

Dr Walford

## SPEYWOOD LABORATORIES - POLYELECTROLYTE FRACTIONATION

I note from Dr Waiter's minute of 29 June to Mr Buck that there is a considerable MED SM4 interest in Speywood's plans and I am, therefore, copying to you the latest information received from the company in support of their revised application for financial assistance under the Product and Process Development Scheme (PPDS).

Dr Waiter's earlier comments, and those received from Dr Wintersgill and Mr Sloggen, suggested that DHSS should support the application on medical/technical grounds and there are also sound commercial reasons which hinge on the prospects for import substitution and export earnings. The main problem was, and still is, that the project is extremely ambitious for a relatively small company with limited financial and technological resources and with the first application it seemed that neither the company nor the project could be regarded as being financially viable. Some of the earlier doubts about supplementary sources of funding have been lifted a little and it is possible that once one body makes a firm offer others may follow suit. But the fact remains that this is a project not far short of £1M in value and even with grants and loans which might be expected to amount to something in excess of £ $\frac{1}{2}$ M the company will be hard pressed to fund the operation even allowing for the substantial sales it expects to obtain. Cash flow problems are likely to loom larger in view of the level of expenditure expected especially during the first nine months of the project.

I have discussed the application for funds with Department of Industry and they are prepared to consider a case for financial assistance: under the PPDS this may take the form of a cash grant of up to 25% of approved project costs but if we considered the development to be of outstanding significance and importance, 50% funding with provision for a return on sales might be recommended. I am now preparing a project appraisal report and would welcome any contribution which you, and the others to whom I am copying this minute, can make to support the application although naturally I would not wish to gloss over the risks associated with either the development or the company. In particular, it would be helpful if some indication could be given of the potential and importance of isolating other human and animal fractions (referred to on page 5 of the firm's submission); this element did not feature very significantly in the earlier application.

I am dealing separately with the financial aspects and I suspect that at the end of the day it will be the company's financial viability which will be the deciding factor.

In view of Department of Industry's readiness to consider the application early comments would be greatly appreciated.

30 October 1979

c.c.

Dr Wintersgill  
Mr Sloggen ✓

Mr Dutton

~~Mr P. Jones~~ - less clinical/technical enclosures

Mr Manwaring

Mr Hallowell

} - less enclosures and for information only

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