Summit Corporation plc

("Summit" or "the Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2013

HIGHLIGHTS

Product Development

Duchenne Muscular Dystrophy ('DMD')

- Phase 1b patient clinical trial of SMT C1100 on-track to start in H2 2013
- Activities supporting clinical DMD programme progressing well and include the initiation of novel biomarker programme and drug product manufacture
- Programme Advisory Board established to support scientific and clinical development of DMD programme

C. difficile Infection ('CDI')

- Positive results from Phase 1 clinical trial in healthy volunteers showed novel antibiotic SMT 19969 to be safe and well tolerated in this study
- Encouraging data from Phase 1 trial about future efficacy and specificity of SMT 19969 with results showing it was highly sparing of gut flora bacteria
- Preparations to commence patient clinical trials in H1 2014 progressing well

Corporate

- New funding secured from broad range of sources including £4.6 million fund raise with new and existing investors and £2.4 million grant from UK Biomedical Catalyst Fund
- Dr Frank Armstrong appointed as Non-Executive Chairman with Dr Barry Price taking up a Non-Executive Director role
- Strengthening of clinical development team including the appointment of Dr David Roblin as Chief Medical Officer

Financial

- Cash position at 31 July 2013: £6.0 million (31 July 2012: £4.8 million)
- Operational expenditure in-line with expectations
- Net loss for the six months ended 31 July 2013 £2.1 million (31 July 2012: £2.2 million)

CHIEF EXECUTIVE OFFICER'S STATEMENT

INTRODUCTION

It has been an excellent six months for Summit during which our strategy of focusing on advancing our lead assets into patient clinical trials has made substantial scientific progress and also received broad financial support.

The lead clinical candidates in our two independent programmes to treat Duchenne Muscular Dystrophy ('DMD') and *Clostridium difficile* Infection ('CDI') are reaching an exciting stage as they prepare to commence patient clinical trials that aim to establish their potential as life-changing treatments

These programmes have attracted significant funding from a variety of sources including financial investors, the UK Biomedical Catalyst Fund, DMD charities and the Wellcome Trust. This broad support further endorses the scientific and commercial potential of our drug programmes.

PRODUCT DEVELOPMENT

Duchenne Muscular Dystrophy: Utrophin Modulation Programme

Our DMD programme is developing oral, small molecule drugs that are capable of modulating the production of the protein utrophin. A major attribute of this approach is that it has the potential to treat all DMD patients and slow-down or stop the progression of this devastating disease.

DMD is the most common and severest form of muscular dystrophy and it affects approximately 50,000 boys and young men in the developed world. It is a progressive muscle wasting disease caused by different genetic mutations in the gene that encodes dystrophin, a protein that is essential for healthy muscle function. There is currently no cure and average life expectancy is in the mid-twenties.

Utrophin protein is the functional equivalent to dystrophin and is produced naturally by the body during foetal development and in regenerating muscles. Non-clinical studies have shown utrophin can substitute for the missing dystrophin to maintain the healthy function of skeletal and cardiac muscle.

Our utrophin modulation programme represents a potential new treatment paradigm for this disease which also offers the promise of being complementary to other DMD therapeutic approaches in development.

Our lead utrophin drug is SMT C1100, which is on-track to enter a Phase 1b safety and dose finding clinical trial in patients with DMD during H2 2013. This trial will be the first to evaluate a utrophin therapy in patients and represents a major milestone in the development of the programme. If successful, a Phase 2 study will follow to validate utrophin modulation as a viable treatment option for this devastating disease.

In addition to the clinical trials, a number of essential supporting activities are on-going including the initiation of a novel biomarker programme to develop techniques for evaluating the benefit of SMT

C1100 in the Phase 2 trial. In February a grant funded collaboration with Dr Yetrib Hathout at Children's National Medical Center (Washington DC) was announced to develop a biomarker to quantify utrophin protein in muscle fibres. Summit will also seek to develop biomarkers capable of examining other important aspects of muscle health.
Other preparatory activities include the manufacture of drug product for use in the Phase 2 clinical trial and also in long-term toxicology studies. This work has been contracted to an FDA approved supplier who has the capability to meet the immediate and potential long-term needs of the programme.

The overall development of the programme is now benefiting from the expert input of our Advisory Board, which was established in February. The Board comprises world-leading scientists and clinicians in the DMD field and it meets on a regular basis to review all aspects of the programme's future development.

In parallel to the development of SMT C1100, Summit is advancing next generation utrophin modulators. These will form part of a strong pipeline in the DMD field and will allow the Company to fully exploit the scientific and commercial potential of this promising approach.

