

mssp
manchester science parks



Manchester Science Park Ltd
Annual Review 2007

mSP

Directors

31st December 2007

Chairman

Peter Folkman

Chief Executive

Jane Davies

Manchester City Council

Cllr. Brian Harrison

Manchester City Council

Cllr. Joyce Keller

Manchester City Council

Cllr. Neil Swannick

Manchester City Council

Chief Executive, New East Manchester Ltd

Tom Russell

Manchester Metropolitan University

Deputy Vice-Chancellor

Professor Barry Plumb

University of Manchester

Vice-President

Innovation & Economic Development

Professor Rod Coombs

University of Manchester

Associate Dean, Faculty of Humanities

Professor Luke Georghiou

University of Manchester

Director of Finance

Marianne McKenzie

Ciba Specialty Chemicals

Company Secretary

Rachel Wilkinson

NatWest Regional Managing Director

Richard Hall

Pochin's PLC

John Woodcock

Quiros Ltd

Michael Chadwick

Independent

Townson Associates

John Townson

Company Secretary

Jane Davies



Chairman Peter Folkman



Since becoming Chairman I have come to the conclusion that the achievements of **msp**'s tenant companies are a true measure of how well we meet our objectives and those of our stakeholders, and I'm delighted to say that the 2007 Annual Review showcases these achievements.

The creative environment of **msp** encourages innovation, and our mix of high quality space and flexible terms attracts ambitious entrepreneurs who testify that **msp** eases the challenges of growth associated with developing an SME. It was this endorsement which led to **msp** being voted UK Science Park Association Outstanding Member Park at the start of 2007 for services to tenants and the local community.

In the globalised knowledge economy the value of **msp**'s achievements is also reflected in the people who visit us, consult us and with whom we have fostered formal links.

Following her appointment in 2006 as Chairman of the European Division of the International Association of Science Parks (IASP), 2007 saw Jane Davies elected Chairman of the UK Science Park Association (UKSPA) following a successful period as Vice Chairman. This is the third time the chairmanship of UKSPA has been held by a CEO of **msp**. As Chairman, Jane is responsible for developing communications with policy makers at all levels, delivering advice and guidance based on UKSPA members' experience of the UK's world-leading system of innovation and enterprise.

Another major highlight of 2007 was the visit from the Chinese Ambassador, Madam Fu Ying, who visited **msp** to see the successful SinoVentures scheme in action. Providing a perfect soft-landing platform for Chinese companies to test the value of having a European presence, SinoVentures is a pioneering initiative to strengthen investment and trade links between Manchester and China. The scheme has benefited fourteen companies to date and several of those have since established offices permanently in the city, including Air China, which is now based at Manchester International Airport.

msp was delighted to sign a memorandum of understanding with Hsinchu Science Park (HSP), Taiwan in June 2007. HSP and **msp** are two of the world's longest established science parks and the agreement focuses on the sharing of experience between tenants and the development of business opportunities.

Finally, I would like to pay tribute to Jane Davies and her team for their skill and dedication to **msp** and its community.





Chief Executive
Jane Davies

Financial Performance

We saw a bigger seasonal downturn in enquiries than usual in the fourth quarter of 2007, and this was reflected in our financial performance for the year with profit before interest and tax dropping below the levels achieved in 2005 and 2006. However, in the first quarter of 2008 confidence amongst smaller companies returned and with seven new companies taking space in our premises, PBIT was on budget at the end of March 2008.

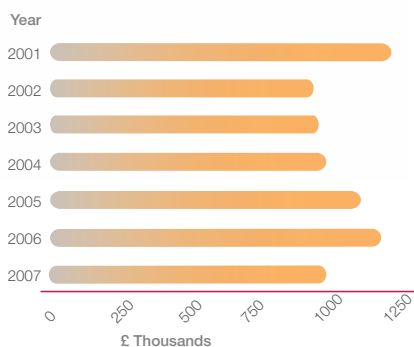
Turnover continued its upward trend in the year and the directors approved the addition to the balance sheet figures of a prudent uplift in the valuation of our portfolio. This was based on an independent valuation of our property, tempered by the directors' latest views on the investment market. Therefore, net assets at the end of the period showed an increase of 25% over 2006.

