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 MDY Healthcare PLC
 22 December 2009

MDY Healthcare plc

Preliminary results

22 December 2009: MDY Healthcare plc ("MDY Healthcare" or the "Company"), the strategic investor in healthcare companies, today announces its preliminary results for the year ended 30 September 2009.

Financial Highlights

- Total investments valued at £9.43 million (30 September 2008: £9.16 million) with cash and cash equivalents of £1.13 million (30 September 2008: £2.01 million)
- Net gain on financial assets of £0.23 million (2008: £2.41 million loss)
- Consolidated net asset value per share as at 30 September 2009 of £0.58 (30 September 2008: £0.77)
- Net loss after tax for year reduced by 53.9 per cent. to £1.73 million (2008: £3.75 million).
- Valuation of strategic private investments maintained prudently at cost, although all have demonstrated good progress.

Portfolio Highlights

- Medivance continues to make excellent progress, MDY Healthcare invested a further \$1 million in June 2009 in an \$8.1 million Series E fundraising
- Stanmore on track for sales of approximately £6 million (unaudited) for 12 months ending 31 December 2009, reflecting strong increase in exports during the year.
- AOI has completed enrolment of its 60 patient clinical study and expects to launch AscendX™ VCF in the US in mid 2010
- Consumer natural healthcare JV, Trust William, completed first year of trading, developed impressive and loyal customer base with over 20,000 registered users of which approximately 2,500 are active customers

David Wong, Executive Director, said:

"MDY Healthcare has made good progress during the last twelve months. We materially reduced our losses whilst achieving some growth in the value of our total investments. Our portfolio has developed during the year with new investments in more mature and liquid public equities backed by solid progress, with our core holdings in private companies.

"In line with our strategy to diversify our portfolio and focus on international opportunities, earlier this year we made an investment for a nominal amount in CERT Limited, a newly formed company, which is in the process of setting up emergency medical training centres in China. We believe that our focus on Chinese healthcare opportunities will deliver returns to shareholders due to management's expertise and strategic relationships in this area."

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Notes for editors:

About MDY Healthcare

MDY Healthcare plc is a sector specialised strategic investing company quoted on AIM (ticker symbol: MDY). The company seeks to achieve superior returns for shareholders by investing globally in companies, both public and private, across the healthcare sector. The directors, executives and senior advisors have significant operational and investment experience in the sector and therefore the ability to identify and review a wide range of potential investments.

Further information can be found on the website www.mdyhealthcare.com.

MDY Healthcare plc**Chairman and Executive Director's review****Overview**

During the year, we have continued to evolve our investment portfolio in healthcare companies and have managed to reduce our losses materially in the period - down 53.9 per cent. to £1.73m from £3.75 million in the prior year.

In March 2009, we announced that the Company had acquired stakes in two quoted healthcare companies, ProStrakan Group plc and Santhera Pharmaceuticals Holding AG for a total consideration of £3 million. The acquisition of these healthcare assets enhanced the overall liquidity of our portfolio and was structured in an innovative way using a combination of cash, loan notes and newly issued shares.

We believe all of our core strategic investments have continued to make good developmental and commercial progress over the last twelve months, details of which we include below. Despite there being good evidence of positive progress, we are taking a cautious approach towards any upwards revaluations of our private investments at this stage due to general economic conditions.

As announced in our interim results in June 2009, the Company has sought to implement an investment strategy to improve shareholder value through international investment opportunities, with a particular focus on Chinese healthcare. The Company has sought opportunities in China where it can invest directly in healthcare businesses to maximise returns. In accordance with this strategy, in September 2009 the Company announced an investment for a nominal amount in CERT Limited, a newly formed company, which is in the process of setting up emergency medical training centres in China.

