

RNS Number : 5438U
MDY Healthcare PLC
26 June 2009

MDY Healthcare plc

Interim results

26 June 2009: MDY Healthcare plc ("MDY Healthcare" or the "Company"), the strategic investor in healthcare companies, today announces its interim results for the six months ended 31 March 2009.

Financial Highlights

- Total investments valued at £10.88 million (30 September 2008: £9.16 million) with cash and cash equivalents of £1.11 million (30 September 2008: £2.01 million)
- Net asset value per share as at 31 March 2009 of £0.60 (30 September 2008: £0.77)
- Loss from operations of £1.77 million (2008: £2.40 million). Net loss for period of £1.15 million (2008: £2.07 million) includes net loss in fair value of financial assets of £0.89 million (2008: £1.81 million loss)

Portfolio Highlights

- Stanmore ahead of budget in the twelve months ended 31 December 2008, with sales having increased by 22% over the same period in 2007 to more than £5.4 million (unaudited)
- Medivance now achieved 20 quarters of revenue growth in the past 21 quarters (unaudited) and is targeting continued growth in 2009
- AOI expects to launch AscendXTM VCF in the US in Q1 2010

- Consumer natural healthcare JV, Trust William, completed first six months of trading and developed loyal customer base

David Wong, Executive Director, said:

"As expected, the last six months have been challenging for small capitalisation companies such as MDY Healthcare, but we were pleased that during the period we were able to acquire assets that enhanced the overall liquidity of our portfolio of quoted companies. Whilst we continue to expect the remainder of 2009 to be challenging for smaller public companies, we are confident that the underlying quality of our portfolio will deliver longer term shareholder value as our investments fulfill their potential and market conditions stabilise. We are excited about the possibility of launching our Chinese investment business and due to our expertise in this area, we believe this strategy should deliver returns for MDY shareholders."

For further information, please contact:

MDY Healthcare plc

David Wong, Director

david.wong@MDYhealthcare.com

+44 (0) 207 647 1800

Financial Dynamics

Ben Atwell, Susan Quigley

ben.atwell@fd.com, susan.quigley@fd.com

+44 (0) 207 831 3113

Brewin Dolphin Limited (Nomad)

Matt Davis

+44 (0) 845 270 8600

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 build our investment portfolio in healthcare companies. In March 2009, we announced that the Company had acquired two quoted healthcare investments, ProStrakan Group plc and Santhera Pharmaceuticals Holding AG from 3i Group plc for a total consideration of £3 million. We believe that the acquisition of these healthcare assets demonstrates that in difficult markets we can structure innovative deals and continue to build our healthcare investment portfolio. These assets will enhance the overall liquidity of our portfolio of quoted companies.

We remain confident about the underlying quality of our portfolio and believe that the majority of our strategic investments have continued to make good commercial progress over the last six months, details of which we include below.

The last six months has been characterized by continued volatility in public markets. Certain of our quoted investments suffered falling share prices in the reported period and consequently have been marked-to-market through the income statement at lower valuations than at 30 September 2008. We took the decision only to crystallise cash losses, by selling quoted equities, where we considered that we could invest in other companies with attractive valuations and which offered the opportunity of better medium term returns. 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 market conditions. We will review the position at the year-end.

The directors have continued with the Company's planned cost reduction programme and have made a significant reduction in executive management costs and other operating 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. We believe that we are now well positioned to execute the Company's strategic objectives and create shareholder value.

In addition, as announced previously, the Company, in accordance with its investment strategy of investing globally in companies within the healthcare sector, has made further progress in establishing a fund to invest in medtech companies and other strategic investment opportunities in China. The directors have identified a large and growing demand in China for mid-range medical devices and equipment and therefore an opportunity for a medtech-focused growth capital investment strategy to be deployed in China. A new specialist investment company for China medtech is being formed and will be managed by the MDY Healthcare group. The Company, alongside other identified investors who specialise in international medical devices, will be the initial investors in the new entity. 3i has committed to invest \$1 million as a cornerstone investor in MDY Healthcare's new international business, (subject to, amongst other things, the finalisation of documentation relating to its structure). We have started to put in place the technical structures for investing in China and we will provide a further update on the China fund and other investment objectives within the Chinese healthcare market shortly.