Economic Development

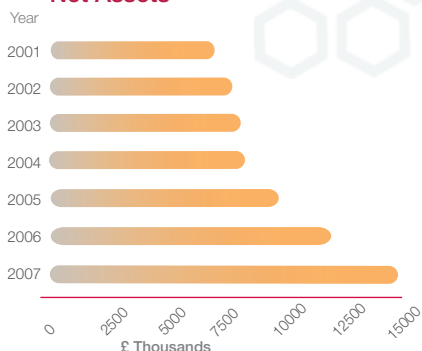
One Central Park was created to provide a seamless route from enterprise training through business creation and incubation to the move-on space that **msp** manages. In 2007 we saw the first evidence that this approach is successful when Winning Pitch and Foresight Health moved into our facilities. Both these companies were born in OCP and both are now operating successfully and still expanding. See page 9 for more information on Winning Pitch.

Where possible we also monitor the performance of companies that leave **msp** (alumni), since many do so because they wish to expand beyond the space we have available. Whilst we cannot compare companies that have spent time in **msp** facilities with exactly similar companies that have not, nevertheless it is significant that the survival rate for **msp** companies is 79% compared with an average rate for all businesses in Manchester of 64%. Furthermore, 56% of active **msp** alumni companies still operate in Greater Manchester with a further 12% based in Cheshire. See page 11.

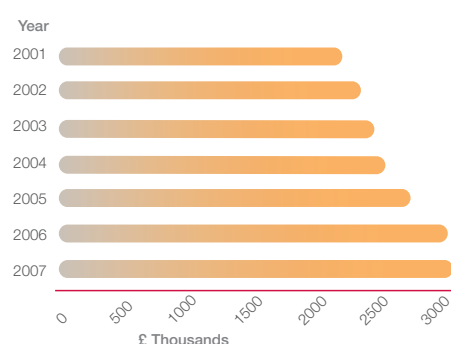
Profit



Net Assets



Turnover



Knowledge Exchange

There is no longer any debate about the necessity to develop Europe's knowledge economy in order to maintain our global competitiveness. The discussion now focuses around the means by which this can be done and phrases such as 'innovation networks', 'co-creation of knowledge' and 'innovation at the interface' are bandied about.

All aspects of the physical and cultural environment of a science park are aimed at encouraging communication and interaction. At the end of 2007, 25 companies said they had made new business contacts through **msp** networking events, and 10 companies said they had increased their business as a result of **msp** intervention.

We also piloted two 'Business Breakthroughs' events, which are a more focussed way of bringing together businesses with a problem and university intermediaries who might know somebody with the answer. Before the event, companies were assisted to identify and articulate a major business challenge and during it they met a range of intermediaries in a 'speed networking' format.

Inward Investment

The success of our partnership with MIDAS in attracting technology based companies from overseas to Manchester continued in 2007, with seven new foreign owned companies locating in the Manchester International Innovation Centre (MIIC). The combination of services available from **msp** and from the MIDAS business development team makes this initiative an unbeatable offer. The companies spend up to a year in the MIIC before moving to the most suitable location in Greater Manchester for their business. Since the facility opened, seven of the inward investments have chosen to remain on **msp** with a further seven moving to another location in Greater Manchester.



The new **msp** management team (left to right):
Jan Hilton,
Jane Davies,
David McTear
and Lynne Barlow

msp

the home of successful companies

Manchester Science Parks (**msp**) has a long and successful record of providing the necessary environment, facilities and support to maximise scientific innovation and commercial success.

Here we celebrate the achievements of our tenant companies, many of whom attribute their success in part to the support they receive from **msp** and to their location in one of the most successful business facilities of its kind.

msp's own reputation is enhanced by their success and we thank our tenant companies for sharing their achievements with us.