The Board is currently reviewing additional investment opportunities within CERT as MDY Healthcare has been invited to invest up to £1.5 million in value in an additional round of fundraising by CERT Limited who are seeking to raise in aggregate £11.5 million, principally from new investors. Any further investment by MDY Healthcare would be subject to a number of conditions, including board approval, completion of various contracts by CERT in China, due diligence and may be subject to shareholder approval, depending on the form of any consideration payable by MDY Healthcare and the structure of any transaction. As with the acquisition of healthcare assets earlier this year, the Board will look at innovative ways of structuring any such investment, having regard to current cash resources and the interests of and dilutive effects of any transaction on all shareholders. Although at a very early start up stage, the Board considers that further investment in CERT could provide MDY Healthcare with an investment of potentially material value in the context of the Company's overall investment portfolio. If MDY Healthcare does not proceed with any further investment in CERT, it will surrender its nominal shareholding acquired in September 2009 and will explore other Chinese healthcare investment opportunities. Further updates on the China investment opportunities will be provided at the appropriate time.

The directors have made a significant reduction in the executive management costs. Following the departure of Charles Spicer, the Company's former CEO in February, we reorganised the structure of the MDY Healthcare Board and Alan MacKay, a non executive director of the Company since July 2006, was appointed Non - Executive Chairman. David Wong, former Chairman, became Executive Director. The directors remain committed to reducing overheads and are exploring a number of ways to offset head office costs in the year ahead.

Investment strategy and policies

Over the last 12 months we have progressed our investment strategy as set out in our financial results for the year ended September 2008, where we stated we would expect investments in private companies to comprise the majority of value in our portfolio and look at international investment opportunities. We have reduced our exposure to very small capitalisation listed healthcare companies and only made new investments in publicly traded healthcare companies where the directors considered, even in the current economic climate, strong returns were still possible. We will continue to seek to utilize innovative corporate structures, including new equity issues, to add assets to the portfolio. The board is also seeking to diversify our portfolio and be less reliant on realising value from UK healthcare companies by looking at international investment opportunities, with a particular focus on Chinese healthcare. We believe that our focus on Chinese healthcare opportunities will deliver returns to shareholders due to management's expertise and strategic relationships in this area.

Strategic portfolio review

We have four current strategic investments. Our three largest commitments, Stanmore, Medivance, and our consumer health business, Trust William are private and are valued at the cost of the last investment. Our investment in AOI Medical, Inc, has been marked-to-market downwards as it was still quoted on AIM as at 30 September 2009 but subsequently de-listed.

Stanmore Implants Worldwide Limited ("SIW")

SIW has performed extremely well since our investment in March 2008. For the twelve months ending 31 December 2009, SIW is on track for sales of approximately £6 million (unaudited), reflecting strong increase in exports during the year.

Growth is being driven by increased take up of the METS (modular endoprosthesis tumour system) product range and particularly strong sales of the non-invasive Juvenile Tumour Systems. SIW has seen continued good growth generally in exports, particularly in France, Greece, Hong Kong, India and Australia, and has sales in 15 countries in total. SIW has applied for FDA marketing approval for several of its products in the US and anticipates building its US sales in 2010 and beyond.

SIW continues to expand its skilled workforce, re-branding its marketing activities and developing a new global electronic communication system to support the work of surgeons. SIW has recently moved into new state-of-the-art FDA compliant manufacturing facility.

SIW is also making encouraging progress with its clinical trials of ITAP, its innovative device for directly attaching prosthetic devices to the skeleton of amputees. The ITAP implant is being developed for a wide-range of applications including upper and lower limb, digits and craniofacial prostheses. Following the successful implantation of an upper limb device, SIW has

successfully completed its first lower limb implants and the trial continues at the Royal National Orthopaedic Hospital in Stanmore and the Royal Orthopaedic Hospital in Birmingham. SIW hosted a highly-successful international two-day ITAP symposium in May 2009 with attendees from Continental Europe, the US and Asia.

MDY Healthcare has invested £3.0 million in SIW and has approximately 20% of the issued share capital on a fully-diluted basis. As at 30 September 2009, the investment was prudently valued at cost.

