

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your registered holding of ordinary shares, please forward this document, the enclosed form of proxy, the share dealing application form and the other accompanying documentation to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your holding of ordinary shares, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

MDY HEALTHCARE PLC

(incorporated and registered in Scotland under number 88634)

NOTICE OF ANNUAL GENERAL MEETING PROPOSED SHARE CAPITAL REORGANISATION APPROVAL OF INVESTING STRATEGY

This document should be read in its entirety. Your attention is drawn to the letter from the Executive Chairman of the Company commencing on page 4 of this document and which includes a recommendation that you vote in favour of the Resolutions to be proposed at the Annual General Meeting referred to below.

Brewin Dolphin Securities Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority, is acting exclusively for MDY Healthcare plc. Brewin Dolphin Securities Limited is not acting for, and will not be responsible to, any person other than MDY Healthcare plc for providing the protections afforded to customers of Brewin Dolphin Securities Limited or for advising any other person on the contents of this document.

Notice of an Annual General Meeting of MDY Healthcare plc, to be held at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB at 11.00 a.m. on 4 May 2007 is set out at the end of this document. Shareholders will find enclosed a form of proxy for use at the Annual General Meeting. The form of proxy should be completed and returned to the Company's registrars, Lloyds TSB Registrars, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 2 May 2007.

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985 (as amended)
"Admission"	admission of the New Ordinary Shares to trading on AIM
"AIM"	a market operated by the London Stock Exchange
"AIM Rules"	the rules governing the admission to, and operation of, companies whose shares are admitted to AIM, as published by the London Stock Exchange from time to time
"Annual General Meeting" or "AGM"	the annual general meeting of MDY Healthcare convened for 11.00 a.m. on 4 May 2007 (or any adjournment of it), notice of which is set out at the end of this document
"Brewin Dolphin"	Brewin Dolphin Securities Limited
"business day"	a day (excluding Saturday and Sunday and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal banking business
"Company" or "MDY Healthcare"	MDY Healthcare plc
"Consolidated Shares"	the new ordinary shares of 50 pence each in the capital of the Company arising on the consolidation of the Existing Ordinary Shares
"Deferred Shares"	the new deferred shares of 49 pence each in the capital of the Company following the Share Capital Reorganisation
"Directors" or "Board"	the board of directors of MDY Healthcare
"Existing Ordinary Shares"	the existing ordinary shares of 1 pence each in the capital of the Company in issue prior to the completion of the Share Capital Reorganisation
"Investing Strategy"	the Company's investing strategy as set out on page 8 of this document
"London Stock Exchange"	London Stock Exchange plc
"New Ordinary Shares"	the new ordinary shares of 1 pence each in the capital of the Company following the Share Capital Reorganisation
"Record Date"	close of business on 4 May 2007, or such later date as the Directors may determine, being the date by which the Share Capital Reorganisation is calculated
"Registrars"	Lloyds TSB Registrars
"Resolutions"	the resolutions set out in the notice of the AGM at the end of this document and "Resolution" shall mean any of them
"Share Capital Reorganisation"	the proposed share consolidation as set out in Resolution 9 and the subsequent sub-division and conversion as set out therein
"Share Dealing Application Form"	the application form enclosed with this document relating to the Share Dealing Facility
"Share Dealing Facility"	the share dealing facility offered on an execution only basis by the Stocktrade division of Brewin Dolphin, further details of which are set out in the Share Dealing Application Form enclosed with this document
"Share Option Schemes"	the MDY Healthcare plc 1997 Approved Executive Share Option Scheme, the MDY Healthcare plc Executive Share Option Scheme and the MDY Healthcare plc Employee Share Option Plan
"Shareholder Election Card"	the shareholder election card enclosed with this document relating to the various options available to Shareholders in connection with electronic communications
"Shareholders"	holders of ordinary shares

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this document	29 March 2007
Latest time and date for receipt of completed proxy forms for the AGM	11.00 a.m. 2 May 2007
Annual General Meeting	11.00 a.m. 4 May 2007
Record Date	close of business on 4 May 2007
Dealings in the New Ordinary Shares on AIM expected to commence	8 May 2007
Expected date for crediting of CREST accounts (where applicable)	8 May 2007
Expected last date of dispatch of share certificates for the New Ordinary Shares to Shareholders	11 May 2007
Share dealing service open for those Shareholders that wish to dispose of their New Ordinary Shares	15 May 2007
Expected date of transactions for Share Dealing Facility	15 June 2007

References to time in this document are to British Summer Time. Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service.

