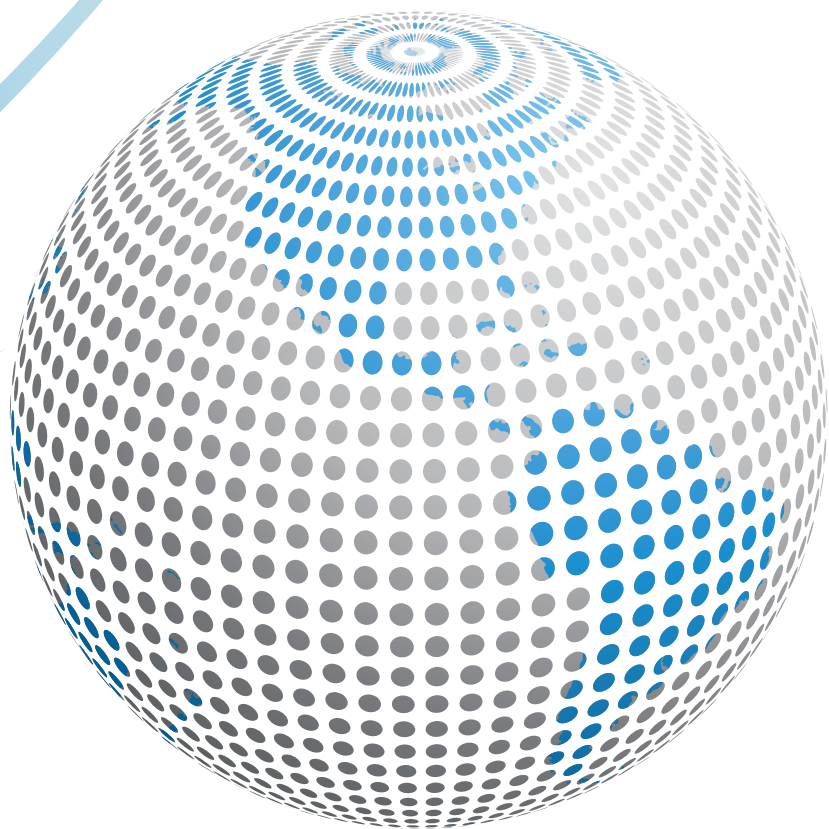


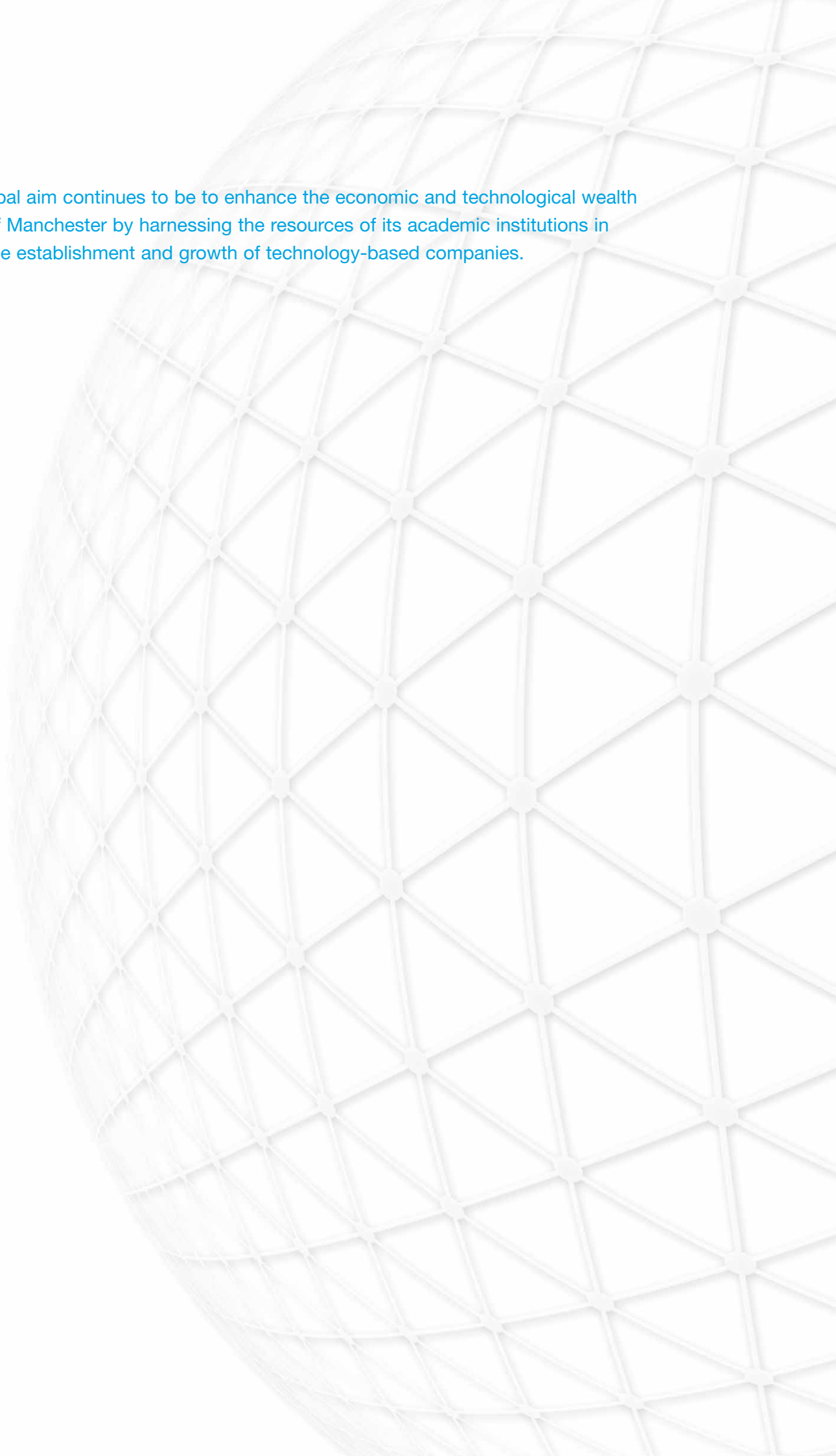


mssp  
manchester science parks

Manchester Science Park Ltd  
Annual Review 2006



**m**sp's principal aim continues to be to enhance the economic and technological wealth of the City of Manchester by harnessing the resources of its academic institutions in support of the establishment and growth of technology-based companies.



# msp

## Directors

at 31 December 2006

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 Georgiou**

Ciba Specialty Chemicals  
Company Secretary

**Rachel Wilkinson**

Pochin's PLC

**John Woodcock**

Independent

Townson Associates

**John Townson**

Company Secretary

**Paul Leighton**



Chairman

**Peter Folkman**

**msp** is a very successful institution. Its success lies in contributing in a very significant and concrete way to the objectives of its shareholders and stakeholders, the City of Manchester, the Manchester Metropolitan University and the University of Manchester, and its private sector shareholders. I can make this claim without embarrassment because the credit belongs to my predecessor, Professor John Allen, from whom I took over in October 2006. I would like, in this review, to pay tribute to his achievement.

John joined **msp** as Chief Executive in 1993. At that time **msp** operated from three buildings providing 46,000 sq ft and 16 companies were in occupation. When he retired as Chairman last year, **msp** managed 300,000 sq ft on three sites, and was host to 100 enterprises employing over 1,000 people. Growth has been accompanied by an excellent financial performance which has yielded an attractive return on shareholder capital. It is also most unusual for an organisation which pursues such wide stakeholder objectives to be so financially successful.

Behind the stark facts lies the most valuable part of the **msp** story, its contribution to the missions of its stakeholders. These are harder to measure, but infinitely more valuable. They centre on our mission of building Manchester's knowledge economy. The building blocks are success in adding value to our tenants, in supporting our universities' mission of commercialising intellectual property, and in contributing to urban regeneration. Gratifyingly, **msp**'s contribution to building the knowledge economy in the Manchester city region was recognised by the UK Science Park Association with the award of Outstanding Member Park 2007 for services to tenants and the local community.

John Allen has made a truly remarkable contribution to the Science Park movement and to **msp** in particular. We are all grateful to him.

I would like to pay one more tribute. This is to the highest class management team led by Jane Davies, which John has bequeathed to us. I am absolutely confident that **msp** has the people to achieve its goals.



PROUD TO BE A MEMBER OF  
THE UNITED KINGDOM  
SCIENCE PARK ASSOCIATION

2007

OUTSTANDING UKSPA  
MEMBER PARK

Chief Executive  
**Jane Davies**

In his review, our new Chairman has rightly recognised the contribution that John Allen made to **m**sp over his years as Chief Executive and Chairman, and I would like to add my personal thanks to John for all his encouragement and guidance over the last six years.