Our tenants added the following household names and major corporates, amongst others, to their already impressive client lists:

Amey
Aviva
Axa
Barbour ABI
Civil Aviation Authority
Co-op
Euroship
Fujitsu
Heinz
Honda
HMV
Johnson & Johnson
Kwikfit
Lex Vehicle Leasing
Mars
O2 Airwave
Park Cakes
RAC
Sharpe
Siemens
SunSystems
Time Warner
United Utilities

The Arab Thought
Foundation Award
Agri-biotech

Microsoft
Gold
Partner
Gödel

Getting FSA
regulated; moving
into **msp**
Foresight Health

Runner up
IOD Young
Director of the Year
Gödel

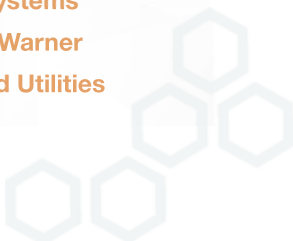
Producing a
working demonstrator for
Real Time Tomography and
progressing towards a full
scale prototype **C-X-R**

Our first million
pound project
**Manchester
Electrical**

Sold
company to
Novartis
**NeuTech
Pharma**

Listed in Deloitte
Fast 50 and
Sunday Times
Tech Track 100
Arrk

North West
Business
Environment
Award
Salamander





Rated best buy for fixed line, mobile and line rental services by Ethical Consumer
Phone Co-op

5 year contract with Euroship for remote condition monitoring data analysis for 8 of their ships
James Fisher Defence

Doubling turnover and achieving trade sale
IFL

ISP of the year
Fused Group

Runner Up - 2007 Fixed service provider of the year
Phone Co-op

The opening of our own data centre facility in Reynolds House
Melbourne Network Solutions

Shortlisted for a BETT Award (The Education Oscars) for The Write Kit in the Best Core Curriculum Product Category
186 Media

Acquisition of inspection business
James Fisher IMS

Major contracts with Food Northwest and Starret, largest UK manufacturer of band sawblades
Duo Design

Deloitte Technology Fast 500 EMEA
Sapphire Systems

Adding a further 1600 US clients to our network
PORT 9

Delivered Phase One of our collaboration software, Stringsta, to the BBC as part of our "Where's The Story Going?" commission from BBC Blast
186 Media

Key technical milestone achieved to enable the development of several key therapeutic products
Oxyrane

Leading Aspect Award
Young Enterprise North West

United Nations Global Compact - Diversity Innovation Award
Diverse Culture

Opening 1 Synergy House, a new 7000 sq ft tier II data centre
UK Grid

Achieving Excellence



CXR Ltd

2007 was a breakthrough year for CXR Ltd, a division of Rapiscan Systems, one of the world's leading suppliers of security and detection equipment. CXR develop technology to produce very high speed computed technology x-ray systems, or real-time tomography. Their technology can be applied to several fields including medical imaging, process control and, of particular interest to Rapiscan Systems, imaging of baggage for security purposes.

Based at One Central Park, CXR pushed technological boundaries in numerous areas to develop their technology, and in 2007 they put the world's first fully operational Real Time Tomography system into operation. The wheels are now in motion to get these systems into airports, the first of which is expected to be trialled at Manchester Airport.

Manchester and **msp** in particular were selected for several reasons including CXR's various research projects with the University of Manchester. Besides these, the University has been the source of many of the members of the CXR team.

186 Media

The highlight of an eventful year for digital media developer 186 Media was a joint venture with the University of Manchester to produce "The Primary Teacher's Guide to Formative Assessment", a DVD providing 'chalkface' level guidance to teachers struggling to implement an important Government strategy. The DVD was developed in association with Bill Boyle, Director of The Centre for Formative Assessment Studies in The University's School of Education.

The project initiated from an **msp** networking event and is anticipated to be the first in a series of Education projects to be developed jointly.

186 Media's product, The Write Kit, has been picked up for distribution by The Global Grid for Learning, an online library of resources available to teachers globally.

Michael Fox 186 Media

Salamander

While Salamander's water monitor, Hydraclam, was sold to every UK water utility through a licence to Siemens Water Technologies, the company developed its chlorine monitor, Chloroclam, allowing water utilities to monitor their largest asset, the distribution network. Salamander branded these two technologies in its "Clamnet" product suite.

The company further enlarged the Clamnet suite by developing Gasclam for continuous monitoring of methane released from contaminated land and landfill sites. The company received DTI funding for a collaborative research project to produce and disseminate best practice for its use and won the 2007 North West Business Environment Award for its development.