If you have any questions on how to complete the form of proxy, please contact the Registrars at 0870 195 6480 (+44 1903 276 342 from outside the UK). This helpline is open from 8.30 a.m. to 5.30 p.m. on business days (i.e. Monday to Friday and excluding public holidays). For legal reasons, the helpline is not able to advise on the merits of the matters set out in this document or provide financial or taxation advice.

LETTER FROM THE EXECUTIVE CHAIRMAN OF MDY HEALTHCARE PLC

MDY Healthcare plc (Incorporated and registered in Scotland under number 88634)

DIRECTORS:

David Wong (Executive Chairman)
Charles Spicer (Chief Executive Officer)
Derek Ablett (Non-Executive Director)
Alan MacKay (Non-Executive Director)

REGISTERED OFFICE

23 Bridge Street
Ellon
Aberdeenshire
AB41 9AA

29 March 2007

To Shareholders and, for information only, to the holders of options under the Share Option Schemes

Dear Shareholder,

ANNUAL GENERAL MEETING PROPOSED SHARE CAPITAL REORGANISATION APPROVAL OF INVESTING STRATEGY

INTRODUCTION

This year's Annual General Meeting is to be held at the offices of Financial Dynamics on 4 May 2007 at 11.00 a.m and the notice of that meeting is set out at the end of this document.

In May 2006, we completed the sale of all of our operating businesses to ARKRAY, Inc. and the Company repositioned itself as a strategic investor in healthcare companies. In September 2006, we moved our stock market listing from the Official List to AIM. Therefore, in addition to the routine business of the meeting, it is proposed to seek Shareholders' approval at the Annual General Meeting for various other matters relating to the Company's Investing Strategy and share capital structure. The purpose of this letter is to provide you with information on all of the proposals, to explain why your Board considers them to be in the best interests of the Company and the Shareholders as a whole, and to recommend that you vote in favour of the Resolutions to be proposed at the Annual General Meeting.

Your specific attention is drawn to Resolution 9, which relates to the consolidation of the Existing Ordinary Shares and the subsequent sub-division and conversion. The Board believes that the proposed Share Capital Reorganisation is in the best interests of Shareholders as they believe that, if approved and effected, it should:

- allow Shareholders with uneconomic shareholdings to exit the Company in a cost efficient manner as they will be able to trade their New Ordinary Shares through the Share Dealing Facility;
- streamline the Company's register, resulting in savings of administrative costs and management time; and
- assist in reducing the bid/offer spread in respect of trading of the Company's shares as the Board believes that the bid-offer spread on shares priced at low absolute levels can be disproportionate to the share price, to the detriment of Shareholders.

Details of all the Resolutions to be proposed at the Annual General Meeting are set out below. Resolutions 1 to 7, 9, 10, 12 and 13 will be proposed as Ordinary Resolutions and Resolutions 8 and 11 will be proposed as Special Resolutions.

RESOLUTION 1: APPROVAL OF ANNUAL REPORT AND ACCOUNTS

The 2006 Annual Report and Accounts are enclosed with this document. Copies will be available at the Annual General Meeting.

RESOLUTIONS 2, 3 AND 4: APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

The Company's Articles of Association require directors to retire and submit themselves for election at the first annual general meeting following their appointment. Accordingly, as Charles Spicer and Alan MacKay were appointed since the date of the last annual general meeting of the Company, each offers himself for election. In addition, David Wong is standing for reappointment having retired by rotation as required by the Company's Articles of Association. Being eligible, Dr Wong offers himself for re-election.

Biographical details of the Directors standing for election or re-election and, in respect of Alan MacKay, the reasons why the Board believes that he should be elected, are set out below.

Mr Spicer is standing for election following his appointment to the Board as Chief Executive on 12 July 2006. Mr Spicer was previously Head of Healthcare Corporate Finance at Numis Securities Limited and prior to that, he held the same position at Nomura International plc. In both roles, he advised a wide range of companies in the healthcare sector on corporate finance, mergers, acquisitions and corporate broking. Mr Spicer has a service contract with the Company with a 12 month notice period.

Mr MacKay is standing for election following his appointment to the Board as a Non-Executive Director on 14 September 2006. Mr MacKay is a Global Lead Partner of Healthcare at 3i. He is also a member of the 3i leadership team and heads its healthcare group throughout Europe, USA and Asia, actively investing in the pharmaceuticals, medical device and care services sub-sectors. The Board considers that Mr MacKay should be elected as the Board believes Mr MacKay has considerable and wide-ranging experience in investing in healthcare companies, which will be invaluable to the Company as it continues to implement its Investing Strategy. Mr MacKay is a member of the Remuneration Committee.