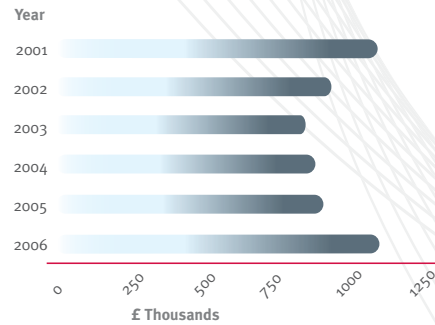


# Financial Performance

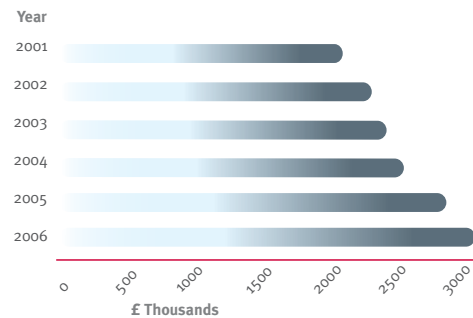
2006 was another year of growth with the total number of enterprises in **m**sp managed accommodation reaching the magical number of 100. This was reflected in our financial performance with turnover above £3 million and earnings before interest and tax exceeding £1 million.

There has also been satisfactory growth in the net assets of the Company over the last six years, caused in part by the strength of the property investment market in Manchester. Other contributory factors include the effect of the regeneration of Hulme (in which **m**sp has played a major part) on local property values and the changing attitude of investors towards multi-let properties.

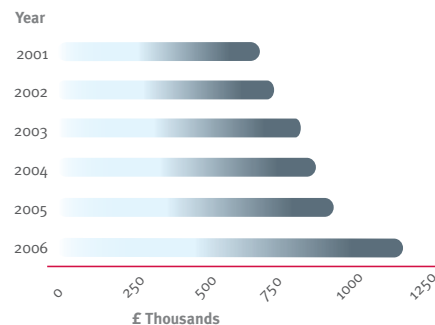
### Profit



### Turnover



### Net Assets



# Strategic Objectives

Our strong financial performance over the last few years has allowed us to invest resources in our strategic objectives of supporting economic development and technology transfer whilst building a reputation as a leading European science park:

## Regeneration

In taking space at One Central Park in 2005 we set a target of 50% occupancy by the end of 2006 against a break-even figure of 76%. In fact, the demand for quality business premises in New East Manchester has been good and we exceeded our target early in 2006, whilst still making a small financial loss.

## Inward Investment

Of the 26 new enterprises that joined **msp** this year, twelve were overseas owned companies, including five from Wuhan under the SinoVentures agreement between Manchester City Council and Wuhan East Lakes Development Zone. In partnership with MIDAS, we are able to give these companies targeted support to get their business off the ground quickly, as well as fully serviced accommodation in the International Innovation Centre.

## Business Acceleration

We have also been able to invest resources in supporting our existing tenants' businesses, linking them with the knowledge base provided by Manchester's universities and research institutions and introducing them to sources of professional advice and business opportunities. This is a slow process, which involves building a relationship of trust with individual businesses as well as gaining an understanding of their objectives and requirements. Gradually, our investment is beginning to show results with 12 tenants in 2006 acknowledging that they had gained additional business as a result of **msp** networking activities or information.

## UK Science Park Association Award

We were thrilled and honoured to be judged the UKSPA "Outstanding Member Park 2007 for Services to Tenants and the Local Community". Recognising our continuing focus on supporting our tenants and the area where we are located, the award has been earned by every member of staff at **msp** who make a difference to the daily experience of those who work in or visit our facilities.

## Third Generation Science Parks

To mark John Allen's retirement this year, we organised a scenarios workshop on the theme of "Third Generation Science Parks" with the support of the University of Manchester. The objective of the workshop was to identify key features of financially sustainable science parks in the context of our evolving understanding of innovation and its contribution to successful economies. The participants included representatives of disciplines that have an impact on or are affected by science park development, as well as science park managers from around the world.

The report of the workshop is available on **msp**'s website and its conclusions set some serious challenges for the future to **msp** and our stakeholders. Nevertheless, as a mature science park with a solid financial base and enjoying the confidence of our peers and shareholders, **msp** is well placed to begin the next phase of its development.