Medivance, Inc

Medivance, the Colorado-based leader in the emerging field of therapeutic temperature management, continues to make excellent progress.

Medivance's patented, FDA-approved Arctic Sun® device is now used in approximately 85% of the top twenty US hospital heart programs and thirteen of the top twenty US neurology programs (as defined by the US News and World 2008 American Best Hospital Report). In addition, it is also being increasingly adopted by smaller teaching and community hospitals. International adoption of Arctic Sun® continues in Europe, Asia and Australia. Medivance has now achieved 22 quarters of revenue growth in the past 23 quarters and is targeting continued growth in 2010. Since we first invested in December 2006, Medivance's worldwide revenues have increased over four times.

We invested approximately \$5 million in Medivance prior to the investment of \$1 million during the year. In June 2009, we invested a further \$1 million (approximately £630,000 at the time of the investment) in an \$8.1 million Series E fundraising in newly issued equity in Medivance. This Series E financing of \$8.1 million was led by affiliates of Black Rock, the US investment management company, and provided Medivance with funds for working capital, product development and enabled Medivance favorably to restructure its loans. The over-subscribed fund raising was supported by existing shareholders. Following this investment we now hold around 9.8% of the fully-diluted equity. We have decided to maintain the value in US dollar terms. Given the movement of the US dollar over the period, this values our holding at £4.02 million as at 30 September 2009.

AOI Medical Inc.

In June 2008, AOI commenced its key 60 patient clinical study for its Ascendx™ VCF (Vertebral Compression Fractures) Reduction System. As at 30 June 2009, surgical procedures had been successfully completed on 49 patients. In September 2009, the company successfully completed enrollment for its 60 patient confirmatory study for Ascendx™. The directors of AOI expect FDA approval for Ascendx™ and are targeting commercial launch of Ascendx™ in mid 2010.

Following the approval of shareholders, AOI cancelled its listing on AIM in October 2009 to save costs and allow more flexibility for the company going forward. A move which we supported in view of the fact that the company's operations and management are primarily US based and there was little liquidity in the company's shares whilst traded on AIM.

MDY Healthcare has approximately 8.6% of the issued share capital valued, as at 30 September 2009, at approximately £0.58 million following mark-to-market revaluation.

Trust William

Trust William is a multi-channel retail business selling natural healthcare products direct to consumers via its website, www.trustwilliam.com and a catalogue supported by a freephone customer services line. Trust William's product range is based around six key natural active ingredients: Aloe Vera, Echinacea, Glucosamine, Manuka Honey, Omega 3 and Tea Tree Oil supplemented by a number of other natural family healthcare products.

As at 30 September 2009, Trust William had completed twelve months of trading. Sales are encouraging albeit in a difficult retail market. Trust William has gained a customer base of over 20,000 registered users with approximately 2,500 active customers. We continue to look at strategic ways to increase sales and reduce costs with a view to Trust William becoming breakeven in the short to medium term. We have re-designed the Trust William website, providing a high specification website offering better functionality and easier customer navigation. New products and ranges can be introduced on to the website in an efficient and cost effective way, as and when appropriate. The newly designed website went live at the beginning of December and we expect it to be instrumental in driving sales, coupled with our new cost effective e-marketing initiatives.

As at 30 September 2009, MDY Healthcare had invested approximately £1.53 million by way of loan finance in Trust William, which is held at cost on the Company's balance sheet. Trust William is a joint venture of MDY Healthcare. As MDY Healthcare owns 80% of the issued share capital of Trust William it is required to consolidate 80% of Trust William's revenue, profits or losses on MDY Healthcare's consolidated income statement on a joint venture basis. Accordingly, £0.63 million of losses have been included for the twelve months ended 30 September 2009.

