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## MDY Healthcare Plc News Announcement

### MDY Healthcare - Interim Results

RNS Number : 3320W  
MDY Healthcare PLC  
10 June 2008

MDY Healthcare plc

Interim results

10 June 2008: 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 2008.

#### Financial Highlights

\* Total investments valued at £10.7 million (30 September 2007: £9.4 million) with cash and cash equivalents of £2.2 million (30 September 2007: £5.1 million)

\* Net asset value per share as at 31 March 2008 of £0.885 (30 September 2007: £1.11)

\* Loss from operations of £0.6 million (2007: £0.9 million) following increased revenue and reduced administration expenses. Net loss for period of £2.1 million (2007: £1.0 million) includes net loss in fair value of financial assets of £1.8 million (2007: £34,000 gain)

#### Portfolio Highlights

\* Co-led syndicate that acquired Stanmore Implants Worldwide in February 2008 with Brian Steer (ex-Chair of Gyrus Group plc) joining as Executive Chairman

\* AOI Medical initiated FDA approved clinical trial on its Ascendx\* VCF Reduction System with first surgical procedures completed on three patients in early June 2008

\* Medivance exceeded its calendar 2007 annual business plan and is on target to achieve its 2008 plan following a strong first quarter

\* Consumer natural healthcare investment with William Ransom & Son is progressing well and remains on track for launch later in 2008

\* Post period end Allergy Therapeutics announced positive results from PIII grass trial on Pollinex® Quattro

Charles Spicer, CEO, said:

'The Stanmore deal illustrates that excellent investments are still possible in the medtech sector despite difficult market conditions and that we can attract sophisticated investors to invest alongside us. Whilst we continue to expect markets to be challenging for smaller public companies, we remain confident that our portfolio will deliver longer term shareholder value as our investments fulfil their potential and market conditions stabilise.'

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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](http://www.mdyhealthcare.com).

##### Chairman and Chief Executive's review

###### Overview

As highlighted at our AGM, the first half of the financial year has been characterised by extremely challenging market conditions for public companies especially at the smaller cap end of the market. Following the sharp downturn in the global equities markets in March 2008, triggered by the worsening banking crisis, the FTSE100 and the AIM All Share hit their lowest levels since 2005 and 2004 respectively in that month while the techMARK mediscience index hit its lowest point since December 2003.

Against this backdrop, 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 2007. Given this degree of market turmoil resulting in historically very low valuations for our sector, we took the strategic decision not to crystallise any cash losses by selling quoted equities into a falling market. Encouragingly, since the end of March we have seen improved share prices for some of our strategic and trading investments. We are taking a cautious approach towards upwards revaluations of our private investments at this stage given general market conditions despite good evidence of positive progress. We will review the position at the year-end. We have also kept a tight control on our operating expenses during the period.

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

###### Investment strategy

Over the last 18 months we have evolved our strategic investment model and expanded our portfolio which is now predominantly focused on medical technology, a sub-sector of the healthcare market with a typically reduced risk profile. Within this, we have prioritised a smaller number of larger investments, mostly in private companies, where we can own a significant share of the company and can therefore strategically drive shareholder value through active board participation, corporate development advice and innovative corporate finance structures. We are also focused on investing in companies where we will not be dependent on benign stockmarkets in order to realise value but where an M&A exit is a high possibility even if not the first priority.

###### New strategic investment in Stanmore Implants Worldwide

Demonstrating this evolution of our business model, in February 2008 we co-lead with Abingworth Management ('Abingworth'), a syndicate of investors to acquire the entire issued share capital of Stanmore Implants Worldwide Ltd ('Stanmore'), a private medical technology company focused on saving and restoring the function of limbs and joints. The investor syndicate is working closely with MDY's senior adviser, Brian Steer (ex Chairman of Gyrus Group plc), who is leading Stanmore as Executive Chairman supported by Stanmore's existing senior management team and its clinical and scientific collaborators.