# 05 on site

## manchester science park

Take-up of office space in both the City Centre and South Manchester sites in 2006 was reported to be below previous years at around 11% and 42% less than 2005 respectively. Nevertheless, **mSP** has continued to be successful in attracting and retaining tenants to the Science Park and at the end of 2006 there were 87 enterprises in residence occupying 96% of the space (cf. 83 and 94% in 2005).

The Café on the Park continues to be at the hub of **mSP** networking activities, helping to foster the tenant community and building up our relationship with the universities.



SAFC's business is very dependent on our ability to recruit high calibre scientists, especially research chemists. The recent merger of Manchester's two principal universities has created the third largest chemistry department in the UK; this provides an ideal talent pool from which to recruit high calibre scientists with leading edge knowledge, as well as allowing access to world-class facilities and equipment that we are able to make use of in our research programmes.

**Dr. Ed Irving**  
SAFC Pharma



Manchester is the 2nd UK internet hub so has excellent connectivity and a good technical skills base to recruit from, thanks to the universities. Access to these skilled workers has been made even more straightforward by our strategic location on Manchester Science Park.

**Mark Salvin**  
Telecomplete



## technopark

By the end of the year, Technopark was 64% occupied by 8 tenants. At Reynolds House, a unique data centre in Manchester, all available technical space has been let up to the maximum power availability.