Quoted portfolio

Separately from the strategic investments, we have a portfolio of investments in publicly traded healthcare companies, which were valued at approximately £1.8 million as at 30 September 2009, an increase of £0.2 million or 12.5% since 30 September 2008, in part due to the acquisition of stakes in ProStrakan and Santhera in March 2009 and Primary Health Properties plc in September 2009. Although the quoted portfolio is maintained at value similar to the value of the portfolio as at 30 September 2008, the quoted portfolio now contains a smaller number of higher value and more liquid investments.

The volatility in global equity markets has continued to affect share prices of smaller capitalisation companies. As highlighted in the Company's results for the year ended 30 September 2008, the Company has adopted a strategy of holding the majority of the value of our investments in private companies and selling down quoted investments where we believe we can utilise realised proceeds for other more strategic investments. As a result, we have been active during the period in trading our quoted portfolio and although have been reluctant to realize cash losses have done so where we believe share prices of particular investments are unlikely to recover in the short to medium term. During the year, the Company acquired stakes in publicly traded healthcare companies where the directors considered, even in difficult markets, strong returns were still possible such as in the case of our investments in ProStrakan and Primary Health Properties PLC. We realised some gains during the year by taking

advantage of a strong ProStrakan share price and divested part of our holding.

The quoted portfolio also includes our investments in Allergy Therapeutics plc, Minster Pharmaceuticals plc, Lombard Medical Technologies plc and Santhera Pharmaceuticals Holding AG (SWX).

Financial review

At 30 September 2009, MDY Healthcare's total investments (current and non-current) were valued at £9.43 million (30 September 2008: £9.16 million). Cash and cash equivalents reduced to £1.13 million (30 September 2008: £2.01 million) following the investment during the period, primarily in ProStrakan, Santhera and Medivance, as well as ongoing operating expenses. Net asset value per share as at 30 September 2009 was £0.58 (30 September 2008: £0.77).

Revenue for the period was £6,000 (2008: £41,000). In the twelve months ended 30 September 2009, our loss from operations reduced 67% per cent. to £1.24 million (2008: £3.77 million). Total reported administration expenses were £1.48 million (2008: £1.41 million), which included exceptional costs of £0.195 million relating to the payment for loss of office and approximately £0.11 million for advisers' costs incurred in connection with the issue of the loan notes and shares and the acquisition of the stakes in ProStrakan and Santhera.

The net gain on financial assets is £0.23 million (2008: £2.41 million loss) which reflects the mark-to-market revaluation of our listed and quoted investments and the gains and losses on disposals of investments throughout the year. We made a small exchange profit of £0.13 million (2008: £0.28 million) following some improvement in the dollar:sterling rates.

Overall the net loss for the period reduced to £1.73 million (2008: £3.75 million). Losses per share for the period were 11.15p against 25.63p for the corresponding period in 2008.

As part of the consideration for the acquisition of the stakes in ProStrakan and Santhera, MDY Healthcare issued to 3i Group plc, a related party, £1,587,842 fixed rate unsecured loan notes (the "Loan Notes"). The Loan Notes will be redeemable as to 50% on 31 December 2011, with the remaining 50% to be redeemed on 31 December 2012. However, the Company may, at its election, redeem the Loan Notes (in whole or in part) at any time on notice. Until the Loan Notes are redeemed or cancelled in accordance with their terms and conditions, interest will accrue on the principal amount of Loan Notes at the rate of 8% per annum and will be payable quarterly in arrears.

Conclusion and outlook

MDY Healthcare has made good progress during the last twelve months. We materially reduced our losses whilst achieving some growth in the value of our total investments. Our portfolio has developed during the year with new investments in more mature and liquid public equities backed by solid progress, with our core holdings in private companies.

In line with our strategy to diversify our portfolio and focus on international opportunities, earlier this year we made an investment for a nominal amount in CERT Limited, a newly formed company, which is in the process of setting up emergency medical training centres in China. We believe this is a good opportunity and are examining further potential investment in Cert which we believe has the potential to deliver returns for both shareholders and the Company.