Dr Wong became a director in 1998. In 1992, he founded Medical Consultants and Management Limited, an investment holding company specialising in medical and bioscience companies. He received a dental degree from Guy's Hospital Medical School in 1976 and went on to found a group of dental surgery clinics, which were subsequently sold in 1988. Dr Wong also built up and sold a food business to Slater Foods PLC, where he became a director. He acted as Chief Executive of the Company until 23 April 2003, when he was appointed Executive Chairman.

RESOLUTIONS 5 AND 6: RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. The Company's Audit Committee has recommended the reappointment of KPMG. Resolution 6 gives authority to the Board to determine the remuneration of the auditors. The Audit Committee will approve the audit fees for recommendation to the Board.

RESOLUTION 7: APPROVAL OF DIRECTORS' REMUNERATION REPORT

The Remuneration Report is included in the 2006 Annual Report and Accounts. It sets out the Company's policy towards Directors' remuneration and other relevant information.

RESOLUTION 8: AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

The Share Capital Reorganisation and the creation of the Deferred Shares requires that the Company amend its existing Articles of Association. The amendments to the Articles of Association will provide for the rights attaching to the Deferred Shares, the details of which are described below.

The amendments to the Articles of Association will also reflect a change to the legislation governing indemnities given by a company to its directors. In accordance with current standard practice, the amendments provide that the Company may indemnify its directors to the fullest extent permitted by law.

In light of new legislation, including the Companies Act 2006, the Company will consider further updating its Articles of Association in due course.

LETTER FROM THE EXECUTIVE CHAIRMAN OF MDY HEALTHCARE PLC

MDY Healthcare plc (Incorporated and registered in Scotland under number 88634)

RESOLUTION 9: SHARE CAPITAL REORGANISATION

The Company currently has approximately 14,750 Shareholders. Of these, 9,583 Shareholders have registered holdings of less than 2,500 Existing Ordinary Shares, representing approximately 65% of the total number of Shareholders, but less than 1.26% of the issued Existing Ordinary Shares. On the basis of the Company's closing mid-market share price on 22 March 2007, a shareholding of 2,500 Existing Ordinary Shares was worth £66.25.

The Board believes that for a company of its size, it is not in the Company's best interests to continue to bear the significant costs of servicing such a large shareholder base. The Board also believes that due to their small holdings, many Shareholders may have considered selling their Existing Ordinary Shares but have decided not to do so in the light of the disproportionate dealing and administration costs relating to such a sale. The Board is therefore proposing a restructuring of the Existing Ordinary Shares coupled with a free Share Dealing Facility, the aim of which is to reduce the number of Shareholders thereby achieving cost savings for the Company, whilst at the same time returning some value to Shareholders with smaller interests.

In addition, the Board believes that the bid-offer spread on shares priced at low absolute levels can be disproportionate to the share price, to the detriment of Shareholders. The Board also believes that following the completion of the Share Capital Reorganisation, the New Ordinary Shares will be more attractive to investors in potential corporate or fundraising transactions.

Resolution 9 sets out the proposed steps in the Share Capital Reorganisation.

So as to facilitate the Share Capital Reorganisation, Charles Spicer has today subscribed for 23 Existing Ordinary Shares at par in order to ensure that (immediately preceding the Share Capital Reorganisation) the number of Existing Ordinary Shares in issue would be exactly divisible by 50. Application has been made for these 23 shares to be admitted to trading on AIM and, as a result of the issue of these shares, the Company's share capital now comprises 699,211,150 Existing Ordinary Shares.

The Directors are proposing first to consolidate the Existing Ordinary Shares on the basis of 1 Consolidated Share for every 50 Existing Ordinary Shares held, creating Consolidated Shares of 50 pence each. Each Consolidated Share then in issue will be immediately sub-divided and converted into 1 New Ordinary Share of 1 pence each and 1 Deferred Share of 49 pence each. Each unissued Consolidated Share will be immediately sub-divided into 50 New Ordinary Shares of 1 pence each.

Following the completion of the Share Capital Reorganisation, the Company's authorised share capital will comprise 314,773,073 New Ordinary Shares and 13,984,223 Deferred Shares and the Company's issued share capital will comprise 13,984,223 New Ordinary Shares and 13,984,223 Deferred Shares.

SHARE RIGHTS

The New Ordinary Shares arising on completion of the Share Capital Reorganisation will have the same rights as the Existing Ordinary Shares, including without limitation, the same voting, dividend and other rights.

Application will be made for the New Ordinary Shares to be admitted to trading on AIM. It is anticipated that Admission will occur on 8 May 2007.

