

mssp
manchester science parks



Manchester Science Park Ltd
Annual Review 2008



Member of
IASP

UKSPA
BUILDING TECHNOLOGY BUSINESS

PROUD TO BE A MEMBER OF
THE UNITED KINGDOM
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2007

OUTSTANDING UKSPA
MEMBER PARK

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31st December 2008

Chairman

Peter Folkman

Chief Executive

Jane Davies

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Manchester City Council

Cllr. Brian Harrison

Manchester City Council

Cllr. Joyce Keller

Manchester City Council

Cllr. Neil Swannick

Manchester City Council

Deputy Chief Executive (Regeneration)

Steve Mycio

Manchester Metropolitan University

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Professor Gerry Kelleher

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

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Specialised Relationship Management

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Quiros Ltd

Michael Chadwick

Independent

John Townson

Chairman Peter Folkman

This year's review focuses on two themes. The first is range and relevance of the technologies being pioneered by **msp**'s tenant companies and the second is **msp**'s role in fostering innovative business communities.

Our tenant companies are focused on the major challenges of the 21st century, challenges such as environmental sustainability, advances in medicinal science and information technology. The economic prospects for these markets and the innovative solutions being pioneered by **msp**'s tenant companies show how clusters of knowledge-based firms can support the prosperity of the Manchester city region.

Creating innovative communities is an important component of **msp**'s mission. Throughout 2008, **msp** has continued to develop its services to support tenant companies and both nurture and encourage innovation. In the past year we have created new links with the Manchester Business School Entrepreneurs Club, opening up access to new, high quality networks for our companies. Our international collaborations, particularly with China, continue to yield dividends. Our global networks have been extended to Tunisia while work is also ongoing with partners in Bilbao. Closer to home, **msp** has also initiated a number of new partnerships and projects, for example the introduction of tenant company showcase events and expert business advisory clinics.

Our strategy is now to broaden our reach beyond the **msp** tenant community and become a portal through which knowledge-based companies can access the city region's innovation ecosystem. As a first step, a new website - www.manchesterscienceparks.co.uk - has been developed as a resource for both our tenants and, more broadly, for innovative organisations across the region to network, share knowledge and access advice.

msp is also a key partner in developing the economic potential of The Corridor, Manchester. The planned improved infrastructure and increasing collaboration between the universities and the NHS, through the Manchester Academic Health Science Centre, make this a transformational project. **msp**'s role alongside our partners is to provide the facilities and support to enable businesses to exploit the resulting commercial opportunities of this initiative.

The strength of the Board has been central to all **msp**'s success. I am delighted to report that the balance of executive management input has been increased with the appointment of Lynne Barlow as Commercial Director. I would also like to recognise the contributions to **msp** of two Board members who retired in 2008. They are Eamonn Boylan, who represented Manchester City Council, and Professor Barry Plumb, who represented Manchester Metropolitan University. Both have been most generous in giving their time and support to **msp**. I would also like to take this opportunity to welcome on board, in their place, Steve Mycio from the City Council, and Professor Gerry Kelleher of Manchester Metropolitan University.

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





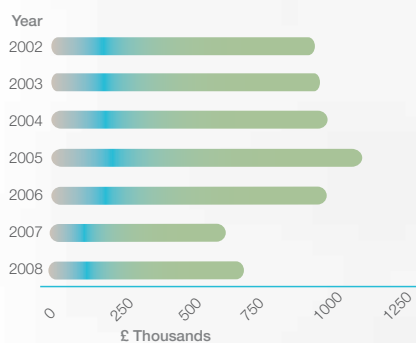
Chief Executive **Jane Davies**

Financial performance

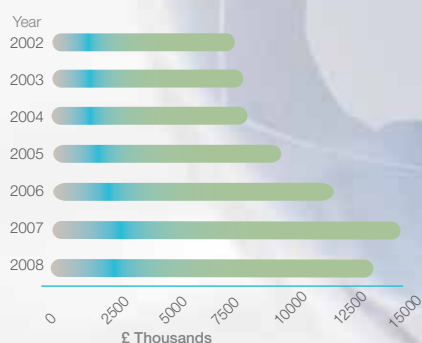
Despite the rapid descent into global recession, 2008 was a good year for **msp** with little impact on our occupancy levels. As the extract from the accounts shows, this fed through into the financial results and we closed the year ahead of forecast with an operating profit of £703,000. Our cash position also improved significantly following the sale of Reynolds House by our joint venture company, Manchester Technopark Ltd., and so we are confident that whilst 2009 will undoubtedly present us with more difficult trading conditions, we have the resources to weather the economic downturn.