Investment strategy

Over the last 18 months we have evolved our strategic investment model, expanded our portfolio and sought to implement an investment strategy to increase or to improve shareholder value through innovative corporate structures and international investment

opportunities. We believe that our focus on companies where there is less product development risk and on Chinese healthcare opportunities will deliver returns to shareholders and this part of our investment activity will not be reliant on benign European equity markets to realise value. We will also look to partner with other strategic investors if we consider this to be in the interests of MDY Healthcare and its shareholders.

Strategic portfolio review

We now have four strategic investments. Our three largest commitments, Stanmore, Medivance, and our consumer health business are private and are valued at the cost of the last investment. Our quoted strategic investment, AOI, has been marked-to-market downwards.

Stanmore Implants Worldwide Limited ("SIW")

SIW has continued to perform extremely well since the completion of the acquisition in March 2008 by the investor group led by Brian Steer. In the twelve months ended 31 December 2008, Stanmore was ahead of budget with sales having increased by 22% over the same period in 2007 to more than £5.4 million (unaudited).

Growth is being driven by continuing increased take up of the METS (modular endoprosthetic 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 continues to expand its skilled workforce, rebranding 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 premises.

SIW continues to make 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 31 March 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.

Since we first invested in December 2006, Medivance's worldwide revenues have increased over three times. Medivance's patented, FDA-approved Arctic Sun™ device is now used in approximately 90% of the top twenty US hospital heart programs and fourteen 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 20 quarters of revenue growth in the past 21 quarters and is targeting continued growth in 2009. However, the recent trends of the US dollar versus most other currencies presents challenges for Medivance's international business as does the current global financial uncertainty.

We had invested approximately £2.5 million as at 31 March 2009 in Medivance representing around 9.4% 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 £3.83 million as at 31 March 2009.

AOI Medical Inc.

In June 2008, AOI commenced its key 60 patient clinical study for its Ascendx™ VCF (Vertebral Compression Fractures) Reduction System. The procedures thus far have shown that Ascendx™ has performed as intended allowing single pedicle access, height restoration and the management of cement flow rate and localization where desired.

The clinical trial has continued apace in the months since, with the company announcing on 24 June 2009, the successful completion of surgical procedures on 44 patients at seven sites across the United States. An adverse event occurred in one case, which was not a result of the Ascendx™ product. Thus far, physician feedback has been extremely encouraging; however, clinical outcomes are still being evaluated.

The study will ultimately involve 60 subjects in eight centres across the United States. The company is on track to complete the clinical trial in H2 2009 and anticipates FDA approval also in H2 2009 with commercialization to follow in Q1 2010.

In May 2008, AOI secured shareholder approval to waive pre-emption rights in connection with a possible issue of up to 15 million new common shares to secure future financing. MDY Healthcare has invested a total of approximately £1.8 million and has approximately 8.6% of the issued share capital valued, as at 31 March 2009, at approximately £0.26.

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.

Trust William has established a solid and growing customer base and is actively seeking to broaden its customer base through a range of marketing activities, including catalogues, online marketing, newspaper offers, affiliate marketing, newspaper and magazine advertising as well as public relations. As at 31 March 2009, Trust William had completed six months of trading. Sales are encouraging and we continue to look at strategic ways to increase sales.

As at 31 March 2009, MDY Healthcare had invested approximately £1.19 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 balance sheet on a joint venture basis. Accordingly, £0.38 million of losses have been included for the 6 months ended 31 March 2009. This is equivalent to approximately 2.60p per share.

Quoted portfolio

Separately from the strategic investments, we have a portfolio of investments in healthcare companies traded on the London Stock Exchange, which were valued at approximately £3.55 million as at 31 March 2009, an increase of £2.41 million or 211% since 30 September 2008, in part due to the acquisition of stakes in ProStrakan and Santhera in March 2009.