Following completion of the Share Capital Reorganisation, the Existing Ordinary Shares will no longer exist. New share certificates in respect of New Ordinary Shares are expected to be posted at the risk of Shareholders by no later than 11 May 2007 to those Shareholders who currently hold their Existing Ordinary Shares in certificated form (and hold more than 50 Existing Ordinary Shares). These will replace existing certificates which should be destroyed. Pending receipt of new certificates, transfers of New Ordinary Shares held in certificated form will be certified against the Register. The New Ordinary Shares have been allocated new stock identification code as follows: SEDOL code (BIVJNC5) and ISIN code (GB00BMJNC59).

In the case of Shareholders who hold their shares through the CREST system, the New Ordinary Shares will be credited to CREST accounts on 8 May 2007.

The rights attaching to the Deferred Shares, which will not be admitted to trading on any market or exchange, will be minimal, thereby rendering them effectively valueless. The Deferred Shares will not confer on their holders any right to receive notice of any general meeting of the Company nor any right to attend, speak or vote at any such meeting. The Deferred Shares will not entitle their holders to receive any dividend or other distribution and shall on a return of assets in a winding up of the Company entitle the holders only to the repayment of the amounts paid up on such shares after the amount paid to holders of the New Ordinary Shares exceeds £1,000,000 per New Ordinary Share. The Deferred Shares will also be incapable of transfer and no share certificates will be issued in respect of them.

FRACTIONAL ENTITLEMENTS

Shareholders should be aware that if they hold fewer than 50 Existing Ordinary Shares they will not receive any Consolidated Shares and therefore will not be entitled to New Ordinary Shares or Deferred Shares under the Share Capital Reorganisation and, as a result, would lose their entire shareholding in the Company.

Where any Shareholder is entitled to a fraction only of a Consolidated Share, such fractions shall be aggregated with the fractions of Consolidated Shares to which other Shareholders would have been entitled so as to form full Consolidated Shares, which will then be subdivided (along with the other Consolidated Shares) into New Ordinary Shares. The Directors will be authorised to sell these New Ordinary Shares in the market as soon as reasonably practicable following the passing of the Resolutions and, given that no individual Shareholder will be entitled to more than £1.50 from the sale of these New Ordinary Shares (on the basis of the Company's closing mid-market share price on 22 March 2007), these shares will be sold for the benefit of the Company.

SHARE DEALING FACILITY

Due to their small shareholdings, many Shareholders may have decided not to trade their shares due to the disproportionate dealings costs involved. Therefore, the Company has arranged for its brokers, Brewin Dolphin, through their execution-only Stocktrade division, to administer a free Share Dealing Facility for all Shareholders subject to a limit of 50 New Ordinary Shares (equivalent to a holding of 2,500 Existing Ordinary Shares prior to the completion of the Share Capital Reorganisation) for each Shareholder. The free Share Dealing Facility gives Shareholders the opportunity, subject to the passing of Resolution 9, to dispose of up to 50 New Ordinary Shares, at no cost to them. The Share Dealing Facility will be open for a period of approximately five weeks from 15 May 2007 (assuming the Share Capital Reorganisation is approved by Shareholders at the AGM), with the transactions taking place on 15 June 2007.

It is entirely up to you whether you take advantage of the Share Dealing Facility and neither the Company nor Brewin Dolphin are making any recommendation to you as to the course of action you should take. If you are in any doubt, you should consult your independent financial adviser.

You will find a Share Dealing Application Form enclosed with this document detailing the steps that you need to follow if you wish to sell your New Ordinary Shares. To ensure that instructions are acted on, please ensure that completed Share Dealing Application Forms (together with the share certificate(s) representing the New Ordinary Shares you wish to sell) are returned to Stocktrade to arrive no later than 8 June 2007.

RESOLUTION 10: AUTHORITY TO ALLOT SHARES

Under section 80 of the Act, the Directors of the Company may only allot relevant securities if authorised to do so. The Company's Articles of Association give a general authority to the Directors to allot relevant securities, but that authority is subject to renewal by Shareholders. This Resolution proposes that the Directors' authority be renewed, giving the power to allot relevant securities up to an aggregate nominal value of £42,000. This authority, if renewed, will terminate on 3 May 2012 unless and to the extent that such authority is revoked, varied, renewed or extended prior to such date. Resolution 10 is conditional on the passing of Resolution 9 (approval of the Share Capital Reorganisation). If Resolution 10 is not passed, the Company's existing authority granted to Directors at the Extraordinary General Meeting of the Company held on 15 August 2006 will remain in place until 14 August 2011, unless and to the extent that such authority is revoked, varied, renewed or extended prior to such date.