MDY Healthcare plc CONSOLIDATED INCOME STATEMENT For the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
Total revenue	1	136	41
Less jointly controlled entity revenue:	1	130	-
Group revenue	1	6	41
Cost of sales		-	-
Gross profit		6	41
Administrative expenses		(1,475)	(1,409)
Other operating income	4	1,578	485
Other operating expenses	4	(1,345)	(2,891)
Results from operating activities		(1,236)	(3,774)
Share of loss of associates and jointly controlled entities using the equity accounting method, net of tax		(627)	(430)
Finance expense		(68)	-
Finance income		202	457
Net finance (expense)/income		(425)	27
Loss before tax		(1,729)	(3,747)
Income tax		-	-
Loss for the year		(1,729)	(3,747)
Attributable to		(1,729)	(3,747)
- Equity holders of the parent		(1,729)	(3,747)
Loss for the period		(1,729)	(3,747)
Basic and diluted loss per share	3	(11.15)p	(25.63)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE For the year ended 30 September 2009

	2009	2008
	Total £'000	Total £'000
Change in fair value of assets classified as available-for-sale	(560)	(509)
Deferred tax liability arising on net change in fair value of assets classified as available-for-sale	-	-
Net change in fair value of available-for-sale financial assets transferred to the income statement	-	-
Expenses recognised directly in equity in the year	(560)	(509)
Loss for the financial year	(1,729)	(3,747)
Total recognised income and expense for the year	(2,289)	(4,256)
Attributable to		
- Equity holders of the Company	(2,289)	(4,256)
Total recognised income and expense for the year	(2,289)	(4,256)

MDY Healthcare plc
CONSOLIDATED BALANCE SHEET
For the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Intangible assets		89	87
Property, plant and equipment		71	96
Investments	4	7,831	8,020
Total non-current assets		7,991	8,203
Current assets			
Investments	4	1,602	1,139
Inventory - goods for resale		12	7
Trade and other receivables		466	337
Cash and cash equivalents		1,131	2,008
Total current assets		3,211	3,491
Total assets		11,202	11,694
Liabilities			
Non-current liabilities			
Loan notes	8	1,588	-
Total non-current liabilities		1,588	-
Current liabilities			
Trade and other payables		217	420
Total current liabilities		217	420
Net assets		9,397	11,274
Equity			
Issued capital		7,015	6,999
Share premium		101,815	101,419
Other reserves		22,993	22,993
Retained earnings		(122,426)	(120,137)
Total equity		9,397	11,274

MDY Healthcare plc
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 September 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Loss for the year		(1,729)	(3,747)
Adjustments for:			
Depreciation and amortisation		66	24
Net change in fair value of financial assets at fair value through the income statement		(232)	
Foreign exchange (gain)/loss on cash held		(131)	(284)
Interest receivable		(71)	(155)
Operating loss before changes in working capital and provisions		(2,097)	(1,756)
Increase in inventory		(5)	(7)
(Increase)/decrease in trade and other receivables		(130)	1,133
Decrease in trade and other payables		(202)	(73)
Cash used by operations		(337)	1,053
Net cash outflow from operating activities		(2,434)	(703)
Cash flow from investing activities			

Interest received		71	155
Purchase of financial asset at fair value through the income statement		(3,733)	(3,499)
Purchase of intangible assets		(41)	(87)
Purchase of property, plant and equipment		(2)	(15)
Proceeds from sale of financial asset at fair value through the income statement		3,131	
			783
Net cash outflow from investing activities		(574)	(2,663)
Cash flows from financing activities			
Proceeds from the issue of share capital		412	-
Proceeds from issue of loan note		1,588	-
Net cash inflow from financing activities		2,000	-
Net decrease in cash and cash equivalents	5	(1,008)	(3,366)
Cash and cash equivalents at 1 October		2,008	5,090
Effect of exchange rate fluctuations on cash held		131	284
Cash and cash equivalents at end of year		1,131	2,008

MDY Healthcare plc
Notes to the preliminary results for the year ended 30 September 2009

1. Accounting policies

Reporting Entity

MDY Healthcare plc (the 'Company') is a Public Limited Company (traded on AIM) incorporated in and domiciled in the United Kingdom. The address of the Company's registered office is 23 Bridge Street, Ellon, Aberdeenshire, Scotland. The consolidated financial statements of the Company as at and for the year ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a healthcare sector specialised investment company.