Stanmore designs, manufactures and markets a custom implant service with a portfolio of orthopaedic implants for limb salvage and complex joint replacement. Stanmore is now a market leader in the UK and has a rapidly

expanding presence in export markets, delivered through both direct and distributor sales. Stanmore is currently headquartered in a specialised facility at the world-renowned Royal National Orthopaedic Hospital in Stanmore, Middlesex, and has a small Continental European sales office in Lyon, France. It was previously owned by University College London, and was spun out as an independent company from UCL's Centre for Biomedical Engineering in 1996. The Centre is known for its design of some of the world's most successful implants including the Stanmore Hip.

Stanmore focuses on high value, technically demanding applications where it differentiates itself by forming long-term relationships with specialist surgeons, delivering advanced designs, high-quality products and rapid service. It has annual sales in excess of £4 million and has been profitable for several years.

#### Intraosseous Transcutaneous Amputation Prosthesis (ITAP)

Stanmore's key new product development is ITAP, an innovative device for directly attaching prosthetic devices to the skeleton of amputees. It is being developed for a wide-range of applications including upper and lower limb, digits and craniofacial prostheses. ITAP builds on ground-breaking research undertaken by UCL with a design that, by mimicking successful skin-penetrating natural structures (such as deer antler) stably integrates with the skin. This provides an effective barrier against infection, which has to date limited the application of percutaneous implants to dental implants and craniofacial applications.

Surgeons working closely with the company have implanted a number of craniofacial ITAP devices over the last three years with encouraging clinical results. Similarly, over the last two years, digit ITAP devices have been implanted in a number of patients with positive results. In late 2007, the first upper limb ITAP device was successfully implanted in a 7/7 bomb victim. The patient is progressing well, and Stanmore plans to implant further upper and the first lower limb ITAP implants during this year.

MDY Healthcare has invested £3 million in the transaction and has approximately 20% of the issued share capital on a fully-diluted basis. Charles Spicer has been appointed to the board of SIW Holdings Ltd., parent company of Stanmore.

Since completion of the acquisition, Stanmore has developed its strategy for accelerated international growth and is preparing to move into state-of-the art new facilities close to its existing site. The clinical and commercial programme for ITAP is progressing well with recruitment underway for the first trial on lower limbs at the Royal National Orthopaedic Hospital in Stanmore and the Royal Orthopaedic Hospital in Birmingham.

#### Strategic portfolio review

Following the investment in Stanmore, we now have seven strategic investments. Our three largest commitments, Medivance, Stanmore and our consumer health JV are private and are valued at the cost of the last investment. Our four quoted strategic investments have all been marked-to-market downwards.

#### AOI Medical Inc.

Based in Florida, USA, AOI Medical is developing, and intends to commercialise, innovative orthopaedic medical devices for the spine and trauma markets.

At 31 March 2008, we held approximately 8.6% of the issued share capital which was valued at approximately £1.5 million, a reduction of £0.9 million or 37.5% since 30 September 2007.

In December 2007, AOI announced conditional US FDA approval to begin its key clinical study for Ascendx™ (Fracture Reduction System). Final approval was somewhat delayed and was confirmed in April 2008 following which the trial has now been initiated with surgical procedures on the first three patients completed in early June 2008. Depending on FDA response timing, the commercial launch of the product is now targeted for late 2008 or early 2009. At an EGM in May, AOI secured authorization from its

shareholders to raise additional capital through the issue of further common shares or convertible equity.

#### Medivance, Inc

Based in Colorado, USA, Medivance is a leading company in the emerging field of therapeutic temperature management. Medivance's non-invasive technology, Arctic Sun® is patented and FDA approved to rapidly cool patients ('therapeutic hypothermia') and precisely control their temperatures as a therapeutic tool.

At 31 March 2008, we owned approximately 9.8% of the fully-diluted equity of Medivance which remains valued at £2.7 million as it was in 30 September 2007.