The Directors have no present intention of issuing any relevant securities other than pursuant to share subscriptions by appointees to the Company's Senior Advisory Panel and to participants in the Company's share incentive plans. The Company announced on 14 February 2007 that it had established a Senior Advisory Panel to provide guidance on specific investment and transaction opportunities. The Company anticipates that part of the consulting fees paid to members of the Senior Advisory Panel will be immediately invested by the relevant member in New Ordinary Shares in the Company.

RESOLUTION 11: AUTHORITY TO DISAPPLY PRE-EMPTION RIGHTS

Section 89 (1) of the Act requires that on an allotment of new shares for cash, such shares are offered first to existing Shareholders in proportion to the number of shares that they each hold at that time. There may be circumstances when it is in the interests of the Company to disapply pre-emption rights on certain allotments of shares. Therefore, this Resolution requests Shareholders to waive their pre-emption rights by approving a new power to allot equity securities on a non-pre-emptive basis in connection with a "rights issue" and otherwise up to an aggregate nominal value of £42,000. This power, if approved, will terminate on 3 May 2012 unless and to the extent that such power is revoked, varied, renewed or extended prior to such date. Resolution 11 is conditional on the passing of Resolution 10 (Directors authority to allot relevant securities). If Resolution 11 is not passed, the existing power granted to Directors at the Extraordinary General Meeting of the Company held on 15 August 2006 will remain in place until 14 August 2011, unless and to the extent that such power is revoked, varied, renewed or extended prior to such date.

Whilst the Directors have no present intention of exercising this new power other than pursuant to share subscriptions by appointees to the Company's Senior Advisory Panel and to participants in the Company's share incentive plans, it will enable the Company to take advantage of strategic opportunities as and when they arise in a timely way.

LETTER FROM THE EXECUTIVE CHAIRMAN OF MDY HEALTHCARE PLC

MDY Healthcare plc (Incorporated and registered in Scotland under number 88634)

RESOLUTION 12: APPROVAL OF INVESTING STRATEGY

The Company is an investing company quoted on AIM, with its objective to achieve superior returns for Shareholders by investing globally in companies, both public and private, across the healthcare sector. The Directors and executives have significant operational and investment experience in the sector and therefore, we believe, the ability to identify and review a wide range of potential investments. Due diligence on any potential investment will always be undertaken by the Directors and executive team in the first instance to assess the proposed investee company management, financials, products/technology, intellectual property and markets. In addition, prior to making any investment, the Company will also seek specialist advice where the Directors believe it appropriate, from external advisers including members of the Senior Advisory Panel. Given the Directors' and executives' experience and contact base within the sector, MDY Healthcare is also able to provide investee companies with strategic business support and advice, in addition to finance.

The Company's Investing Strategy is to identify investment opportunities, both individually and as a co-investor in companies in the following sub-sectors: medical technology, diagnostics, biopharmaceuticals and providers of other healthcare products and services. MDY Healthcare will continue to consider investments in both private and publicly traded companies located in the UK, Continental Europe, Scandinavia, North America, the Far East and Asia. The Company may make investments on both an active and passive basis.

Since becoming an investing company, the Company has made the following strategic investments:

COZART PLC

In July 2006, the Company subscribed £336,000 for ordinary shares in Cozart plc as part of a vendor placing to finance the acquisition of HL Scandinavia AB. Cozart is an AIM-quoted medical diagnostics company which develops, manufactures and sells immunodiagnostic tests, predominantly those used for the detection of drugs of abuse. HL, based in Stockholm, supplies drugs of abuse point of care urine testing products and services to customers in the criminal justice, workplace and medical markets in Sweden. Since the initial investment, the Company has acquired further shares in Cozart and now holds a total of 2,232,575 shares, which represents 2.1 per cent of the issued share capital of Cozart.

AOI MEDICAL, INC.

In September 2006, the Company subscribed \$1.5 million for ordinary shares in AOI Medical, Inc. as part of a private placing arranged and underwritten by Numis Securities, with MDY Healthcare acting as lead investor. Based in Florida, USA, AOI Medical is developing, and intends to manufacture, innovative orthopaedic medical devices for the spine and trauma markets. The private placing raised a total of \$3.0 million to fund the continued product development as well as clinical and product marketing. Following this placing, MDY Healthcare has an interest of approximately 7.5% of the issued share capital of AOI Medical. MDY Healthcare also provides paid strategic consulting services to AOI Medical.