Clostridium difficile Infection: Novel Antibiotic Programme

SMT 19969 is a novel antibiotic in clinical development for the treatment of infections caused by the bacteria *Clostridium difficile*. The development of new antibiotics has been neglected and has led to warnings from senior medical advisers and governments about the risks posed by endemic, hyper-virulent and drug resistant bacterial pathogens. Consequently governments are now actively encouraging companies to develop new antibiotics. In 2012, the US government introduced the Generating Antibiotic Incentives Now (GAIN) Act which, similar to the Orphan Drug legislation, aims to provide companies with commercial incentives to develop new antibiotics to treat specific bacteria threats that include *C. difficile*. Summit is therefore well placed to capitalise on this renewed interest in antibiotic development.

SMT 19969 achieved a major milestone in April when it successfully completed a Phase 1 clinical trial in healthy volunteers. In the study, our small molecule antibiotic was shown to be safe and well tolerated when administered twice a day for ten days at therapeutically relevant doses.

Significantly, the trial also measured the impact of the drug on the natural gut flora. The protection of the gut flora is believed to be essential in preventing recurrence of CDI. Preventing disease recurrence is the key clinical issue and it is exacerbated through the use of existing broad spectrum CDI antibiotics. SMT 19969 has a very narrow spectrum of activity meaning it only targets *C. difficile* bacteria and has minimal effect on other bacterial groups. The results from the Phase 1 trial showed that SMT 19969 did not disturb the natural balance of the volunteers gut flora with only the clostridia bacterial family being reduced to levels below the detection limits. This top-level data is highly encouraging for the efficacy and specificity of SMT 19969 when it is evaluated in patients with CDI.

The next stage is for SMT 19969 to progress into a Phase 2 patient clinical trial and a number of activities to enable this are progressing well. These include the manufacture of the final dose form of SMT 19969 and the finalising of the design of the patient trial with input from the regulatory authorities and our clinical advisers. The Phase 2 trial is anticipated to start in H1 2014.

Strengthened Clinical Development Team

The clinical development team was strengthened during the period following a number of key hires that included the appointment of Dr David Roblin as the Company's Chief Medical Officer. David is an experienced physician having previously held senior roles at Pfizer and Bayer. He brings considerable expertise having been involved in the successful development of drugs through clinical trials and market launches including the antibiotics Zithromax®, Avelox® and Cipro®. With both our DMD and *C. difficile* programmes progressing towards patient clinical trials, David is already making a valuable contribution towards their successful development.

CORPORATE

Strong Financial Support and External Endorsement

The development of both programmes has received strong financial backing during the period that included the support from investors, the UK government and charitable foundations worth up to £8.5 million.

In July, a placing of new shares at a premium share price raised £4.6 million from existing investors and new specialist healthcare funds.

SMT C1100 and the concept of utrophin modulation received a major endorsement in July when Summit was awarded a £2.4 million grant from the Biomedical Catalyst Fund. This funding programme was set-up by the UK government and supports opportunities that demonstrate the highest scientific and commercial potential irrespective of medical area. This award was made following a highly competitive and rigorous application process and will support the forthcoming patient clinical trials, biomarker development and long-term safety studies.

In the same month, Summit also entered into a AUD 1.25 million (approximately £0.75 million) funding agreement with the Australian DMD organisation Save Our Sons. The Company is due to receive an initial AUD 500,000 to support the manufacture of SMT C1100 and Summit is also eligible for a AUD 750,000 payment to contribute towards the cost of an Australian trial site should one be included in a Phase 3 study. In addition, the US charity, the Foundation to Eradicate Duchenne, is directly funding the biomarker collaboration with Children's National Medical Center. We are grateful for this support from the DMD community who continue to make an important contribution towards the success of this programme.

The development of SMT 19969 continues to be substantially supported by a Translational Award from the Wellcome Trust. A clinical milestone was achieved as part of this award, which triggered a £0.74 million payment in June and this will support, as detailed above, the activities towards starting a Phase 2 clinical trial.

Board Changes

Dr Frank Armstrong was appointed Non-Executive Chairman in June with Dr Barry Price assuming a Non-Executive Director role. Dr Armstrong is a physician with extensive industry experience in a range of therapy areas including clinical development, product approvals and marketing and commercial partnering deals. This change reflects the clinical development stage of the DMD and CDI programmes.

In February, Professor Stephen Davies stepped down from the Board and we thank him for his important contribution to the development of Summit during his many years of service.