Medivance exceeded its calendar 2007 annual plan on several fronts including revenues, gross margin and expenses and is on target to achieve its 2008 plan following a strong first quarter. This requires continued strong global sales growth and a move into operating breakeven towards the end of the year. While the plan is being executed, we have decided not to revalue our holding in Medivance but will review the position again at our year-end.

#### Minster Pharmaceuticals plc

Minster is a drug development company that acquired from GlaxoSmithKline the worldwide development rights of two compounds, tonabersat and sabcomeline, which have already benefited from substantial investment by GSK. Minster's lead product, tonabersat, belongs to an important new class of drugs called 'gap junction blockers', and is being developed as a prophylactic treatment for migraine.

At 31 March 2008 we held just over 2% of the issued share capital which was valued at approximately £0.4 million, a reduction of £0.2 million or 27% since 30 September 2007.

In February 2008 Minster announced that it had recruited 25% of the patients required for its TEMPUS 500-patient phase IIb trial of tonabersat in the US and were still on track to report on that trial in Q4 2008. In March 2008, Minster announced that they had fully enrolled their Danish study of tonabersat in patients suffering from migraine with aura and expected results in late 2008.

#### Allergy Therapeutics PLC

Allergy Therapeutics is a speciality pharmaceutical company focused upon the treatment and prevention of allergy. It has an existing European sales base, an MHRA-approved manufacturing capability and a number of novel vaccines which have already undergone initial clinical evaluation and once registered, could potentially revolutionise the treatment of allergy.

At 31 March 2008 we held just over 0.7% of the issued share capital which was valued at approximately £0.2 million, a reduction of £0.2 million or 58% since 30 September 2007.

Following the FDA clinical hold announced in July 2007, Allergy announced in March 2008 that the FDA was now in the process of conducting a broad review into vaccine adjuvants and was unable to give any indication of when their review might be complete. At the same time they announced strong growth in their core business in Europe. In May 2008 Allergy announced that their pivotal PIII grass study had met its primary efficacy endpoint and had demonstrated that Pollinex® Quattro has statistically significant clinical benefits over placebo. This has resulted in a significant improvement in the company's share price since then.

#### Lombard Medical Technologies PLC

Lombard Medical is a specialist cardiovascular device and polymer coatings company. Its flagship product, the Aorfix\* endovascular stent graft for the treatment of Abdominal Aortic Aneurysms (AAAs), is CE Mark approved in the EU. With no device currently approved for the treatment of AAAs with neck angulations greater than 60 degrees, Aorfix\* has a potentially unique product profile targeting an unmet clinical need.

In January 2008 we announced that we had acquired further shares in Lombard Medical in their placing to raise £7.1 million which was announced in December. We now hold just under 3% of Lombard's issued share capital valued at just under £0.5 million as at 31 March 2008. In May 2008, Lombard announced that while recruitment into the European ARBITER II trial is on course to complete in Q3 2008, it may be challenging to complete the recruitment for the PYTHAGORAS trial in the US by the end of

2008. The pivotal US clinical trial for Lombard's EndoRefix\* endostapling device commenced in April.

#### Investment with William Ransom & Son plc

Ransom is the UK's oldest independent pharmaceutical company and one of the UK's leading natural healthcare companies. It is the market-leading supplier of glucosamine supplements and one of Europe's leading suppliers of retail aloe vera products.

In August 2007 Ransom and MDY Healthcare announced the establishment of a multi-channel retail venture selling natural healthcare products direct to consumers via the internet, mail order and telesales. The aim of the joint venture is to capitalise on the rapid growth of e-commerce in the UK. The products are being primarily sourced and/or manufactured by Ransom, which will also provide management support and fulfilment from its distribution centre in Bradford, UK. MDY Healthcare is committed to providing up to £3 million in loan capital to finance the joint venture which is expected to launch commercial activities in late 2008.