"Location at **msp** has been vital to our success in collaborative research as the University of Manchester is the academic partner on two projects. Williams House is conveniently located and has allowed the company to present itself well to clients."

Stephen Boulton Salamander



186 Media and the University of Manchester innovating education ^



Arrk Group

Despite competing in a crowded market, Arrk's turnover has grown five-fold in less than five years and they have a customer list boasting Lex Vehicle Leasing, Barbour ABI, O2 Airwave and RAC.

"2007 saw us refocus our service to offer application development and support in the web and mobile arenas, as well as launching a new innovative website and doubling our office space at Manchester Science Park."

Arrk has been consistently ranked in the Deloitte Fast 50 business growth awards since 2002, and in October 2007 was ranked in the Top 20 of The Sunday Times/Tech Track 100 awards covering UK technology companies.

Julian Howison Arrk Group



Agri-biotech

Dr Layla Abdel Rahman of Agri-biotech won a prestigious award for science and innovation from The Arab Thought Foundation, which is headed by HRH Prince Khalid Al Faisal. The Foundation is an independent, international, non-governmental institution, having no political or sectarian ties. It is a partnership initiative between the business and academic communities to promote all domains of knowledge.

Dr Rahman's award for science was for her work in discovering and developing a radically new method of growing sugar cane more economically and productively. The award also recognised that the technique can be adapted for other economically important crops like date palm.

"Winning the award is a great achievement. I would like to thank **msp**, and especially Jane Davies as a Chief Executive with a vision; she has been very supportive."

Dr Layla Abdel Rahman Agri-biotech



Gödel Technologies

Gödel Technologies is a scientific software company headquartered at Manchester Science Park.

Spotting a gap in the market for a software firm that understood complex mathematical and scientific problems, directors Terry Bland and Ray Bird acquired Gödel Technologies in 2005; they transformed the company from a small Belarusian software firm into a £million turnover innovator in the drug discovery, telecoms and multimedia industries in less than three years.

The company, which now employs 46 people at three North West offices and two development centres in Belarus, achieved 300% growth in 2007, following incredible growth of 500% in 2006.

"We chose to make **msp** our home because we recognised the value of being part of a network of fast-growing, innovative companies like ours. The advice and shared experience we have received from **msp** and our fellow tenants has been tremendously helpful to us. We were also keen to strengthen our links with the University of Manchester."

Terry Bland Gödel Technologies

Winning Pitch

Shares in Winning Pitch, a company in **msp**'s One Central Park location, started trading on PLUS, the market formerly known as Ofex. On its first day of trading the stock listed at 50p, giving the group a market value of £2.5m.

Winning Pitch was founded by John Leach in 2005 and has grown rapidly. Expansion in 2007 allowed the company to progress from incubation space to occupy 984 sq ft of **msp** accommodation at the Technology Centre.

"Being based at One Central Park has enabled us to catapult the business to the next stage of development. The supportive environment is a fantastic place for aspiring entrepreneurs to innovate and learn, developing their skills, and giving them access to other start-up companies and entrepreneurs on the Park. We found this an integral element to our own rapid growth."

John Leach Winning Pitch



msp alumni

We are also pleased to celebrate the success of our alumni, many of whom have improved on their achievements here, building upon the foundation that **msp** helped to create.



APEM

"APEM is a science-based consultancy specialising in the aquatic environment. As such, being based in Manchester Science Park during our formative years provided us with the perfect business home to concentrate on developing our company. We now employ over 50 scientists and have moved to our own purpose designed laboratory on the banks of the River Mersey. However, we've also opened two additional labs both on Science Park sites in Oxford and Dorset, illustrating the importance of this unique business environment for science based firms."

Keith Hendry CEO APEM

Grand Healthcare

A professional healthcare and safety equipment provider, Grand Healthcare was set up in 2005 by Taiwanese national Marshall Yu as a UK and European office for collaborating manufacturers and supplies in the Far East. Based initially in the Manchester International Innovation Centre (MIIC) on the Science Park, the company quickly expanded and went on to become an official **msp** tenant, taking accommodation in Greenheys.

The MIIC offers overseas companies the opportunity in a supported environment to test the waters in the UK for their expanding businesses. Grand Healthcare's success in the market here led them to larger premises in Sale and they are now the exclusive supplier of disability and mobility aids and equipment for the Meadway Health Centre in Sale, Cheshire.

