

# Mylnefield Research Services Ltd

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Mylnefield Research Services (MRS) Ltd was established in 1989 as a wholly-owned subsidiary of SCRI and began trading in 1992. It was established to generate commercial income from the exploitation of intellectual property developed at SCRI while protecting its charitable status. A significant proportion of the profits made by MRS, determined by the Board of Directors, is transferred to SCRI and the Mylnefield Trust through gift aid. MRS has made a profit in every year of operation and carries out its activities without subsidy.

The mission of MRS is to assist SCRI in achieving its vision, namely "To deliver innovative products, knowledge and services that enrich the life of the community and address the public goods of sustainability and high quality and health food."

A new Business Plan for the period 2010–2013 was formally approved. Under this plan, turnover will continue to grow steadily to reach £2.89 million by 2012/2013 with profitability (before tax and gift aid) to remain above 12.5%. A significant part of this increase will be achieved through growth in the contract research business, with a greater focus on winning new contracts in the area of sustainable crop production.

MRS uses a diverse range of routes to commercialise SCRI expertise and IP, including:

- Spin out companies, for example EnPrint Ltd.
- Joint Ventures, for example Danasia Berry (Beijing) Corporation
- Collaborative Research Projects, for example long-term breeding contracts with GlaxoSmithKline and Greenvale AP Ltd.
- Licensing, for example we have granted 473 licences to plant varieties bred at SCRI

- Sale of products, for example barley molecular markers, plant virus antibodies
- Analytical services, for example stable isotope analysis, lipid analysis
- Field and glasshouse services, for example supply of high-health plants, trialling new agrochemicals
- Consultancy, for example statistical services from BioSS.

## Finances

The turnover of MRS was £2.4 million in 2009/2010, which represents an increase of over 35% on the previous financial year.

MRS transferred £1.08 million to the SCRI Group (SCRI plus the Mylnefield Trust), including £165k of gift aid. As in previous years, contract research (53.5%) was the biggest contributor to income, followed by royalties (20.9%) and analytical services (20.2%). In addition, MRS retained £174k (after tax) to increase significantly company reserves for future investments.

## Analytical services

The turnover from Mylnefield Lipid Analysis grew by more than 20% to reach £353k in 2009/2010. As a direct result of our investment in obtaining further accreditation, we were able to secure a major new contract with a North American pharmaceutical company. In 2010, we were audited by several of our major customers who now require all our services to be fully accredited. With the assistance of Marilyn Emery Consulting (MEC) Ltd, Claire Traynor and her team have successfully implemented robust quality management systems and are currently working towards obtaining Good Manufacturing Practice (GMP) accreditation.

Under the leadership of Wolfram Meier-Augenstein, the stable isotope analysis business grew by 70% to



Dr Nigel Kerby, Managing Director MRS Ltd, is presented to HRH The Princess Royal.

reach £124k in 2009/2010. As a result of this growth it was necessary to invest in new equipment in order to increase throughput and meet market demand. A Genecom-funded project to develop a method to detect counterfeit Scotch whisky was undertaken in 2010 and generated significant interest from the major distillers in Scotland.

#### Associated businesses

EnPrint Ltd was established in April 2009 with a £150k investment from the Genomia Seed Fund with a follow-on investment of £75k in 2010. EnPrint are developing laboratory-based analytical services for analysing complex populations of microorganisms based on methods pioneered by Tim Daniell. These techniques have attracted considerable interest from environment agencies and water companies in the UK and elsewhere in Europe. In 2010, EnPrint secured a grant from Genecom to develop further a test for the identification of *Cryptosporidium*, a major problem for water companies throughout the world.

#### Plant breeding

MRS's commitment to plant breeding was strengthened by the appointment of Dorota Jarret as a soft fruit PhD plant breeder to join Vanessa Young (potatoes) and Hazel Bull (cereals). This investment will ensure that MRS has access to plant breeders with the skills required fully to exploit recently-developed molecular

breeding tools and continue to develop products that meet industry and consumer needs.

#### Technology Strategy Board

In 2010, the Technology Strategy Board announced major new funding in the area of crop protection. SCRI scientists applied for five projects and were successful in all five, a truly remarkable performance that secured 15% of the total funds available. MRS will be managing three of these projects, one developing physical markers for soft fruit (Julie Graham), one on controlling *Rhynchosporium* in barley (Adrian Newton) and one on Free Living Nematodes and potatoes (Roy Neilson and Finlay Dale).

#### Licensing and royalties

Royalty income (£492K) in 2009/2010 was maintained at similar levels to 2008/2009. Income from soft fruit accounted for almost 82% of all royalties with raspberries accounting for 48%, followed by blackberries 13%, blackcurrants 12% and strawberries 9%. Income from the strawberry variety Symphony continued to decline, a trend that we expect to continue as a direct result of increased competition. Income from brassicas exceeded £59k, an increase of 48% on the previous year, driven by strong sales of Caledonian kale and greater than expected sales of Caledonian swede in New Zealand. Income from potato varieties was £48k, an increase of 120% on 2008/2009 driven by the strong

performance of Vales Sovereign and the organic variety Lady Balfour.

In 2010, three potato varieties (Trixie, Chaski and Paru) were placed on the National List and two other potato varieties were entered into National List trials. One raspberry variety (Glen Fyne) and one blackcurrant variety (Ben Vane) were granted EU Plant Variety Rights.

#### Contract research

Despite the recession, income from contract research managed to grow by 47%. This strong performance was made possible by several new contracts starting in 2010 including new LINK projects on blueberries and fruit softening, several Potato Council projects and a number of contracts with BioSS. Following

the liquidation of a customer in 2009, their potato breeding programme was sold to an existing customer in 2010. We were successfully audited by the Chemicals Regulation Directorate to maintain our status as 'Officially Recognised' for efficacy testing of agrochemicals and several contracts in this area were secured.

#### Acknowledgements

MRS gratefully acknowledges the support of all SCRI staff, for their significant contribution to the success of the company. Also, MRS would like to thank its customers and sponsors for their continued support. Finally, we would like to thank the non-executive Directors of MRS who contribute their valuable time without recompense.