Although financial success is a necessary precondition for business survival, **msp**'s key objective is to build a community of innovative, knowledge based businesses with strong linkages into the region's universities and contributing value to the region's economy. Indeed, a significant number of tenant companies expanded in 2008 with 59% having a higher turnover than in 2007 and 36% employing more people than in 2007.

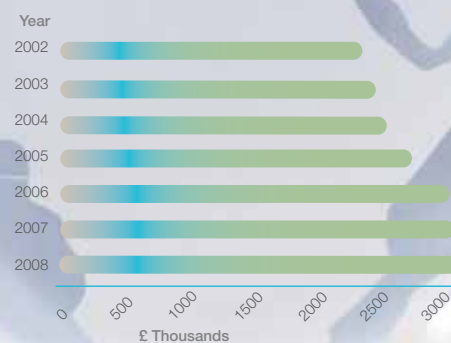
Operating Profit



Net Assets



Turnover



A supportive environment

There are a variety of reasons why our tenant companies have so far been less affected by the economic downturn than might be expected. Size plays a part as more than half of tenant businesses are micro enterprises with a staff of five people or less, meaning they haven't built up an expensive staff overhead to support the core team. Their customers are also likely to be small companies so tenants can be very flexible about the products or services they provide depending on their customers' requirements. In a different category, companies which have attracted external investment are conserving cash, aware that their problems will arise when they need to refinance.

In these testing times **msp's** offer to potential tenants is even more valuable because we don't insist on long leases. We allow companies to expand and contract without penalty and we offer free added value services that are relevant to the economic conditions. In 2008, 15 companies reported additional sales and/or business as a direct result of either **msp** networking activities, introductions or information. **msp** also engenders a community of entrepreneurs that can learn from each other and, in many cases, trade with each other. In 2008, 32 companies reported having formal relationships with other **msp** tenants, of which 17 credited **msp** as being directly involved in making the initial contact.

Innovative thinking

Above all, **msp's** tenants exemplify the kind of innovative businesses that the UK economy is relying on to take it through and beyond the recession. We may not know exactly what the financial landscape will look like in future, but we know for certain that we will not return to the days of cheap credit or energy. More than ever before, successful companies will be built around the application of new ideas to create value in every aspect of their business.

This year's review highlights some of the exciting developments in our tenant companies - I hope you enjoy reading some good news stories for a change!

Exploiting knowledge

SAFC Pharma

From being a small, privately-owned biotechnology company, SAFC Pharma has developed rapidly and is now a subsidiary of the US-headquartered Sigma-Aldrich Corporation, a global life sciences company with operations in 36 countries and sales of more than \$2 billion annually.

One of the longest established biotechnology companies on the Park, SAFC Pharma's roots are in the University of Salford. In the early 1980s, chemistry academic Feo Scheinmann saw the potential for commercialising his work with prostaglandins and set up a small custom manufacturing facility within the University. Feo's enterprise quickly outgrew this space and in 1986 he opened a laboratory in **msp's** Enterprise House under the company name Ultrafine, becoming one of **msp's** first tenant companies.

Now known as SAFC Pharma and based at **msp's** Synergy House, the company focuses on producing active pharmaceutical ingredients for use in pre-clinical studies as well as for Phase I and II clinical trials. It currently operates both traditional research and cleanroom pharmaceutical laboratories on the Science Park.

Being at **msp** has been beneficial for SAFC Pharma on a number of levels, from the Science Park's strong links with the city region's universities to the advantage of working within a closely knit life sciences community. With other biomedical companies such as Synexus and Oxyrane, SAFC is part of a community that covers the spectrum of pharmaceutical development, from earliest research through to 3rd phase clinical trials.