MEDIVANCE, INC

On 21 December 2006, the Company subscribed \$2,500,000 for convertible loan notes in Medivance, Inc in a private placing arranged by Piper Jaffray with MDY Healthcare acting as lead investor. Based in Boulder, Colorado, 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. Therapeutic cooling has been shown to reduce brain damage after traumatic events such as cardiac arrest and brain injury. It also has potential applications in the treatment of stroke and fever. Introduced in 2004, Arctic Sun® has been adopted by hospitals throughout the US, Europe and Asia. The private placing raised a total of \$4,540,000 to fund the continued marketing of the Arctic Sun® system around the world.

MINSTER PHARMACEUTICALS PLC

On 2 March 2007, MDY Healthcare subscribed £471,749.85 for new shares and warrants in Minster Pharmaceuticals plc in their fundraising which raised a total of £17 million before expenses. The fundraising was arranged by Nomura Code Securities Limited with cornerstone investments from Care Capital and Rho Capital.

Minster is a drug development company (AIM: MPM) 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 exciting new class of drugs called gap junction blockers, and is being developed as a prophylactic treatment for migraine. Minster has recently reported positive data for tonabersat from its Phase IIa study.

ALLERGY THERAPEUTICS PLC

On 23 March 2007, the Company announced that it had acquired 500,000 ordinary shares in Allergy Therapeutics PLC. Allergy Therapeutics is a Europe-based specialty pharmaceutical company focused upon the treatment and prevention of allergy. It has an existing sales base, an MHRA-approved manufacturing capability and an established sales and marketing infrastructure in several major European markets. In addition, Allergy Therapeutics has a number of novel compounds, which have already undergone initial clinical evaluation and once registered, could potentially revolutionise the treatment of allergy.

Whilst just the start of the process, these investments illustrate the types of companies that MDY Healthcare is targeting. We are continuing to review a wide range of potential strategic investments as well as, on a selective basis, continuing to invest in listed equities on a shorter-term basis.

In accordance with the AIM Rules, the Company is required to seek the approval of Shareholders for its Investing Strategy on an annual basis. Accordingly, the purpose of Resolution 12 is to seek Shareholder approval to the Company's Investing Strategy.

RESOLUTION 13: ELECTRONIC COMMUNICATIONS

New provisions contained in the Companies Act 2006 came into force on 20 January 2007 relating to electronic communications in relation to the sending of accounts, reports and financial statements, the appointment of proxies and notices of meetings and other company information. Resolution 13 is designed to enable the Company to take advantage of these new provisions. The Company expects that being able to communicate with Shareholders electronically will result in cost savings, a reduction in the environmental impact of wasted paper, printing and distribution and hopefully, by way of a new electronic communication strategy, an overall enhancement in the level and quality of communication with Shareholders.

Under the provisions of the Companies Act 2006, the Company is required to ask Shareholders individually to confirm their agreement to the Company sending or supplying the documents and information to them electronically or via the Company's website (www.mdyhealthcare.com). Assuming Resolution 13 is approved by Shareholders at the AGM, if we do not receive a response from you within 28 days of 4 May 2007 (that is by 1 June 2007), then you will be taken to have agreed (under paragraph 10 of Schedule 5 to the Companies Act 2006) to the Company sending or supplying documents and information to you via the Company's website. Therefore, if you agree to the Company sending or supplying documents or information to you via the Company's website, you need take no further action. However, if you also wish to receive documents and information in electronic form, for example, by email, please follow the instructions on the letter relating to electronic communications and the Shareholder Election Card enclosed with this document which set out the steps that need to be taken to facilitate this.

If you would prefer to receive documents and information in paper form rather than via the Company's website, you will need to let us know. The letter enclosed with this document relating to electronic communications and the Shareholder Election Card explain the steps you need to take to notify us that you wish to continue to receive Company documents and information in paper form.

Each time a document is published on the Company's website, you will be informed (either by letter or by email, if you have elected to receive documents in electronic form).

ANNUAL GENERAL MEETING

As explained above, the Resolutions are subject to the approval of Shareholders in general meeting. Set out at the end of this document is a notice convening an annual general meeting of the Company to be held at 11.00 a.m. on 4 May 2007 at Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB.

ACTION TO BE TAKEN

You will find enclosed with this document a form of proxy for use at the Annual General Meeting. Whether or not you propose to attend the Annual General Meeting in person, you are requested to complete and return the form of proxy to the Registrars in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received no later than 11.00 a.m. on 2 May 2007. Completion and return of a form of proxy will not preclude you from attending the Annual General Meeting and voting in person if you so wish.