ProStrakan (LSE: PSK) is a rapidly growing specialty pharmaceutical company engaged in the development and commercialisation of prescription medicines for the treatment of unmet therapeutic needs in major markets. ProStrakan has continued to show impressive growth in its share price since our investment in March 2009. Santhera (SWX: SANN) is a Swiss specialty pharmaceuticals company focusing on the discovery, development and marketing of small molecule pharmaceutical products for the treatment of orphan neuromuscular diseases. Santhera's share price has deteriorated since our investment in March 2009 after Santhera announced its US Phase III clinical trial evaluating Catena® for the treatment of Friedreich's Ataxia missed its primary endpoint. We sold down a proportion of our holding prior to the significant deterioration in the share price and will continue to monitor closely this company's progress. The quoted portfolio also includes our investments in Allergy Therapeutics plc, Minster Pharmaceuticals plc, Lombard Medical Technologies plc and Axis-Shield plc.

As previously highlighted, the continued volatility in global equity markets since our year-end has hit smaller capitalisation companies. In these difficult conditions we have been reluctant to realise cash losses but have sold down investments where we believe we can utilise realised proceeds for other more strategic investments. We have also since our half year end, been more active in trading our quoted portfolio and have realised some gains by taking advantage of strong share prices.

Financial review

At 31 March 2009, MDY Healthcare's total investments (current and non-current) were

valued at £10.88 million (30 September 2008: £9.16 million) and we had cash and cash equivalents of £1.11 million (30 September 2008: £2.01 million). Net asset value per share as at 31 March 2009 was £0.60 (30 September 2008: £0.77).

Revenue for the period was £NIL (2008: £90,000). In the six months ended 31 March 2009, our loss from operations was £1.77 million (2008: £2.40 million). Total administration expenses (including exceptional costs of £0.195 million) were £0.88 million (2008: £0.67 million).

The net loss in fair value of financial assets of £0.89 million (2008: £1.81 million loss) reflects the mark-to-market revaluation of our listed and quoted investments following the continuing difficult stock market conditions discussed above. We made an exchange profit of £1.0 million (2008: £0.2 million loss) following some improvement in the dollar:sterling exchange rate.

Overall the net loss for the period reduced to £1.15 million (2008: £2.07 million). Losses per share for the period were 7.85p as against 14.18p 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

As expected, the last six months have been challenging for small capitalisation companies such as MDY Healthcare, but we were pleased that during the period we were able to acquire assets that enhanced the overall liquidity of our portfolio of quoted companies. Whilst we continue to expect the remainder of 2009 to be challenging for smaller public companies, we are confident that the underlying quality of our portfolio will deliver longer term shareholder value as our investments fulfil their potential and market conditions stabilise. We are excited about the possibility of launching our Chinese investment business and due to our expertise in this area, we believe this strategy should deliver returns for MDY shareholders.

MDY Healthcare plc CONSOLIDATED INCOME STATEMENT For the six months ended 31 March 2009

	Unaudited six months to 31 March 2009	Unaudited six months to 31 March 2008	Audited year ended 30 September 2008
Notes	£'000	£'000	£'000
<hr/>			

Revenue	2	-	90	41
Cost of sales		-	-	-
Gross profit		-	90	41
Administrative expenses	4	(876)	(671)	(1,409)
Other operating income		131	129	485
Other operating expenses		(1,021)	(1,943)	(2,891)
Results from operating activities		(1,766)	(2,395)	(3,774)
Share of loss of associates and jointly controlled entities using the equity accounting method, net of tax		(380)	-	(430)
Finance income		1,000	321	457
Finance expense		(4)	-	-
Loss before tax		(1,150)	(2,074)	(3,747)
Income tax expense		-	-	-
Net loss for the period		(1,150)	(2,074)	(3,747)
Basic and diluted loss per share	3	(7.855)p	(14.18)p	(25.63)p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the six months ended 31 March 2009