The three directors of i-Prophets, Wai Lau, Stuart Whistance and Richard Hipkiss



i-Prophets Energy Services

Eco-innovators i-Prophets Energy Services recently celebrated a double award win at the Low Carbon Performance Awards. A specialist software company, i-Prophets has developed an artificial intelligence solution known as digitalenergy®. This online energy compliance 'wizard' enables businesses to collate and monitor online energy information for all their buildings, optimising energy efficiency and demonstrating compliance with legislation. At the prestigious Low Carbon Awards, i-Prophets scooped the Innovation of the Year Award for digitalenergy®. The company was also awarded the Low Carbon Energy Assessors: Energy Performance Certificate of the Year (EPC) Award for its work with the Police Mutual Assurance Society.

i-Prophets began life in 2002 when University of Manchester student, Wai Lau spun a new technology into a Masters in Enterprise at the Manchester Science Enterprise Centre (MSEC). Wai decided to form his own company in 2002 after winning an **msp** sponsored MSEC Enterprise Award and i-Prophets Energy Services was subsequently launched out of this initial company.

As the company has developed, it has always retained strong links with **msp**. In 2007/08 i-Prophets trialed their energy logbook software at **msp's** Kilburn House, which proved so successful that **msp** took the decision to roll the software out to all properties within its property portfolio. With Wai still on board as Technical Director, last summer i-Prophets took the decision to open an office on the Science Park.

IPEC Ltd

A University of Manchester spin-out company, IPEC Ltd has successfully identified and filled a niche in the electrical supply industry market with its diagnostic services and partial discharge monitoring systems.

EHV (Extra High Voltage) and HV (High Voltage) cables carry electricity underground or underwater and a single flaw in a cable could potentially cause a breakdown in the electric supply. Traditionally, cables are monitored after manufacturing by electrical testing and, if a defect is found, the cable reel and sometimes the entire cable length potentially has to be scrapped. IPEC's UltraSense monitor is a cost-effective alternative, accurately detecting flaws and monitoring quality in High Voltage cables during the manufacturing process.

IPEC also provides an electricity network monitoring system, its high-tech equipment enabling continuous analysis of the switchgear and underground cables which supply electricity in large towns and cities. Using IPEC's system, data is fed from within the network to IPEC's servers in Manchester where technicians analyse the information, picking up any problems within the electricity network months before the issue develops into a major problem. EDF Energy already use IPEC's system to monitor its London electricity network and IPEC is in talks with EDF France to begin rollout of monitors into their European operations.

For IPEC, **msp's** university links and business introductions have proven invaluable, supporting the company throughout its development.

Global innovation

B-Plan Information Systems

Software solutions provider, B-Plan Information Systems is currently working on a £20million contract which is helping to rebuild Iraq's shattered financial sector. The contract is part of a groundbreaking project involving the Iraqi Ministry of Finance, B-Plan and Misys plc, which will see Iraq's first computerised banking system installed in the renowned Rafidain Bank.

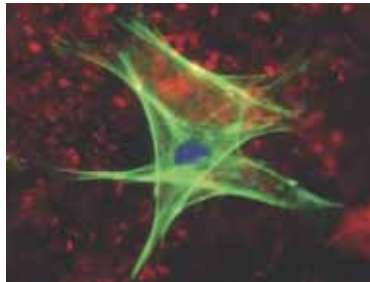
From its base in Jordan, B-Plan is installing the new system in the Rafidain's 155 branches across the Middle East, which includes transferring 147 Iraq branches from archaic paper accounting to a computerised system. The project is one of the biggest and most complex IT systems to be installed in Iraq and the benefits to the country of a functioning and sophisticated financial system are enormous.

B-Plan also develops and supplies innovative accounting and enterprise resource planning systems to European healthcare, police and private sectors. Around 65 per cent of British Healthcare NHS Trusts use B-Plan's systems to manage their finances.

Set up in 1983 by Kurdish brothers Shirko and Farhad Abid, B-Plan initially operated from a single unit at Manchester Royal Infirmary. Today it has bases in Manchester Science Park, Jordan and Iraq, a worldwide staff of 120 and a turnover of £7million.

Proteintech

Proteintech Group Inc was set up by Dr Jianxun Li in 2002 to develop and manufacture a wide spectrum of antibodies against all human proteins. The enterprise began with an office at Chicago Technology Park supplemented by a laboratory in Dr Li's home city of Wuhan in China. Today the company has offices in China, the USA and Manchester and provides antibodies to universities, research institutes and companies across the globe.