The company is currently majority-owned by MDY Healthcare and the board includes representatives of both Ransom and MDY Healthcare. Ransom has the option to acquire 100% ownership of the jointly owned company in accordance with an agreed timetable and valuation process. As the company has not yet started trading there is currently no material value to MDY Healthcare's equity interest included on the balance sheet.

We have established a team of internal and external experts to build the branding, customer interface (including transactional website, catalogue and customer support) as well as logistical infrastructure ahead of commercial launch which remains on schedule for later in 2008. We will update shareholders further closer to the time of launch.

#### Trading portfolio

Separately from the strategic investments, we have a portfolio of investments in healthcare companies traded on the Main Market of the London Stock Exchange or quoted on AIM, which were valued at approximately £2.1 million as at 31 March 2008, a reduction of £0.8 million or 28% since 30 September 2007.

As previously highlighted, the continued disruption in global equity markets since our year-end has hit smaller capitalisation companies relatively hard and particularly the healthcare sector. In these difficult conditions we have been reluctant to realise cash losses but also cautious about making significant further investments. We have seen some signs of improvement over recent months such as the cash acquisition of Whatman by GE Healthcare which completed in April and the improvement in share prices in certain key stocks such as Axis-Shield and Vectura.

#### Financial review

At 31 March 2008, MDY Healthcare's total investments (current and non-current) were valued at £10.7 million (30 September 2007: £9.4 million) and we had cash and cash equivalents of £2.2 million (30 September 2007: £5.1 million). Net asset value per share as at 31 March 2008 was £0.885 (30 September 2007: £1.11).

Revenue for the period was £90,000 (2007 £18,000). In the six months ended 31 March 2008, our loss from operations was £0.6 million (2007: £0.9 million). Total administration expenses were reduced by 23% to £0.7 million (2007: £0.9 million) of which £15,000 (2007: £183,000) related to operations discontinued in 2006.

The net loss in fair value of financial assets of £1.8 million (2007: £34,000 profit) reflects the mark-to-market revaluation of our listed and quoted investments following the continuing difficult stock market conditions discussed above. We made a small exchange profit of £0.2 million (2007: £0.6 million loss) following some improvement in the dollar:sterling exchange rate. Financial income was reduced to £0.1 million (2007: 0.4 million) in line with the reduction in our cash deposits as we added further investments to the portfolio.

Overall the net loss for the period increased to £2.1 million (2007: £1.0 million). Losses per share for the period were 14.18p as against 7.26p for the corresponding period in 2007.

## Conclusion and outlook

The investment in Stanmore during the period demonstrates that excellent investments are possible in the medtech sector and that MDY Healthcare can attract sophisticated investors to invest alongside us. Whilst we continue to expect the remainder of 2008 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.

### MDY Healthcare plc CONSOLIDATED INCOME STATEMENT For the six months ended 31 March 2008

		Unaudited six months to 31 March 2008	Unaudited six months to 31 March 2007	Audited year ended 30 September 2007
	Notes	Continuing Operations £'000	Continuing Operations £'000	Continuing Operations £'000
Revenue	2	90	18	28
Cost of sales		-	-	-
Gross profit		90	18	28
Selling and distribution costs		-	-	-
Administration expenses		(656)	(688)	(1,628)
Costs related to operations discontinued in 2006		(15)	(183)	(421)
Administration expenses	4	(671)	(871)	(2,049)
Loss from operations		(581)	(853)	(2,021)
Net change in fair value of financial assets at fair value through profit or loss		(1,814)	34	(543)
Net gains on disposal of available for sale financial assets transferred from equity		-	-	367
Foreign exchange profit / (loss)		196	(589)	(877)
Financing income		125	393	628
Financing costs		-	-	-
Loss before tax		(2,074)	(1,015)	(2,446)
Income tax expense		-	-	175
Net loss for the period		(2,074)	(1,015)	(2,271)
Basic and diluted loss per share	3	(14.18)p	(7.26)p	(16.02)p

### CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE For the six months ended 31 March 2008

	Unaudited six months to 31 March 2008 Total £'000	Unaudited six months to 31 March 2007 Total £'000	Audited year ended 30 September 2007 Total £'000
Net change in the fair value of available for sale financial assets	(517)	(19)	896
Deferred tax liability arising on net change in fair value of available for sale financial assets	-	-	(146)
Net change in fair value of available for sale financial assets transferred to profit and loss	-	-	(367)
Income and expenses recognised directly in equity in the period	(517)	(19)	383
Loss for the period	(2,074)	(1,015)	(2,271)
Total recognised income and expense for the period	(2,591)	(1,034)	(1,888)

Attributable to			
- Equity holders of the Company	(2,591)	(1,034)	(1,888)
Total recognised income and expense for the period	<u>(2,591)</u>	<u>(1,034)</u>	<u>(1,888)</u>

MDY Healthcare plc  
CONSOLIDATED BALANCE SHEET  
For the six months ended 31 March 2008

	Notes	Unaudited as at 31 March 2008	Unaudited as at 31 March 2007	Audited as at 30 September 2007
		£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment		95	113	105
Investments	5	8,629	3,387	6,45
		<u>8,724</u>	<u>3,500</u>	<u>6,559</u>
<b>Current assets</b>				
Investments	5	2,103	2,800	2,904
Trade and other receivables		184	452	1,470
Cash and cash equivalents		2,163	9,425	5,090
		4,450	12,677	9,464
Total assets		<u>13,174</u>	<u>16,177</u>	<u>16,023</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liability		-	(29)	-
Total non-current liabilities		-	(29)	-
<b>Current liabilities</b>				
Trade and other payables		(233)	(339)	(493)
Total current liabilities		<u>(233)</u>	<u>(339)</u>	<u>(493)</u>
Total liabilities		<u>(233)</u>	<u>(368)</u>	<u>(493)</u>
Net assets		<u>12,941</u>	<u>15,809</u>	<u>15,530</u>
<b>Equity</b>				
Issued capital		7,020	7,013	7,020
Share premium account		101,419	100,851	101,419
Other reserves		22,993	22,993	22,993
Shares issuable		-	63	-
Retained earnings		(118,491)	(115,111)	(115,902)
Total equity		<u>12,941</u>	<u>15,809</u>	<u>15,530</u>

MDY Healthcare plc  
CONSOLIDATED CASH FLOW STATEMENT  
For the six months ended 31 March 2008

	Notes	Unaudited six months to 31 March 2008 £'000	Unaudited six months to 31 March 2007 £'000	Audited year ended 30 September 2007 £'000
<b>Cash flows from operating activities</b>				
Loss from operations		(2,074)	(1,442)	(2,271)
Adjustments for:				
Depreciation		10	7	17
Income tax credit		-	-	(175)
Net change in fair value of financial assets at fair value through profit or loss		1,814	3	543
Net gains on disposal of available for sale financial assets transferred from equity		-	-	(367)
Foreign exchange (gain)/loss		(196)	589	910
Interest receivables		(125)	-	(628)
Operating loss before changes in working		<u>(571)</u>	<u>(843)</u>	<u>(1,971)</u>