Information Prophets

Physics student Wai Lau set up Information Prophets as a company under the University of Manchester MSEC programme. MSEC (Manchester Science Enterprise Centre) delivers programmes that embed enterprise in the University curricula and develop entrepreneurial skills.

Students whose ideas have real business potential can set up a company in MSEC's business creation facilities. Wai was the recipient of the MSEC Enterprise Award 2003 of £10,000, which had been donated by **msp**.

The company develops software that is an energy logbook which allows the mapping of energy usage in a building against a baseline, providing a tool to monitor trends and manage the effectiveness of energy efficiency measures and other operational changes. The software will also produce energy certificates and energy recommendation reports, which are now a legislative requirement.

Wai's product is now being trialled by **msp** as part of its facilities management programme.



Reactive Audio

“Locating from a home base to Manchester Science Park was a natural progression for us as a small company, as the site offered everything we needed to move the business to the next level.

As a direct result of the networking events, I made contact with several businesses which later found that they could benefit from our services. This then led to a number of projects which proved very fruitful financially.

As the company continued to expand we needed a new office and in 2007 we were able to purchase a property in Warrington. The decision to leave the Park was for the simple reason of being successful enough to own a property for future investment and the opportunity to build a further two studios.

We were based at the Science Park for four very happy and busy years and it really helped us to grow the business with the support from the **m**sp team.”

Paul Smith Reactive Audio

Extracts from the Financial Statements for the year ended 31 December 2007.

The figures in these statements are unaudited and are based on our published accounts. For further information the statutory financial statements, together with the reports of the directors and auditors thereon, should be consulted, and these documents will be supplied free of charge on request.

Profit and Loss Account for the year ended 31 December 2007

	2007 (£000)	2006 (£000)
Turnover	3,058	3,004
Operating costs	(1,207)	(882)
Other operating income	208	129
Gross Profit	2,059	2,251
Administrative expenses	(1,417)	(1,255)
Operating profit	642	996
Net interest payable	(159)	(526)
Income from investments	36	31
Profit before taxation	519	501
Taxation	(155)	(167)
Profit after taxation	364	334

Balance Sheet at 31 December 2007

	2007 (£000)	2006 (£000)
Investment properties	22,081	19,533
Joint ventures	501	501
Other fixed assets	323	315
	22,905	20,349
Current assets	2,317	1,698
Liabilities & Provisions	(2,887)	(3,188)
Grants	(1,766)	(1,766)
Net Assets	20,569	17,093
Capital & Reserves	14,569	11,668
Loans	6,000	5,425
	20,569	17,093





Investment Properties (At Market Value)

Capital & Reserves

	2007 (£000)	2006 (£000)
Skelton House	5,600	4,078
Rutherford House	2,800	2,183
Williams House	5,000	4,600
Enterprise House	1,200	1,200
Kilburn House	5,139	5,130
Greenheys	2,250	2,250
Greenheys Lane	92	92
	22,081	19,533

	'A' Ordinary Shares (£'000)	'B' Ordinary Shares (£'000)	'C' Ordinary Shares (£'000)	Total (£'000)
City Of Manchester	70			70
The University of Manchester		70		70
Manchester Metropolitan University		26		26
Ciba Specialty Chemicals (UK) Ltd			15	15
ITV plc			15	15
National Westminster Bank plc			15	15
Pochin's PLC			24	24
Quiros Ltd			15	15
Issued Share Capital	70	96	84	250
Share Premium Account				943
Capital Redemption Reserve				131
Revaluation Reserve				9,888
Profit & Loss Account				3,357
				14,569





msp
manchester science parks

Manchester Science Park Limited

Kilburn House
Lloyd Street North
Manchester M15 6SE

t: 0161 226 1000

f: 0161 226 1001

e: ceo@mspl.co.uk

www.manchestersciencepark.co.uk

Registered in England, No. 1717239 VAT Reg No. 510 181304
Registered Office: Kilburn House, Lloyd Street North, Manchester M15 6SE

Designed and produced by de Winter PR. 01244 320677. www.dewinterpr.co.uk