Proteintech's core business is the development and production of antibodies, both monoclonal and polyclonal, as well as custom-made antibodies, produced to order from clone DNA. An innovative company, Proteintech is also in the R&D stage of developing

antibody chips, a collection of thousands of antibodies arranged in assays to enable the quick identification and quantification of known and unknown proteins in a mixture, such as blood.

Proteintech first came to **msh** via the SinoVentures Project, a partnership between Manchester City Council, MIDAS (Manchester's Inward Investment Agency) and **msh**, supported by the Northwest Regional Development Agency. SinoVentures proved a perfect way for Proteintech to successfully test the European market with a soft landing in the city and, in 2006, the company became a permanent tenant at **msh**.

AcousTech

Scientist-turned-entrepreneur Dr Charlie Zhou is the creative force behind AcousTech's industrial cleaning technology. This innovative company uses shockwaves to prevent the build-up of materials in equipment used in manufacturing building supplies, such as cement and concrete. Previously, manufacturers had to shut down regularly for time-consuming and often dangerous manual cleaning. However, with AcousTech's technology, shockwaves blast away any materials that stick to equipment while work is ongoing, maximising production and eliminating risk.

AcousTech's innovative cleaning solution has been picked up by a number of firms in the North West, one of whom was shortlisted in the QPA (Quarry Products Association) Health and Safety Best Practice Awards 2008 for its initiative in using AcousTech's prototype shockwave generator. The cleaning technology can also be applied to other sectors, including the petrochemical and power generation industries.

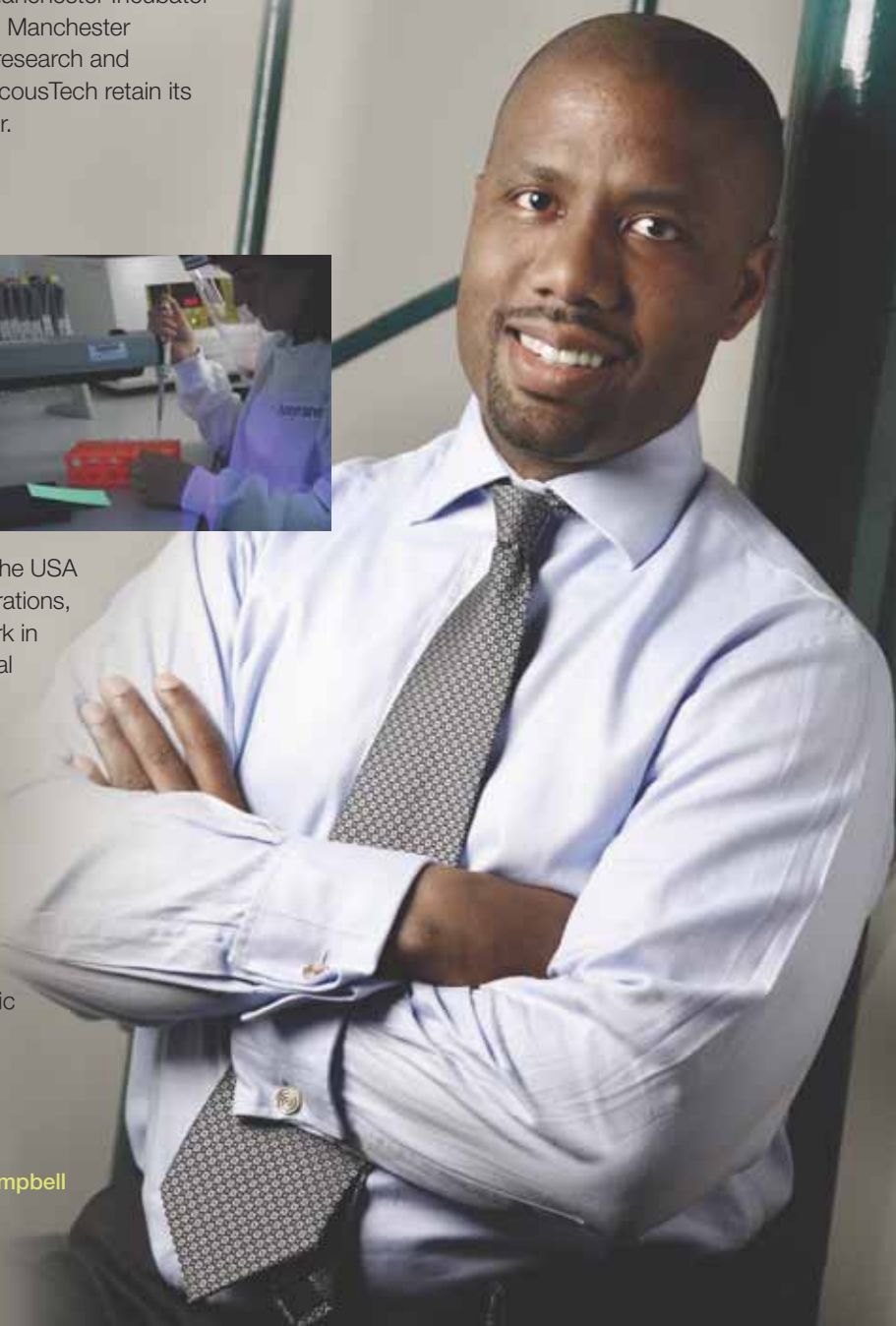
Dr Charlie Zhou, AcousTech's Director, started the company in 2004 with incubation support from UMIC (University of Manchester Incubator Company) before moving into new headquarters at Manchester Science Park last year. With a dedicated focus on research and development, being situated on **msp** has helped AcousTech retain its close links with the nearby University of Manchester.