FINANCIAL REVIEW

The cash position at 31 July 2013 was £6.00 million (31 July 2012: £4.75 million). The Company's resources were strengthened in July through the placing of 92.3 million new ordinary shares at a premium to the prior share price close, raising £4.40 million after expenses. In addition, a £0.74 million milestone was received in June as part of the Translational Award from the Wellcome Trust.

Our main source of revenue during the period was grant and other not-for-profit funding to support our research and development activities. Revenue was £0.50 million (31 July 2012: £1.01 million) and was due to recognition of monies from the Wellcome Trust Translational Award. Further revenue will be recognised from this award, along with the funding agreement with Save Our Sons and the Biomedical Catalyst grant over future financial periods.

In addition, research and development tax credits of £0.34 million in respect of the year ended 31 January 2013 were received (31 January 2012: £0.21 million).

Investment into research and development was £2.09 million (31 July 2012: £1.85 million) which principally related to the Phase 1 clinical trial of SMT 19969 and on-going activities to enable both the DMD and CDI programmes to commence patient trials. General and administrative expenses were £0.71 million (31 July 2012: £0.73m).

The net loss for the period fell slightly to £2.10 million (31 July 2012: £2.23 million).

OUTLOOK

The Company is entering an exciting stage in its development as our two programmes prepare to commence patient clinical trials. The promise these programmes are showing as life-changing treatments for two serious diseases is being endorsed externally by respected organisations that include the Biomedical Catalyst and the Wellcome Trust.

I would like to thank all of our staff for their continuing hard work and dedication and also all our shareholders for the continuing support of the Company. I look forward to reporting on our future progress.

Glyn Edwards
Chief Executive Officer
21 August 2013

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six months ended 31 July 2013

	Note	**Six months ended 31 July 2013**	Six months ended 31 July 2012	Year ended 31 January 2013
		£000s	£000s	£000s
Revenue		**504**	1,014	1,814
Cost of sales		**-**	-	-
Gross profit		**504**	1,014	1,814
Other operating income		**50**	-	81
Administrative expenses				
Research and development		**(2,084)**	(1,854)	(3,624)
General and administration		**(708)**	(733)	(1,638)
Depreciation and amortisation		**(11)**	(67)	(93)
Cessation of in-house discovery		**-**	-	(308)
Impairment of intangibles	2	**-**	(899)	(899)
Release of provision	2	**-**	205	205
Share-based payment		**(138)**	(48)	(115)
Total administrative expenses		**(2,941)**	(3,396)	(6,472)
Operating loss		**(2,387)**	(2,382)	(4,577)
Finance income		**6**	4	11
Loss before taxation		**(2,381)**	(2,378)	(4,566)
Taxation		**242**	148	341
Loss and total comprehensive income and expense for the period		**(2,139)**	(2,230)	(4,225)
Basic and diluted loss per Ordinary share	3	**(0.60)p**	(0.80)p	(1.34)p

All of the activities of the Group are classified as continuing.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
As at 31 July 2013

	Note	**31 July 2013** **£000s**	31 January 2013 £000s	31 July 2012 £000s
ASSETS				
Non-current assets				
Intangible assets		**166**	171	169
Property, plant and equipment		**38**	23	154
		204	194	323
Current assets				
Trade and other receivables		**266**	461	175
Current tax		**239**	343	212
Cash and cash equivalents		**6,004**	3,379	4,754
		6,509	4,183	5,141
Total assets		**6,713**	4,377	5,464
LIABILITIES				
Current liabilities				
Trade and other payables		**(1,460)**	(1,376)	(685)
Provisions		**-**	(150)	-
		(1,460)	(1,526)	(685)
Total liabilities		**(1,460)**	(1,526)	(685)
Net assets		**5,253**	2,851	4,779
EQUITY				
Share capital		**9,711**	8,788	8,788
Share premium account		**37,166**	33,686	33,686
Share-based payment reserve		**1,548**	1,410	1,343
Merger reserve		**(1,943)**	(1,943)	(1,943)
Retained earnings		**(41,229)**	(39,090)	(37,095)
Equity attributable to the owners of the parent		**5,253**	2,851	4,779

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
For the year ended 31 January 2013