	Unaudited six months to 31 March 2009	Unaudited six months to 31 March 2008	Audited year ended 30 September 2008
	Total	Total	Total
	£'000	£'000	£'000
Change in fair value of assets classified as available-for-sale	(754)	(517)	(509)
Income and expenses recognised directly in equity in the period	(754)	(517)	(509)
Loss for the period	(1,150)	(2,074)	(3,747)
Total recognised income and expense for the period	(1,904)	(2,591)	(4,256)
Attributable to			
- Equity holders of the Company	(1,904)	(2,591)	(4,256)
Total recognised income and expense for the period	(1,904)	(2,591)	(4,256)

CONSOLIDATED BALANCE SHEET
For the six months ended 31 March 2009

	Notes	Unaudited as at 31 March 2009 £'000	Unaudited as at 31 March 2008 £'000	Audited as at 30 September 2008 £'000
Non-current assets				
Intangible assets		106	-	87
Property, plant and equipment		83	95	96
Investments	5	7,330	8,629	8,020
		7,519	8,724	8,203
Current assets				
Investments	5	3,549	2,103	1,139
Inventory - goods for resale		9	-	7
Trade and other receivables		547	184	337
Cash and cash equivalents		1,112	2,163	2,008
		5,217	4,450	3,491
Total assets		12,736	13,174	11,694
Liabilities				
Non-current liabilities				
Loan notes	9	(1,588)	-	-
Deferred tax liability		-	-	-
Total non-current liabilities		(1,588)	-	-
Liabilities				
Current liabilities				
Deferred consideration	9	(1,000)	-	-
Trade and other payables		(366)	(233)	(420)
Total current liabilities		(1,366)	(233)	(420)
Total liabilities		(2,954)	(233)	(420)
Net assets		9,782	12,941	11,274
Equity				
Issued capital		7,016	6,999	6,999
Share premium account		101,814	101,419	101,419
Other reserves		22,993	22,993	22,993
Retained earnings		(122,041)	(118,470)	(120,137)
Total equity		9,782	12,941	11,274

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 31 March 2009

	Notes	Unaudited six months to 31 March 2009 £'000	Unaudited six months to 31 March 2008 £'000	Audited year ended 30 September 2008 £'000
Cash flows from operating activities				
Loss for the period		(1,150)	(2,074)	(3,747)
Adjustments for:				
Depreciation and amortisation		37	10	24
Net change in fair value of financial assets at fair value through profit or loss		890	1,814	2,406
Foreign exchange gain on investments		(775)	-	-
Foreign exchange gain on cash held		(198)	(196)	(284)
Interest receivables		(22)	(125)	(155)
Operating loss before changes in working capital and provisions				
		(1,218)	(571)	(1,756)
Increase in inventory		(2)	-	(7)
(Increase)/decrease in trade and other receivables		(211)	1,286	1,133
Decrease in trade and other payables		(54)	(260)	(73)
Cash (absorbed by)/generated from operations				
		(1,485)	455	1,053
Interest paid		-	-	-
Net cash (outflow)/inflow from operating activities				
		(1,485)	455	(703)
Cash flow from investing activities				
Interest received		22	125	155
Purchase of financial asset at fair value through profit or loss		(3,000)	(3,795)	(3,499)
Proceeds from sale of financial asset at fair value through profit or loss		34	92	783
Proceeds from the sale of available for sale financial assets		378	-	-
Purchase of intangible assets		(41)	-	(87)
Purchase of property, plant and equipment		(2)	-	(15)
Net cash outflow from investing activities				
		(2,609)	(3,578)	(2,663)
Cash flows from financing				

activities				
Proceeds from the issue of Borrowings		2,588	-	-
Proceeds from issue of share capital		412	-	-
Net cash inflow from financing activities		3,000	-	-
<hr/>				
Decrease in cash and cash equivalents	6	(1,094)	(3,123)	(3,366)
Cash and cash equivalents at 1 October		2,008	5,090	5,090
Effect of exchange rate fluctuations on cash held		198	196	284
Cash and cash equivalents at end of period		1,112	2,163	2,008

MDY Healthcare plc
Notes to the Interim Financial Statement (unaudited) for six months ended 31 March 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 six month period ended 31 March 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 interim 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 interim financial statements were approved by the Board of Directors on 25 June 2009.