Oxyrane

Biotechnology venture, Oxyrane is an innovative company with a truly international feel. The company's roots are in Johannesburg, South Africa where, in 2004, Dr Adriana Botes realised her research with the enzyme epoxide hydrolase had commercial potential. From that work the company Oxyrane Pty was formed, which went on to collaborate with research groups in France and Belgium. In 2005, with funding from the USA and Canada, the company Oxyrane UK began operations, bringing the research rights associated with the work in Belgium, France and South Africa together - a global network centred at Oxyrane's **msp** based HQ.

Today Oxyrane's primary focus is on therapeutic glycoproteins and antibodies and the Science Park's close proximity and links to the University of Manchester have proven beneficial to the company's work in this field. Despite being offered cash incentives to look at locations elsewhere in Europe, Oxyrane decided **msp** was an ideal base, providing a vibrant city centre site coupled with the advantages of **msp**'s strong business and academic contacts. A particular draw for Oxyrane was the University of Manchester's Centre of Excellence in Biocatalysis, Biotransformations and Biocatalytic Manufacturing (CoEBio3).

Oxyrane Managing Director, Michael Campbell



Melbourne Network Solutions



msp Technocity

As demand for data centre and co-location space has increased over recent years, **msp** has developed a uniquely attractive position as a 'technocity' within the Manchester city region.

Data centres are secure facilities where businesses can store vast quantities of data as well as data network infrastructure, from servers to digital storage systems. In today's ICT centric world, high availability data centres are becoming increasingly critical to the needs of modern businesses, providing the digital storage space and low latency connectivity for companies to optimize their information and communications technology.

Currently five of **msp**'s tenant companies operate data centres and many of the Park's ICT-based companies are clients of those data centre and co-location enterprises. Being in close proximity to reliable, managed data centres as well as having access to cutting edge network infrastructure provides **msp**'s high tech tenant companies with the support and resources they need to innovate and develop.

Melbourne

Melbourne Network Solutions, which offers dedicated server, co-location and managed hosting services at its **msp** Technopark data centre, has announced plans that will see the company more than double its current data centre space. A new, 5,048 sq ft data centre at **msp**'s Turing House will provide Melbourne with capacity for up to 3,000 servers to meet the ongoing high demand.

Continually pushing the boundaries of technology, Melbourne's latest innovation is UltraCloud, a dedicated virtual server solution. Both cost effective and environmentally friendly, Melbourne's UltraCloud enables several virtual servers to share the resources of one physical server. Each virtual server is capable of running its own dedicated operating system while sharing the resources of one, major machine. Storage is centralised on a Storage Area Network (SAN) device ensuring that all data is backed up in the event of a hardware failure.

For Melbourne, one of the benefits of being an **msp** tenant company has been **msp**'s ability to meet the needs of a modern day data centre, ensuring the company has access to the IT infrastructure it requires to provide a high quality, robust hosting service, for example high specification units and availability of high grade internet connectivity.