capital and provisions			
Decrease/(increase) in trade and other receivables	1,286	93	(925)
Decrease in trade and other payables	(260)	(1,835)	(1,681)
Cash generated from/(absorbed by) operations	455	(2,585)	(4,577)
Interest paid	-	-	-
Net cash inflow/(outflow) from operating activities	455	(2,585)	(4,577)
Cash flow from investing activities			
Interest received	125	393	628
Purchase of financial asset at fair value through profit or loss	(3,795)	(4,923)	(10,150)
Proceeds from sale of financial asset at fair value through profit or loss	92	-	1,666
Proceeds from the sale of available for sale financial assets	-	-	753
Purchase of property, plant and equipment	-	(51)	(54)
Net cash outflow from investing activities	(3,578)	(4,581)	(7,157)
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	575
Bank loan repayment	-	-	-
Net cash outflow from financing activities	-	-	575
Decrease in cash and cash equivalents	6	(7,166)	(11,159)
Cash and cash equivalents at 1 October	5,090	17,159	17,159
Effect of exchange rate fluctuations on cash held	196	(568)	(910)
Cash and cash equivalents at end of period	2,163	9,425	5,090

MDY Healthcare plc

Notes to the Interim Financial Statement (unaudited) for six months ended 31 March 2008

## 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 2008 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a healthcare sector specialised investment company.

### Basis of preparation

#### \* 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 9 June 2008.

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

	2008 £'000	2007 £'000
Revenue		
United Kingdom	90	18
	90	18
Loss on ordinary activities before taxation		
United Kingdom	(2,199)	(1,408)
	(2,199)	(1,408)
Financing costs (net)	125	393
	(2,074)	(1,015)
Assets by location of undertaking		
United Kingdom	13,174	14,139
United States	-	2,038
	13,174	16,177
Liabilities by location of undertaking		
United Kingdom	(233)	(368)
	(233)	(368)
Borrowing and other debt	-	-
	(233)	(368)

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 2008	Unaudited six months to 31 March 2007	Audited year ended 30 September 2007
Basic			
Net loss for the financial period (£'000)	(2,074)	(1,015)	(2,271)
Weighted average number of shares outstanding ('000)	14,623	13,984	14,179
Basic loss per share	(14.18)p	(7.26)p	(16.02)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 2008 and 2007 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

Included in administration costs for the period ended 31 March 2008 are costs related to businesses discontinued in previous periods of £15,000 (31 March 2007: £183,000).

#### 5 Financial asset investments

Available for sale financial assets	2008 £000
	<u>          </u>
At 1 October 2007	1,417
Additions at fair value	-
Revaluation	(517)
Disposals	-
At 31 March 2008	900
At 31 March 2007	<u>1,255</u>
	-

Financial assets designated at fair value through profit or loss	2008 £000
At 1 October 2007	5,043
Additions at fair value	3,599
Revaluation	(876)
Disposals	(37)
At 31 March 2008	7,729
At 31 March 2007	<u>2,132</u>
	-

Financial assets held for trading at fair value through profit or loss	2008 £000
At 1 October 2007	2,904
Additions at fair value	191
Revaluation	(937)
Disposals	(55)
At 31 March 2008	2,103
At 31 March 2007	<u>2,800</u>
	-

#### 6 Analysis of changes in net funds

	At 30 September 2007 £'000	Cash flow	Exchange rate movements £'000	At 31 March 2008
	<u>          </u>	£'000	<u>          </u>	<u>          </u>
Cash at bank	5,090	(3,123)	196	2,163
Overdraft	-	-	-	-
Bank loans	-	-	-	-
Total	<u>5,090</u>	<u>(3,123)</u>	<u>196</u>	<u>2,163</u>

#### 7 Reconciliation of movements in equity

	2008	2007
	<u>£'000</u>	<u>£'000</u>

Total recognised income and expense for the period (2,591) (1,034)

Net decrease in equity	(2,591)	(1,034)
Opening equity	15,530	16,843
Closing equity	<u>12,939</u>	<u>15,809</u>

8 Transactions with key management personnel

During the six months ended 31 March 2008 £150,000 (year ended 30 September 2007: £300,000) was paid to Pacific Corporate Consultants Limited of which Dr David Wong is a retained consultant.

9 The interim report for the six months ended 31 March 2008 has been prepared by the Company and was approved by the Directors on 9 June 2008.

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 Group's website: [www.mdyhealthcare.com](http://www.mdyhealthcare.com).

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