RECOMMENDATION

The Board is of the opinion that the Resolutions are in the best interests of Shareholders as a whole and, accordingly, recommends you vote in favour of the Resolutions. David Wong, Charles Spicer and Derek Ablett (being the Directors who are interested in issued Existing Ordinary Shares) intend to vote in favour of the Resolutions (save that they will not vote in respect of Resolutions in which they are interested parties (their own election or re-election and the Directors' Remuneration Report)) in respect of their own aggregate beneficial holdings of 45,505,105 Existing Ordinary Shares representing approximately 6.5 per cent of the current issued ordinary share capital of the Company.

Yours sincerely,

David Wong
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

MDY Healthcare plc

Registered in Scotland No: 88634
(the "Company")

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the above-named Company will be held at 11 a.m. on 4 May 2007 at the offices of Financial Dynamics, Holborn Gate, 26 Southampton Buildings, London WC2A 1PB for the purpose of considering and, if thought fit, passing resolutions 1 to 7, 9, 10, 12 and 13 as ordinary resolutions and resolutions 8 and 11 as special resolutions.

1. That the report of the directors and the financial statements for the year ended 30 September 2006 be received.
2. That Charles Spicer be elected as a director of the Company.
3. That Alan MacKay be elected as a director of the Company.
4. That David Wong be re-elected as a director of the Company.
5. That KPMG be reappointed auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
6. That the directors be authorised to determine the auditors' remuneration.
7. That the Directors' Remuneration Report for the year ended 30 September 2006 be approved.
8. That the Articles of Association of the Company be amended as follows:
 - (a) by deleting the existing Article 3 and replacing it with the following:

"3. AUTHORISED SHARE CAPITAL

The authorised share capital of the Company is £10,000,000 divided into 314,773,073 ordinary shares of 1p each (the "Ordinary Shares") and 13,984,223 deferred shares of 49p each (the "Deferred Shares").;

- (b) by the addition of a new Article 5A as follows:

"5A RIGHTS ATTACHING TO THE DEFERRED SHARES

(A) INCOME

Holders of Deferred Shares are not entitled to receive any dividend or other distribution.

(B) CAPITAL

On a return of capital on a winding up, each holder of a Deferred Share is entitled to receive a sum equal to the nominal capital paid up or credited as paid up thereon but only after the sum of £1,000,000 per Ordinary Share has been distributed among the holders of the Ordinary Shares and the holders of the Deferred Shares shall not be entitled to any further participation in the assets or profits of the Company.

(C) VOTING AND GENERAL MEETINGS

The holders of the Deferred Shares have no right to receive notice of any general meeting of the Company nor any right to attend, speak or vote at any such general meeting.

(D) REDUCTION OF CAPITAL

Neither the passing by the Company of any special resolution for the cancellation of the Deferred Shares for no consideration by means of a reduction of capital requiring the confirmation of the Court, nor the obtaining by the Company nor the making by the Court of any order confirming any such reduction of capital, nor the becoming effective of any such order shall constitute a variation, modification or abrogation of the rights attaching to the Deferred Shares. Accordingly, the Deferred Shares may at any time be cancelled for no consideration by means of a reduction of capital effected in accordance with the Act without sanction on the part of the holders of the Deferred Shares.

(E) CERTIFICATES

No share certificates will be issued in respect of the Deferred Shares.

(F) TRANSFER

The Deferred Shares shall not be capable of transfer."; and

- (c) by deleting the existing Article 144 and replacing it with the following:

"144. INDEMNITY OF OFFICERS AND FUNDING OF DEFENCE PROCEEDINGS

(A) Subject to the provisions of and so far as may be permitted by and consistent with the Companies Acts, each current or former director, secretary or other officer (other than an auditor) of the Company or any associated company (as such term is defined in section 309A(6) of the Companies Act 1985 (the "Act")) shall be indemnified out of the assets of the company against:

- (i) any liability incurred by or attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company other than:
 - (a) any liability to the Company or any associated company; and
 - (b) any liability of the kind referred to in sections 309B(3) or (4) of the Act;
 - (ii) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office; and
 - (iii) where a current or former director, secretary or other officer (other than an auditor) of the company is indemnified against any liability in accordance with this Article 144(A), such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by him in relation thereto.
- (B) Subject to the provisions of and so far as may be permitted by the Companies Acts, the directors may exercise all the powers of the Company to:
- (i) provide any current or former director, secretary or other officer (other than an auditor) of the company with funds to meet expenditure incurred or to be incurred by him in defending any criminal or civil proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company, or in connection with any application under the provisions mentioned in section 337A(2) of the Act; and
 - (ii) do anything to enable any such person to avoid incurring such expenditure, but so that the terms set out in section 337A(4) of the Act shall apply to any such provision of funds or other things done provided that for the purpose of this Article 144(B) references to "director" in section 337A(4) of the Act shall be deemed to include references to a former director or a current or former secretary or other officer (other than an auditor) of the Company."
9. That, subject to and conditional upon Resolution 8 being passed:
- (a) every 50 issued and unissued ordinary shares of 1 pence each in the capital of the Company be at close of business on the date of the passing of this Resolution consolidated into one ordinary share of 50 pence each, provided that no member shall be entitled to a fraction of a share and the directors shall be and are hereby authorised to sell the shares to which members would otherwise be entitled in fractions to any person and retain the proceeds of such sales for the benefit of the Company;
 - (b) immediately following the completion of such consolidation:
 - (i) each issued ordinary share of 50 pence each so created in the capital of the Company be sub-divided and converted into 1 ordinary share of 1p each and 1 deferred share of 49p each, each carrying the rights and being subject to the restrictions set out in the Articles of Association of the Company; and
 - (ii) each unissued ordinary share so created in the capital of the Company be sub-divided into 50 ordinary shares of 1p each, each carrying the rights and being subject to the restrictions set out in the Articles of Association of the Company.
10. That, subject to and conditional upon Resolution 9 being passed, the directors of the Company (the "Directors") be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (the "Act"), to allot relevant securities (within the meaning of section 80(2) of the Act) (in substitution for any existing authority to allot relevant securities conferred on the Directors) of the Company up to a maximum aggregate nominal amount of £42,000, such authority to expire on 3 May 2012 (unless and to the extent that such authority is revoked, varied, renewed or extended prior to such date), but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.
11. That, subject to and conditional upon Resolution 10 being passed, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) (in substitution for any existing authority to allot relevant securities conferred on the Directors) for cash pursuant to the authority conferred upon them pursuant to paragraph 10 above as if section 89(1) of the Act did not apply to such allotment, provided that such power shall be limited to the allotment of equity securities:
- (a) wholly for cash in connection with a rights issue; and
 - (b) otherwise than pursuant to sub-paragraph (a) above, up to a maximum aggregate nominal amount of £42,000,

such power to expire on 3 May 2012, (unless and to the extent that such power is revoked, varied, renewed or extended prior to such date), but so that the Company may, before the expiry of such period, make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors may allot equity securities pursuant to such an offer or agreement as if the power conferred hereby had not expired.

For the purposes of this resolution, "rights issue" means an offer of equity securities (as defined in section 94(2) of the Act) open for acceptance for a period fixed by the Directors to holders on the register on a fixed record date in proportion as nearly as may be to their respective holdings, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or with any legal or practical difficulties under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

12. That the investing strategy of the Company as set out in the circular to Shareholders of the Company dated 29 March 2007 be approved.
13. That, any notice or other document or information sent or supplied by or to the Company (whether authorised or required to be sent or supplied by the Companies Acts or otherwise) to or by a member, or to or by a person entitled to enjoy or exercise all or any specified rights of a member in relation to the Company, may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information to be sent or supplied by or to the Company for the purposes of the Companies Acts including in particular by the Company making them available on a website. For the purposes of this Resolution, the "Companies Acts" means the company law provisions of the Companies Act 2006, the Companies Act 1985, the Companies Consolidation (Consequential Provisions) Act 1985 and the Companies Act 1989 in so far as the same are in force from time to time.

By order of the Board

Louisa Hellier

Secretary

Dated: 29 March 2007

Registered office:

23 Bridge Street

Ellon

Aberdeenshire AB41 9AA

NOTES:

- (1) A member entitled to attend and vote at the meeting of which the foregoing gives notice is entitled to appoint a proxy to attend and (on a poll) vote in his or her place. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from attending and voting at the meeting.
- (2) A form of proxy is enclosed for use at the meeting.
- (3) To be valid, the form of proxy must be completed and deposited (together with any power of attorney or other written authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors) at the Company's Registrars (Lloyds TSB Registrars, The Causeway, Worthing, BN99 6ZR) not less than 48 hours before the time appointed for the meeting.
- (4) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), specifies that only those members entered on the register of members of the Company as at 6.00 p.m. on 2 May 2007 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 2 May 2007 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (5) The register of Directors' share interests, and copies of the Memorandum, Articles of Association of the Company (including the proposed amendments thereto) and the Directors' service contracts will be available for inspection at the head office of the Company, 11 Stanhope Gate, London W1K 1AN during normal business hours (Saturdays and public holidays accepted) from the date of this notice until the conclusion of the Annual General Meeting, and at the Annual General Meeting from 10.45 a.m to its conclusion.