Liquid Bronze

Web development company, Liquid Bronze is at the forefront of a new form of collaborative working in Manchester. Co-working is when a group of like-minded business people come together for a day to work, exchange ideas and encourage creativity.

Liquid Bronze is a founder member of Fly The Coop, a co-operative which has held a number of co-working days on the Science Park for individuals involved in ICT sectors to work together. The events are aimed at providing a pathway for people in the same or complementary sectors to collaborate, network and share knowledge for mutual benefit. As an additional benefit, the co-working entrepreneurs get a chance to see, at first hand, how **msp** is working to benefit and support high tech SMEs.

The co-working organisers are keen to have a permanent co-working space on the Park, for SMEs and freelancers to work together in a shared area. **msp** is considered the perfect venue for an IT centric co-working group, providing opportunities for those involved to tap into the excellent communications infrastructure and business development support at the Park.

IT Farm

2008 saw IT Farm, a Small Business IT Specialist and Microsoft-certified Gold partner, launch its new online service, which aims to provide SMEs with the same top end IT currently enjoyed by major corporations across the world – but at an affordable price.

No matter how complex a business is, thanks to IT Farm's seamless technology and low cost, high speed broadband, the IT needs of any business can now be met online. In fact, with IT Farm, a business simply needs a computer and internet access to have a complete IT package at their fingertips, no matter where in the world they are. This includes access to virtually any Windows programme, file servers for sharing and storing files, database servers, email systems and built-in disaster recovery. IT Farm's service has already been picked up by over 100 clients, including Mid Yorkshire Chamber of Commerce and Industry, The Icarus Partnership and QED Clinical Services.

In order to securely run their online service, IT Farm use one of the data centres on the Park and, when it came to choosing a location, it was the excellent bandwidth, connectivity and power at **msp** which gave it the edge over other potential locations.

**IT Farm's CEO, Dr James Huntington,
and Operations Director, Danny Walker.**



Extracts from the Financial Statements for the year ended 31 December 2008

The figures in these statements 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. These documents will be supplied free of charge on request.

Profit and Loss Account

for the year ended 31 December 2008

	2008 (£000)	2007 (£000)
Turnover	3,092	3,058
Operating costs	(1,338)	(1,207)
Other operating income	306	208
Gross Profit	2,060	2,059
Administrative expenses	(1,357)	(1,417)
Operating profit	703	642
Net interest payable	(323)	(159)
Income from investments	34	36
Profit before taxation	414	519
Taxation	(270)	(155)
Profit after taxation	144	364

Balance Sheet

at 31 December 2008

	2008 (£000)	2007 (£000)
Investment properties	20,276	22,081
Other fixed assets and investments	188	824
	20,464	22,905
Current assets	2,709	2,317
Liabilities & Provisions	(2,659)	(2,887)
Grants received	(1,766)	(1,766)
	18,748	20,569
Capital & Reserves	12,748	14,569
Loans	6,000	6,000
	18,748	20,569

Commercial Director

Lynne Barlow

msp's operational achievements are reflected in its financial results and, despite concerns over the economy, **m**sp performed well during 2008. Operating profit increased, rising to £703,000 in 2008 from £642,000 in 2007, as a result of an improvement in overhead costs. Net interest payable in 2008 increased to £323,000, from £159,000 for the previous year, due to a reduction in interest payable by our joint venture company Manchester Technopark Ltd following the settlement of their intercompany loan.

While enquiries did dip slightly towards the end of the year, **m**sp's occupancy levels remained consistent with prior years at over 90 per cent. **m**sp also attracted a number of new tenants during the year, many of which joined **m**sp's community of high tech enterprises after being personally referred by current tenants, a strong indication that our tenants continue to be happy with the service they receive at **m**sp. In addition MIIC (Manchester International Innovation Centre) also contributed a number of new tenants to the Science Park, including Nanxi Group UK Ltd, which has its origins in China.

Looking to the future, I am pleased to report that **m**sp's performance in 2009 to date is in line with our budgeted projections. Rental and occupancy levels were maintained in Quarter One and **m**sp is on course to deliver a financial result which is consistent with 2008. However, the Directors are continuing with their prudent approach to valuation and, in recognition of the general downturn in property values, **m**sp has reflected a 20 per cent reduction in the total value of the property portfolio since the last formal valuation.