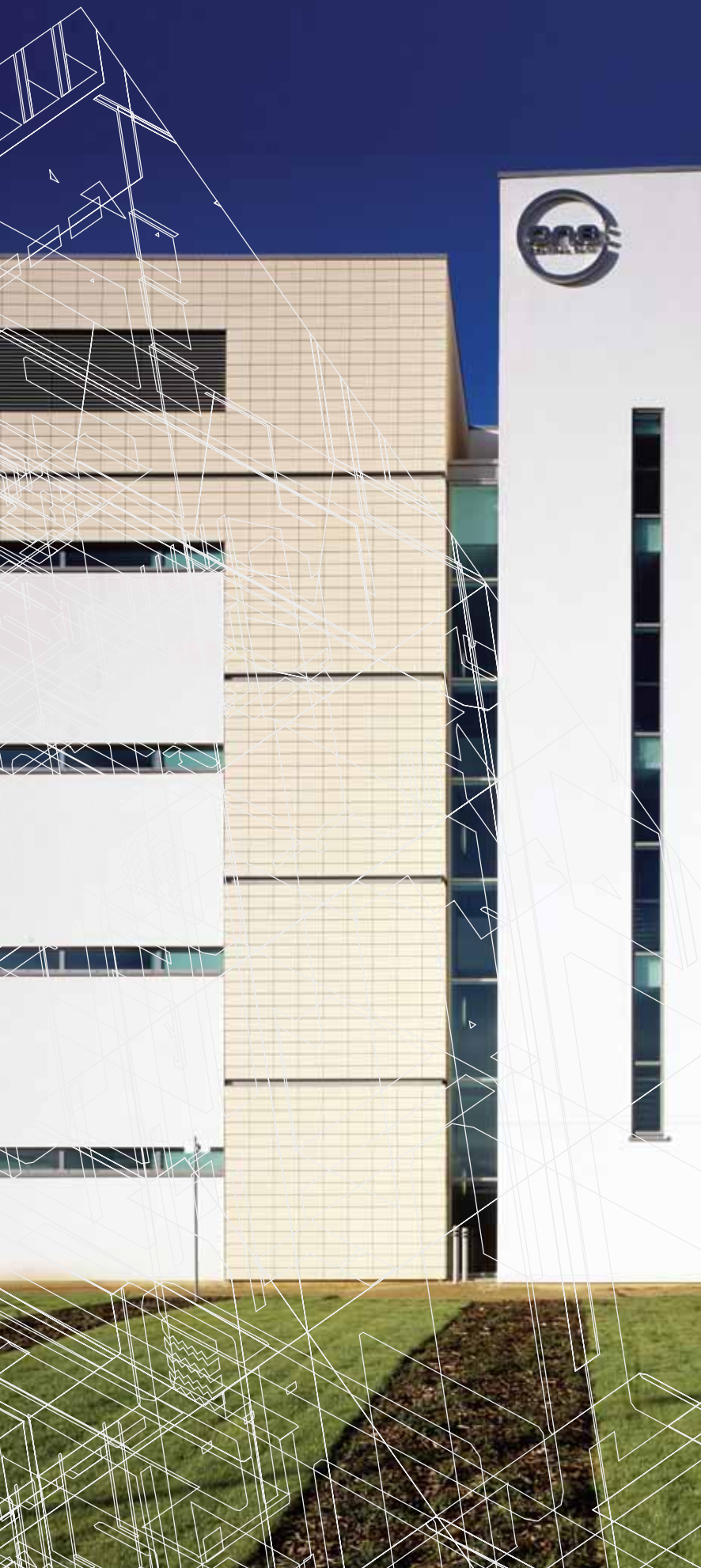


Internet Facilitators Ltd (IFL) provide secure data centre facilities for companies looking to locate their business critical computer equipment within a secure, resilient and protected environment on the backbone of the regional internet. Services are aimed at organisations where business continuity and data security are key factors in their continued operations.

2006 brought unprecedented success for IFL with a 13,000 sq ft expansion of premium data centre space within Reynolds House, at Manchester Technopark. This expansion positions IFL as the largest colocation and data centre service provider in the region.

**Peter Mills**  
IFL





## one central park

The innovative education and enterprise centre at One Central Park (OCP) is at the heart of North East Manchester's regeneration programme. OCP has been instrumental in creating new and exciting investment opportunities and has been a catalyst for new businesses in the area.

The Technology Centre, jointly operated by **msp** and UMIC (University of Manchester Incubator Company Ltd), is an ideal location for nurturing new businesses and supporting both new and developing companies. The **msp** space in the Technology Centre was 60% occupied by 5 companies by the year end, against a target of 50%.

“

Godel's new headquarters at **msp's** One Central Park base give us fantastic scope to grow and create new business links with the extensive technology-based community at this superb location.

”

**Terry Bland**  
Godel Technologies

# msp's contribution to investment



One of the most important challenges facing Manchester is to ensure that local communities are not left behind, but benefit from Manchester's economic transition from an industrial to a knowledge base. The Science Park is a critical link between the intellectual and social capital of our universities, and the communities in which they are located. It is already a major contributor to regeneration in terms of business growth and employment, and **msp's** future development is vital in these terms.

**Tom Russell**  
Chief Executive,  
New East Manchester Ltd



## Regeneration

**msp's** objective to enhance the economic and technological wealth of Manchester has remained valid over its 22 years of operation. It is now home to more than one hundred companies, creating over one thousand jobs in key regeneration areas such as Hulme and North East Manchester.

**msp** worked with Moss Side and Hulme Partnership, an organisation responsible for regenerating those areas, to develop viable commercial activities on the Science Park site, at the heart of a disadvantaged area.

In 2005 One Central Park opened in an area north east of the city centre which had missed out on the wealth created by the growth of the city's professional services and its strengthening academic base. In One Central Park, the Technology Centre provides a combination of science park and incubation space, managed by **msp** with incubation services provided by the University of Manchester Incubation Company (UMIC).

**msp** worked in close collaboration with New East Manchester, the agency responsible for regeneration in that area, and took a lead in promoting the facility as a catalyst for regeneration, combining as it does training, higher education and business enterprise.



**Regeneration in Action:** Lloyd Street North in 1963 and 2006.

1963 Image Courtesy of Manchester Archives and Local Studies, Central Library.

## Inward investment

**msp** plays an important role alongside agencies such as MIDAS (Manchester's inward investment agency), the NWDA (North West Development Agency) and UKTI (UK Trade & Investment) in attracting inward investment into the city region.

The Manchester International Innovation Centre (MIIC) at Manchester Science Park has been home to 17 international companies since it opened in early 2005. The companies have used the opportunities on offer through MIIC to test the waters in the UK for their expanding businesses.

The MIIC has proven to be an ideal starting point for trading in the UK. Trial Form Support, Grand Healthcare and Smerud Medical Research, all in the science and technology sector, have grown and have taken permanent space at **msp**. A further six companies stayed in the UK, with three finding accommodation in Greater Manchester that is more suitable for their needs, such as Air China, who have relocated close to Manchester Airport. There are currently seven companies enjoying the benefits available at MIIC.

Of the 17 companies who have been part of MIIC, 12 were Chinese or Taiwanese, others have been from Sweden, Norway, Japan and Australia.