Basis of preparation

a. Statement of compliance

The Group and parent company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The financial statements were approved by the Board of Directors on 22 December 2009. The financial statements have been prepared on the going concern basis.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Financial investments at fair value through the income statement are measured at fair value
- Available for sale financial assets are measured at fair value

c) Functional and presentation currency

The financial statements are presented in pounds sterling, rounded to the nearest thousand, which is the Company's functional currency. Functional currencies within the Group consist primarily of pounds sterling.

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the preliminary financial statements is included in Note 4 - Investments.

2. Segmental reporting

Segmental reporting is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated to a segment on a reasonable basis.

Business segments

The Group comprises the following main business segments:

Investing - representing the Group's activities investing in healthcare related companies.

Retail - representing the Group's interests in Trust William Limited, the multi-channel retail joint venture, which sells natural

healthcare products direct to consumers via the internet, mail order and telesales.

	Investing		Retail		Total	
	2009	2008	2009	2008	2009	2008
	£000	£000	£000	£000	£000	£000
Group revenue	6	41	-	-	6	41
Gross profit	6	41	-	-	6	41
Result from operating activities	(1,304)	(3,774)	-	-	(1,304)	(3,774)
Share of loss of associate	-	-	(627)	(430)	(627)	(430)
Finance income	202	457	-	-	202	457
Loss before and after tax	(1,102)	(3,317)	(627)	(430)	(1,729)	(3,747)
Segment assets	10,766	11,562	436	132	11,202	11,694
Segment liabilities	(1,772)	(392)	(34)	(28)	(1,806)	(420)
Capital expenditure	2	-	41	102	43	102
Depreciation	19	19	47	5	66	24

3 Loss per share

	2009	2008
Basic		
Net loss for the financial period (£'000)	(1,729)	(3,747)
Weighted average number of ordinary shares outstanding	15,503,851	14,623,111
Basic loss per ordinary share	(11.15)p	(25.63)p

Basic net loss per share is calculated by dividing the weighted average number of ordinary shares in issue into the loss after taxation for the year attributable to ordinary shareholders. There is no difference for 2009 and 2008 between the basic net loss per share and the diluted net loss per share as ordinary share equivalents from share options have been excluded from the computation as their effects are anti-dilutive.

4 Investments - Group

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Subsidiary undertakings (i)	-	-	-	-
Jointly controlled entities	-	-	1	1
Available for sale financial assets (ii)	348	908	348	908
Financial assets designated at fair value through the income statement (iii)	7,483	7,112	7,483	7,112
	7,831	8,020	7,831	8,021
Financial assets held for trading at fair value through the income statement (iv)	1,602	1,139	1,602	1,139
	9,433	9,159	9,434	9,160

(i) Subsidiary undertakings

Cost	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October 2008	-	-	-	1
Assets written down	-	-	-	(1)
At 30 September 2009	-	-	-	-

Details of jointly controlled entities are as follows:

Joint venture	Country of registration or incorporation	Principal activity	Class of shares Held	% holding
Trust William Ltd	England & Wales	Website distribution	ordinary shares	80.1%

Trust William Limited is considered a Jointly Controlled Entity because the decisions of the company and board control are split

evenly with the other shareholder.

(ii) Available for sale financial assets

Cost	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October 2008	908	1,417	908	1,417
Revaluation - decrease	(560)	(509)	(560)	(509)
At 30 September 2009	348	908	348	908

In line with the Group's accounting policy, the gain on revaluation of available for sale financial assets is recognised in the consolidated statement of recognised income and expense until that financial asset is disposed of.