Shareholders

as at 31 December 2008

Shareholders	'A'	'B'	'C'	
	Ordinary Shares (£'000)	Ordinary Shares (£'000)	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

The year ahead msp in 2009

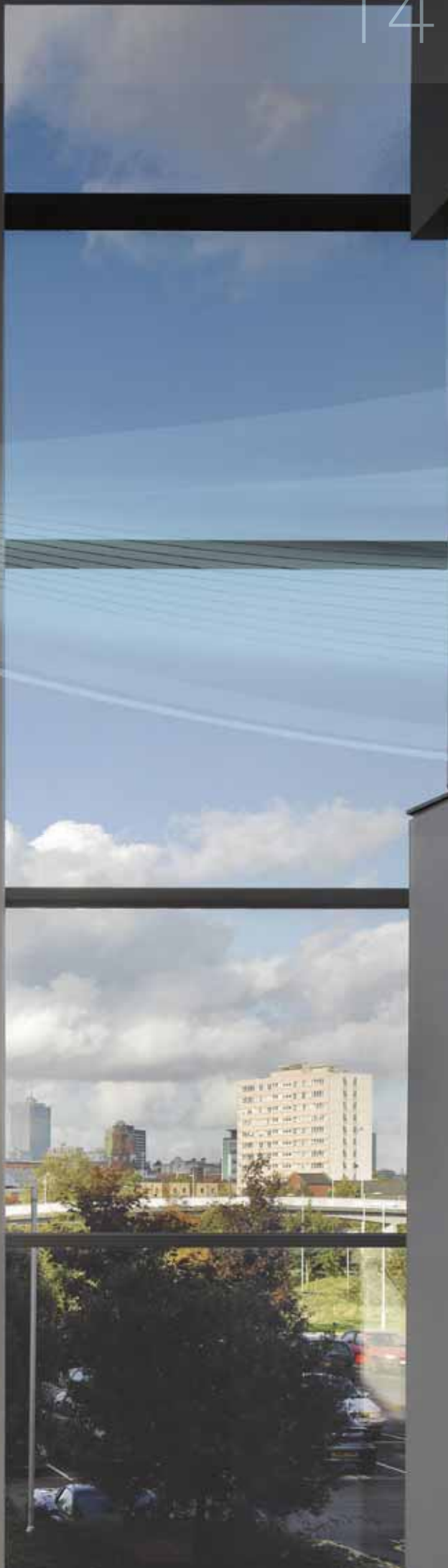
As 2008 drew to a close, Manchester Science Parks (**msp**) began preparations for a historic year ahead – its 25th anniversary.

One of the first science parks in the UK, **msp** was established in 1984 as a visionary collaboration between Manchester City Council, the University of Manchester and the private sector. In those early days the land on which **msp** now stands was mostly brownfield and the Science Park itself was just one building, Enterprise House. However the Science Park's founders had high hopes for **msp**'s future and were committed to developing an environment that would nurture the development of science and technology companies, and encourage the growth of the city region's embryonic knowledge economy.

The aspirations of those founding members have long been achieved. Enterprise House is just one of seven buildings on the main Manchester Science Park site, which today provides 20,000m² of office and laboratory space adjacent to the University of Manchester. In addition, **msp** has branched out further afield and now offers accommodation at two additional locations: the state of the art Turing House at **msp** Technopark, and within the Technology Centre in North East Manchester's spectacular One Central Park.

As well as developing its physical space, **msp** has continued to attract and support knowledge-based enterprises of all sizes. At the end of 2008 **msp** was home to 96 tenant companies, spanning high-tech sectors such as ICT, digital media, biotechnology, technical consultancy, environmental and industrial technologies. In addition, as the marketplace has become increasingly global, **msp** and its community of high-tech companies have developed international connections and networks. Many of **msp**'s tenant companies serve diverse global markets, including USA and Canada, China, India, Australia, Japan and South Africa, while **msp**'s own links stretch from Arizona to Auckland.

The past quarter century has seen Manchester Science Parks develop beyond almost all recognition. As 2008 drew to a close, **msp** was set to embark on a milestone year, with its board of directors, staff and supporters using the success of the last 25 years as a springboard for **msp**'s ambitious plans for the future.





mssp
manchester science parks

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