“

**msp** is an excellent example of how a thriving Science Park can be grown and developed. The team at **msp** have also been very willing to share their expertise with other regional partners and to take an active role in developments away from their core site, for example, in their role at One Central Park. They are a strong asset in helping Manchester become an international hub of the Knowledge Economy.

**Dr. George Baxter**

Director of Science & Innovation  
Northwest Development Agency



### Manchester & Wuhan working together:

The SinoVentures agreement has seen 12 companies land on Manchester Science Park.

“

Having a Science Park almost in the centre of the city and at the heart of the university campus offers important advantages to knowledge and technology based foreign inward investing companies. The flexible accommodation options, the professional support from both **msp** staff and their business associates, the ideal location and the excellent working environment makes this first step into the Manchester business community an easy and comfortable experience for even the most demanding of overseas companies.

**Robbie Muirhead**

MIDAS Knowledge Inward Investment Team



”



Manchester Science Park makes a significant contribution to the identification of Manchester as a truly international city, helping us to support companies in developing their international business and build links with partners from around the world.

**Lynn Shaw**, UK Trade & Investment North West



With twenty tenant companies from nine overseas countries, **msp**'s international connections have grown apace over the last few years. Two multinationals, Sigma-Aldrich Corporation and Novartis, now operate at **msp** after their acquisitions of SAFC Pharma and NeuTec Pharma respectively.



RTI Health Solutions (RTI-HS) is a business unit of RTI International, a US-based research organisation based in North Carolina, USA. RTI-HS has been in existence for 7 years and has its main European office located on Manchester Science Park. Locating at the Science Park provides great benefits to RTI, allowing international business growth through excellent and easily accessible European and US flight connections, strong academic links and the ability to attract highly qualified research staff to a region in a phase of clear economic growth.

**Dr Steve Beard**, Head of European Operations, RTI-HS



When looking for a new site, AMCC considered a number of options in the Manchester area. The proximity to the University, range of unit sizes and the advantages of coexisting with other technology companies made Manchester Science Park the clear preferred location. Since that time, being located on the Science Park has benefited our business in a number of ways from WAN connectivity over uncontended leased lines, to university internships, to business support.

**Mark Fairhurst**, AMCC UK Ltd.

European division of Applied Micro Circuits Corporation – headquartered in the USA



## Funding

In 2006 almost half of our tenant companies attracted additional funding into their business, and therefore into the local economy. 24% of that funding was in the form of personal/equity investment and 13% came from regional or national government grants.

# Benefits of the Investment

Of the 1051 employees working in the 101 companies located in **msp** accommodation, nearly 20% live within 3 miles of their work-place. Together, tenant companies on the Science Park site form the largest group employer in the Hulme district.

61% of **msp** companies have built up working relationships with the city's universities. Many of those companies recruit graduates direct from the universities and others employ students on a project or placement basis. These relationships bring benefits to the universities as well as to the companies.

The support that **msp** gives to its tenant companies helps them to grow and sustain their growth. **msp** is seen as the home of successful companies and contributes to the credibility of Manchester as a good place to do business.



“

Deciding to invest in overseas offices is just the first, and the easiest, step towards establishing a successful subsidiary company. Location, staffing, telecoms, flexible lease terms, inward investment advice and office set-up all pose significant challenges when entering a new market. It is for these reasons IGM Resins BV of Waalwijk, the Netherlands, chose Manchester Science Park as the location for its first overseas company to support growing business in the UK. Excellent support from **msp** eased the process and in our second year and second, larger, unit on the Park the business continues to thrive.

**Andrew Chambers**, IGM Resins Ltd

“

James Fisher IMS, formed to complement the existing offerings from the James Fisher Defence and Nuclear businesses, provides inspection and measurement capabilities for the nuclear, defence, homeland security, aerospace, offshore and other industries.

The business was formed in September 2006 and is now fully operational with eight direct employees. Orders for radiometric equipment to the value of £0.5m have been won in the first quarter of trading and with £3m of additional work currently under bid, IMS anticipates meeting its targets set for the first full year of trading.

IMS's base on Manchester Science Park is ideal for an excellent transport infrastructure and offers close proximity to sources of technical expertise to complement the company's own growing internal team.