£'000

Fair Value as at 18 December 2009 £335

(iii) Financial assets designated at fair value through the income statement

Cost	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October 2008	7,112	5,037	7,112	5,037
Additions at cost:	608	3,309	608	3,309
Revaluation - increase	391	366	391	366
Revaluation - decrease	(568)	(1,551)	(568)	(1,551)
Disposals	(60)	(49)	(60)	(49)
At 30 September 2009	7,483	7,112	7,483	7,112

£'000

Fair Value as at 18 December 2009 £7,395

(iv) Financial assets held for trading at fair value through the income statement

Cost	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 October 2008	1,139	2,904	1,139	2,904
Additions at cost:	3,199	191	3,199	191
Revaluation - increase	332	54	332	54
Revaluation - decrease	(600)	(1,176)	(600)	(1,176)
Disposals	(2,468)	(834)	(2,468)	(834)
At 30 September 2009	1,602	1,139	1,602	1,139

£'000

Fair value as at 18 December 2009 £1,348

5 Analysis of changes in net funds

Group

	2008 £'000	Cash flow £'000	Exchange rate movements £'000	2009 £'000
Cash and cash equivalents	2,008	(1,008)	131	1,131
Total	2,008	(1,008)	131	1,131

Company

	2008 £'000	Cash flow £'000	Exchange rate movements £'000	2009 £'000
Cash and cash equivalents	2,004	(1,012)	131	1,123
Total	2,004	(1,012)	131	1,123

6 Reconciliation of movements in equity

	2009	2008

	£'000	£'000
Total recognised income and expense for the period	(2,289)	(4,256)
Issued and issuable share capital including premium, less expenses	412	-
Net decrease in equity	(1,877)	(4,256)
Opening equity	11,274	15,530
Closing equity	9,397	11,274

7 Transactions with key management personnel

During the year ended 30 September 2009, £300,000 (year ended 30 September 2008: £300,000) was paid to MCM Limited of which Dr David Wong is a retained consultant.

8 Related party transactions

The Company acquired from 3i Group plc, pursuant to a sale and purchase agreement dated 20 March 2009, stakes in ProStrakan Group plc and Santhera Pharmaceuticals Holding AG for a total consideration of £3 million. The consideration payable by MDY Healthcare was satisfied by (i) the payment to 3i of £1 million in cash; (ii) the issue to 3i of 1,648,565 new ordinary shares in the capital of the Company at a price of 25 pence per share; and (iii) the issue to 3i of £1,587,842 fixed rate unsecured loan notes (the "Loan Notes"). The Loan Notes will be redeemable as to 50% on 31 December 2011, with the remaining 50% to be redeemed on 31 December 2012. However, the Company may, at its election, redeem the Loan Notes (in whole or in part) at any time on notice. Until the Loan Notes are redeemed or cancelled in accordance with their terms and conditions, interest will accrue on the principal amount of Loan Notes at the rate of 8% per annum and will be payable quarterly in arrears.

This transaction was a transaction with a related party for purposes of rule 13 of the AIM Rules for Companies by virtue of the fact that 3i was an existing substantial shareholder of the Company. Furthermore, Alan MacKay, a non-executive Director of the Company, is an employee of 3i.

The Company has also made an investment for a nominal amount in CERT Limited, a newly formed company, which is in the process of setting up emergency medical training centres in China. Medical Consultants and Management Limited, a company in which David Wong, director, has an interest, is a shareholder in CERT Limited.

9 The financial statements for the year ended 30 September 2009 have been prepared by the Company and were approved by the Directors on 22 December 2009. These financial statements do not constitute the full accounts. MDY Healthcare intends to publish its annual report and accounts for the year ended 30 September 2009 by February 2010.

10 Copies of this announcement are available to members of the public from the Company's head office, 11 Stanhope Gate, London W1K 1AN. A copy will also be posted on the Company's website: www.mdyhealthcare.com.

END

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