The interim financial statements have been prepared on the going concern basis.

b) Basis of Measurement

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

- Financial investments at fair value through profit or loss account are measured at fair value
- Available for sale financial assets are measured at fair value
- Share based payments under the Group's scheme are measured as fair value at grant date.

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 interim financial statements is included in Note 5 - Investments.

2 Revenue and Segment Information

Primary reporting segment -geographical segments

	2009 £'000	2008 £'000
Revenue		
United Kingdom	-	90
	-	90
Loss on ordinary activities before taxation		
United Kingdom	(1,766)	(2,395)
	(1,766)	(2,395)

Financing costs (net)	996	321
Share of loss of associates and jointly controlled entities	(380)	-
	(1,150)	(2,074)
<hr/>		
Assets by location of undertaking		
United Kingdom	12,736	13,174
United States	-	-
	12,736	13,174
<hr/>		
Liabilities by location of undertaking		
United Kingdom	(366)	(233)
	(366)	(233)
Loan notes and deferred consideration	(2,588)	-
	(2,954)	(233)

Geographical revenue is shown by location of customers. Geographic revenue by location from which products and services are supplied is not materially different.

The Group's secondary reporting format is its class of business. All income statement and balance sheet items in the current year relate to the strategic investing business.

3 Loss per share

	Unaudited six months to 31 March 2009	Unaudited six months to 31 March 2008	Audited year ended 30 September 2008
Basic			
Net loss for the financial period (£'000)	(1,150)	(2,074)	(3,747)
Weighted average number of shares outstanding ('000)	14,650	14,623	14,623
Basic loss per share	(7.85)p	(14.18)p	(25.63)p

Basic 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 loss per share and the diluted loss per share as ordinary share equivalents from share options have been excluded from the computation as their effects are anti-dilutive.

4 Administration expenses

Total administration costs of £0.88 million included exceptional costs of £0.195 million.

Included in administration costs for the period ended 31 March 2009 are costs related to businesses discontinued in previous periods of £Nil (31 March 2008 : £15,000).

5 Financial asset investments

Available for sale financial assets

	£000
At 1 October 2008	909
Additions at fair value	-
Revaluation	(753)
Disposals	-
At 31 March 2009	<u>156</u>
At 31 March 2008	<u>900</u>

Financial assets designated at fair value through profit or loss

	£000
At 1 October 2008	7,111
Additions at fair value	-
Revaluation	123
Disposals	(60)
At 31 March 2009	<u>7,174</u>
At 31 March 2008	<u>7,729</u>

Financial assets held for trading at fair value through profit or loss

	£000
At 1 October 2008	1,139
Additions at fair value	3,000
Revaluation	(129)
Disposals	(462)
At 31 March 2009	<u>3,548</u>
At 31 March 2008	<u>2,103</u>

6 Analysis of changes in net funds

	At 30	Cash flow	Exchange rate	At 31
--	-------	-----------	---------------	-------

	September 2008 £'000	£'000	movements £'000	March 2009 £'000
Cash at bank	2,008	(1,094)	198	1,112
Overdraft	-	-	-	-
Bank loans	-	-	-	-
Total	2,008	(1,094)	198	1,112

MDY Healthcare plc**Notes to the Interim Financial Statement (unaudited) for six months ended 31 March 2009****7 Reconciliation of movements in equity**

	2009 £'000	2008 £'000
Total recognised income and expense for the period	(1,904)	(2,591)
Issue of share capital	412	-
Net decrease in equity	(1,488)	(2,591)
Opening equity	11,274	15,530
Closing equity	9,782	12,939

8 Transactions with key management personnel

During the six months ended 31 March 2009, £150,000 (year ended 30 September 2008: £300,000) was paid to Pacific Corporate Consultants Limited of which Dr David Wong is a retained consultant.

9 Related party transaction

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.

10 The interim report for the six months ended 31 March 2009 has been prepared by the Company and was approved by the Directors on 25 June 2009.

11 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.

This information is provided by RNS
The company news service from the London Stock Exchange

RNS news service provided by Hemscott Group Limited.