds	6
Balance sheet	7
Notes to the accounts	8

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Matsumoto (appointed 10 July 2001)
T Nakaoka (appointed 10 July 2001)
Y Takeuchi (appointed 10 July 2001)
T Yoshikawa (appointed 10 July 2001)

SECRETARY

G D Holman

REGISTERED OFFICE

Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

BANKERS

The Bank of Tokyo-Mitsubishi, Ltd
12-15 Finsbury Circus,
London EC2M 7BT

Citibank NA
336 Strand
London WC3R 1HB

SOLICITORS

Denton Wilde Sapte
One Fleet Place
London EC4M 7WS

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 December 2001.

ACTIVITIES

The company trades in chemical products, selling to the United Kingdom, European and other markets. The company is based in London and has a branch in Dusseldorf. The functional currency of the company for the majority of its transactions is the euro. Hence the financial statements have been prepared in euros.

REVIEW OF DEVELOPMENTS

The company was incorporated on 16 May 2001, and began trading in August 2001. The company made a loss of €338,000 in the period from incorporation to the end of the year. The directors consider this to be a satisfactory result in current market conditions. The directors do not recommend the payment of a dividend for the period.

FUTURE PROSPECTS

The company will continue to grow by acquiring other Sumitomo European pharmaceutical businesses.

DIRECTORS AND THEIR INTERESTS

None of the directors had any interest in the share capital of the company or of any other group companies during the period.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the period.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



A Matsumoto
Managing Director

29 October 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SUMMIT PHARMACEUTICALS EUROPE LIMITED**

We have audited the financial statements of Summit Pharmaceuticals Europe Limited for the period from incorporation on 16 May 2001 to 31 December 2001 which comprise the profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in shareholders' funds, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the period from 16 May 2001, the date of incorporation, to 31 December 2001, and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche

Chartered Accountants and Registered Auditors

London

29 October 2002

PROFIT AND LOSS ACCOUNT
Period from 16 May 2001 to 31 December 2001

	Note	2001 €'000
TURNOVER: continuing operations	2	7,268
Cost of sales		(6,861)
		<hr/>
Gross profit		407
		<hr/>
Administrative expenses		(749)
Other operating expenses		(5)
		<hr/>
OPERATING LOSS: continuing operations	4	(347)
		<hr/>
Other interest receivable and similar income		10
Interest payable and similar charges		(1)
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(338)
		<hr/>
Tax on loss on ordinary activities	6	-
		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL PERIOD		(338)
		<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Period from 16 May 2001 to 31 December 2001

	Note	2001 €'000
Loss for the period		(338)
Exchange profit		8
		<hr/>
Total gains and losses recognised		<u>(330)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Period from 16 May 2001 to 31 December 2001


	2001 €'000
Loss for the financial period	(338)
Exchange profit	8
Issue of share capital in the year	798
	<hr/>
Net increase in shareholders' funds	468
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>468</u>

BALANCE SHEET
31 December 2001

	Note	2001 €'000	2001 €'000
FIXED ASSETS			
Intangible assets	7		205
CURRENT ASSETS			
Stocks	8	213	
Debtors	9	3,986	
Cash at bank and in hand		1,656	
			5,855
CREDITORS: amounts falling due within one year	10		(5,592)
NET CURRENT ASSETS			263
TOTAL ASSETS LESS CURRENT LIABILITIES			468
			468
CAPITAL AND RESERVES			
Called up share capital	12		798
Profit and loss account			(330)
			468

These financial statements were approved by the Board of Directors on *29 October* 2002.

Signed on behalf of the Board of Directors


A Matsumoto
Managing Director

NOTES TO THE ACCOUNTS

Period from 16 May 2001 to 31 December 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Intangible fixed assets

Goodwill is amortised on a straight line basis over a period of five years.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Foreign currencies

Transactions denominated in currencies other than euros are translated into euros at the average rate for the period. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences thus arising are dealt with in the statement of total recognised gains and losses.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

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 and value added tax. The turnover and pre-tax profit, all of which arises in the European Union, is attributable to one activity, the trading of chemicals.

	2001
	€'000
With third parties	6,929
Within the group	339
	<hr/>
	7,268
	<hr/> <hr/>
	2001
	€'000
In the United Kingdom	3,471
In continental Europe	3,797
	<hr/>
	7,268
	<hr/> <hr/>

NOTES TO THE ACCOUNTS

Period from 16 May 2001 to 31 December 2001

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 €'000
Directors' emoluments	129
Employee costs during the year (excluding directors):	
Wages and salaries	247
Social security costs	19
	<u>266</u>

The average number of persons employed by the company in the period was 9 (including directors). Staff salaries are paid by Sumitomo Corporation Europe Limited, and are recharged to the company.

4. OPERATING LOSS

	2001 €'000
Operating loss is after charging	
Amortisation of goodwill	5
Auditors' remuneration	12
	<u>17</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 €'000
Bank interest paid	1
	<u>1</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2001 €'000
Loss on ordinary activities before tax	<u>(337)</u>
Tax credit at 30% thereon	101
Effects of:	
Expenses not deductible for tax purposes	(3)
Tax losses not provided for	(96)
Movement in short term timing differences	(2)
	<u>-</u>
Current tax charge for period	<u>-</u>

NOTES TO THE ACCOUNTS

Period from 16 May 2001 to 31 December 2001

7. INTANGIBLE FIXED ASSETS

	Goodwill €'000
Cost	
At 16 May 2001	-
Additions	210
	<hr/>
At 31 December 2001	210
	<hr/>
Accumulated depreciation	
At 16 May 2001	-
Charge for the period	5
	<hr/>
At 31 December 2001	5
	<hr/>
Net book value	
At 31 December 2001	205
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At 16 May 2001	-
	<hr/> <hr/>

The goodwill relates to the consideration for the acquisition of the German branch from Summit Chemicals Europe GmbH. The book value and fair value of net assets acquired was €nil. Consideration was based on the estimated fair value of the trade going forward.

8. STOCKS

	2001 €'000
Finished goods and goods for resale	213
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9. DEBTORS

	2001 €'000
Trade debtors	3,527
Amounts owed by group undertakings	46
Other debtors	426
Prepayments and accrued income	(13)
	<hr/>
	3,986
	<hr/> <hr/>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 €'000
Bank loans and overdrafts	210
Trade creditors	586
Amounts owed to group undertakings	4,375
Other creditors	403
Accruals and deferred income	18
	<hr/>
	5,592
	<hr/> <hr/>

NOTES TO THE ACCOUNTS

Period from 16 May 2001 to 31 December 2001

11. BANK LOANS AND OVERDRAFTS

	2001
	€'000
Due within one year	210
	<u>210</u>

12. CALLED UP SHARE CAPITAL

	2001
	£
Authorised:	
ordinary shares of £1 each	3,000,000
	<u>3,000,000</u>
Called up, allotted and fully paid:	
ordinary shares of £1 each	500,000
	<u>500,000</u>
	€
Translated at 1 September 2001	798,400
	<u>798,400</u>

Share capital was issued at par, for cash consideration.

13. ULTIMATE AND INTERMEDIATE PARENT COMPANIES

The immediate parent company is Sumitomo Corporation Europe Holding Limited, which owns 80% of the share capital. Sumitomo Corporation Europe Holding 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.