**Dr Paul Read**, James Fisher Inspection & Measurement Services

”

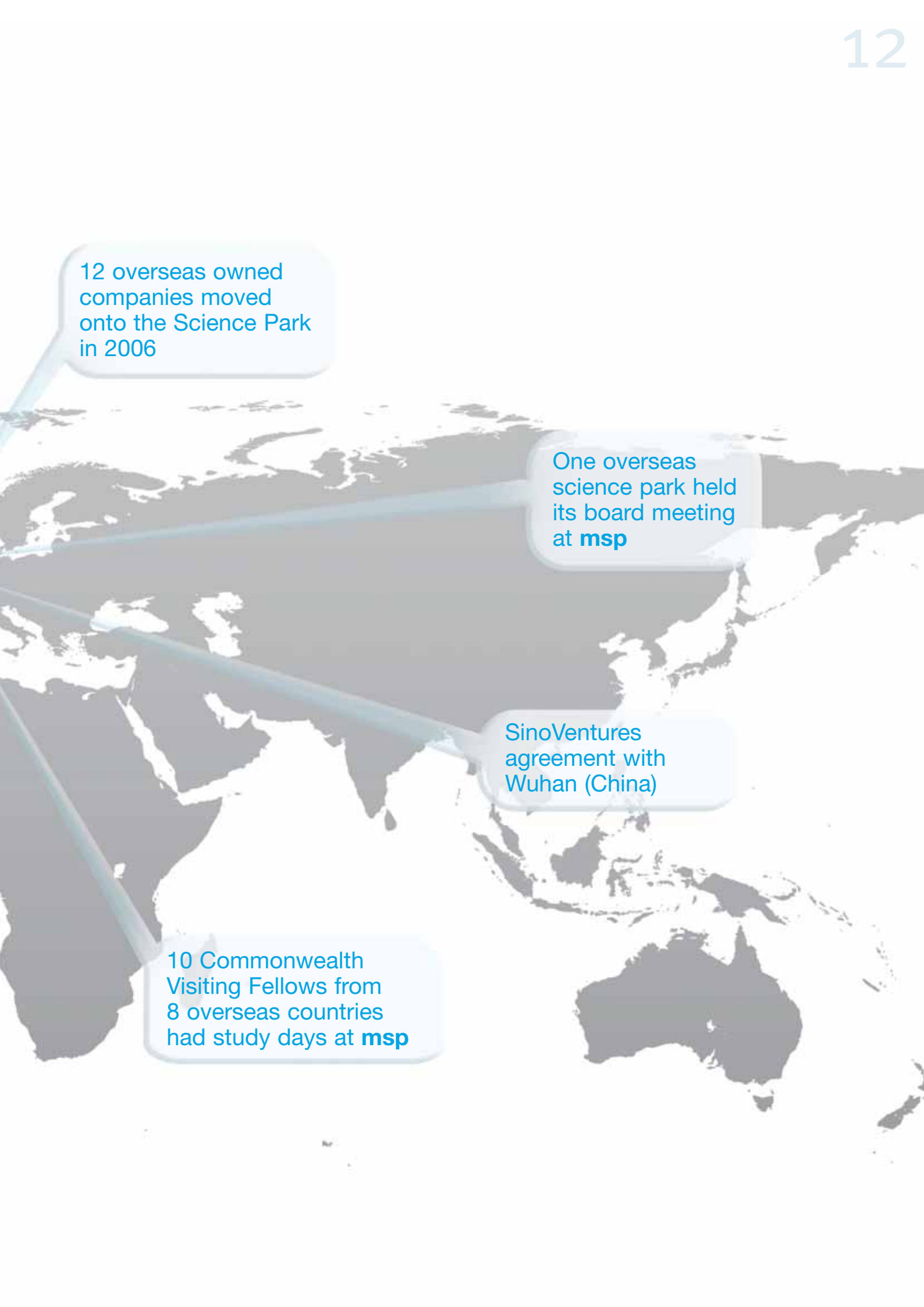


Jane Davies was appointed President of the European Division of IASP

Partnership with Tucson (USA) and Oslo (Norway)

11 overseas delegations visited **mssp**

4 overseas science parks made benchmarking visits



12 overseas owned companies moved onto the Science Park in 2006

One overseas science park held its board meeting at **msp**

SinoVentures agreement with Wuhan (China)

10 Commonwealth Visiting Fellows from 8 overseas countries had study days at **msp**

### Extracts from the Financial Statements for the year ended 31 December 2006.

The statements which follow are not the statutory financial statements of the Company and do not contain sufficient information to allow a full understanding of its results and state of affairs.