	Note	**Six months ended 31 July 2013**	Six months ended 31 July 2012	Year ended 31 January 2013
		£000s	£000s	£000s
Cash flows from operating activities				
Loss before tax		**(2,381)**	(2,378)	(4,566)
Adjusted for:				
Finance income		**(6)**	(4)	(11)
Foreign exchange loss		**10**	-	5
Depreciation		**7**	27	48
Amortisation of intangible fixed assets		**5**	41	45
(Profit)/Loss on disposal of assets		**(6)**	-	21
Impairment charge	2	**-**	899	899
Movement in provisions		**(150)**	-	(55)
Release of provision for contingent consideration	2	**-**	(205)	-
Share-based payment		**138**	48	115
Adjusted loss from operations before changes in working capital and provisions		**(2,383)**	(1,572)	(3,499)
Decrease/(Increase) in trade and other receivables		**99**	118	(45)
Increase/(Decrease) in trade and other payables		**75**	(600)	85
Cash used by operations		**(2,209)**	(2,054)	(3,459)
Taxation received		**346**	210	272
Net cash used in operating activities		**(1,863)**	(1,844)	(3,187)
Investing activities				
Proceeds from disposal of assets		**101**	-	-
Purchase of property, plant and equipment		**(22)**	(32)	(33)
Purchase of intangible assets		**-**	(5)	(43)
Interest received		**6**	4	11
Net cash generated/(used in) from investing activities		**85**	(33)	(65)
Financing activities				
Proceeds from issue of share capital		**4,614**	5,000	5,000
Transaction costs on share capital issued		**(211)**	(445)	(445)
Net cash received from financing activities		**4,403**	4,555	4,555
Net increase in cash and cash equivalents		**2,625**	2,678	1,303
Cash and cash equivalents at beginning of period		**3,379**	2,076	2,076
Cash and cash equivalents at end of period		**6,004**	4,754	3,379

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

For the six months ended 31 July 2013

Group	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
At 1 February 2013	8,788	33,686	1,410	(1,943)	(39,090)	2,851
Loss for the period from continuing operations	-	-	-	-	(2,139)	(2,139)
Total comprehensive income and expense	-	-	-	-	(2,139)	(2,139)
New share capital issued	923	3,691	-	-	-	4,614
Transaction costs on share capital issued	-	(211)	-	-	-	(211)
Share-based payment	-	-	138	-	-	138
At 31 July 2013	**9,711**	**37,166**	**1,548**	**(1,943)**	**(41,229)**	**5,253**

For the year ended 31 January 2013

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

Six month ended 31 July 2012

Group	Share capital £000s	Share premium account £000s	Share-based payment reserve £000s	Merger reserve £000s	Retained earnings £000s	Total £000s
At 1 February 2012	7,121	30,798	1,295	(1,943)	(34,865)	2,406
Loss for the period from continuing operations	-	-	-	-	(2,230)	(2,230)
Total comprehensive income and expense	-	-	-	-	(2,230)	(2,230)
New share capital issued	1,667	3,333	-	-	-	5,000
Transaction costs on share capital issued	-	(445)	-	-	-	(445)
Share-based payment	-	-	48	-	-	48
At 31 July 2012	**8,788**	**33,686**	**1,343**	**(1,943)**	**(37,095)**	**4,779**

NOTES TO THE FINANCIAL STATEMENTS
For the six months ended 31 July 2013

1. Basis of accounting
The Group's unaudited interim financial statements for the half year ended 31 July 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU including those applicable to accounting periods ending 31 January 2014 and the accounting policies set out in Summit Annual Report and Accounts for the year ended 31 January 2013. They do not include all the statements required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at 31 January 2013. The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting'. Accordingly, whilst the interim statements have been prepared in accordance with IFRS they cannot be construed as being in full compliance with IFRS.

The financial information for the year ended 31 January 2013 does not constitute the full statutory accounts for that period. The Annual Report and Accounts for 31 January 2013 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Accounts for 2013 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498(2) or 498 (3) of the Companies Act 2006.

The interim financial statements have been prepared on a going concern basis.

2. Exceptional items
In the financial statements for the year ended 31 January 2013 an impairment of intangible assets of £0.89 million and reduction in provision of contingent consideration of £0.21 million were recognised and relate to the acquisition of key assets from MNL Pharma in 2006. These exceptional, non-cash charges are a consequence of the Group's strategy being focussed on the development of the Duchenne Muscular Dystrophy and *C. difficile* infection programmes, and the decision to end the option agreement with Evolva.

3. Loss per share calculation
The loss per share has been calculated by dividing the loss for the period by the weighted average number of shares in issue during the six month period to 31 July 2013: 358,676,431 (for the six month period ended 31 July 2012: 278,081,122; for the year ended 31 January 2013: 316,188,906).

Since the Group has reported a net loss, diluted loss per share is equal to basic loss per share.

4. Issue of share capital
On 23 July 2013 the number of Ordinary shares in issue increased to 446,357,841 following the placing of 92,269,391 Ordinary 1p shares. The shares rank pari passu with existing Ordinary shares. The equity placing raised net proceeds of £4.40 million.