They consist of extracts of information contained in the Company's annual report and financial statements, on which the auditors expressed an unqualified opinion and which will be delivered to the Registrar of Companies. 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.

### Statement by the Auditors

In our opinion the summary financial statements are consistent with the full financial statements of Manchester Science Park Limited for the year ended 31 December 2006 and comply with the requirements of the Companies Act 1985.

### Beever and Struthers

Chartered Accountants and Registered Auditors  
St George's House  
215-219 Chester Road  
Manchester M12 4JE

2007

### Profit and Loss Account for the year ended 31 December 2006

	2006 (£000)	2005 (£000)
<b>Turnover</b>	3,004	2,706
Operating costs	(881)	(782)
Other operating income	<u>129</u>	<u>115</u>
	2,252	2,039
Administrative expenses	<u>1,146</u>	<u>1,055</u>
<b>Operating profit</b>	1,106	984
Net interest payable	<u>409</u>	<u>411</u>
	697	573
Income from investments	<u>31</u>	<u>32</u>
<b>Profit before taxation</b>	728	605
Taxation	<u>202</u>	<u>89</u>
<b>Profit after taxation</b>	526	516
Preference dividends	<u>52</u>	<u>31</u>
<b>Profit for the year retained</b>	<u>474</u>	<u>485</u>

### Balance Sheet at 31 December 2006

	Notes	2006 (£000)	2005 (£000)
<b>Fixed assets</b>			
Completed investment properties	1	19,536	17,186
Investment properties in the course of development	1	92	66
Investment in joint venture		<u>501</u>	<u>501</u>
		20,129	17,753
Other fixed assets		<u>214</u>	<u>278</u>
		20,343	18,031
Current assets		1,926	1,777
Current liabilities and provisions (excluding loans - see note 2)		<u>(2,335)</u>	<u>(2,080)</u>
		19,934	17,728
Loans	2	(6,354)	(6,954)
Deferred income		<u>(1,766)</u>	<u>(1,766)</u>
Net assets		<u>11,814</u>	<u>9,008</u>
Equity shareholders funds		11,814	9,008
Non-equity shareholders funds		-	-
Capital and reserves	3	<u>11,814</u>	<u>9,008</u>

**Notes to Extracts from the Financial Statements  
for the year ended 31 December 2006**

<b>Note 1. Investment properties</b>	<b>2006</b>	<b>2005</b>
completed properties at market value	(£000)	(£000)
Skelton House	4,078	4,078
Rutherford House	2,183	2,161
Williams House	4,600	4,600
Enterprise House	1,200	1,200
Kilburn House	5,130	4,140
Greenheys	2,250	915
Greenheys Lane	95	92
	<u>19,536</u>	<u>17,186</u>

**Properties in the course of development**

Phase 8 at cost	92	66
Interest relating to properties in the course of development is added to the cost of those properties		

**Note 2. Loans**

Repayable within one year	600	600
Repayable between one and two years	600	600
Repayable between two and five years	1,800	1,800
Repayable after five years	3,354	3,954
	<u>6,354</u>	<u>6,954</u>

**Source and Application of Funds for the year ended  
31 December 2006**

	£000	£000
<b>Source of funds</b>		
Profit after taxation		526
Depreciation		106
Loans drawn down		-
		<u>632</u>
<b>Application of funds</b>		
Development of investment properties	50	
Purchase of other fixed assets	42	
Dividends	52	
Purchase of own shares	0	
		<u>144</u>
<b>Net inflow</b>		<u>488</u>
<b>Represented by:</b>		
Increase in debtors		149
Increase in creditors		-255
Increase in bank and cash balances		<u>594</u>
		<u>488</u>

**Note 3. Shareholders Funds**

	'A' Ordinary Shares £000	'B' Ordinary Shares £000	'C' Ordinary Shares £000	Total £000
City of Manchester	70			70
Victoria University of Manchester		70		70
Manchester Metropolitan University		26		26
Ciba Specialty Chemicals (UK) Ltd			15	15
Granada Television			15	15
National Westminster Bank Plc			15	15
3i Group Plc			15	15
Pochin's PLC			24	24
Issued Share Capital	<u>70</u>	<u>96</u>	<u>84</u>	250
Share premium account				943
Capital redemption reserve				131
Revaluation reserve				7,351
Profit and loss account				<u>3,139</u>
				<u>11,814</u>



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manchester science parks

**Manchester Science Park Limited**

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Manchester M15 6SE

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