



**Medserv p.l.c.**  
Malta Freeport  
Port of Marsaxlokk,  
Birzebbugia BBG07, Malta  
Tel: (00356) 2220 2000  
Fax: (00356) 2220 2328  
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## COMPANY ANNOUNCEMENT

### Medserv p.l.c.

#### Approval of half yearly report and appointment of new director

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Date of Announcement	28 August 2014
Reference	106/2014

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This is a company announcement being made by Medserv p.l.c. ("**the Company**") in compliance with Listing Rule 5.16.20:

#### Quote

The Board of Directors has today approved the half yearly report of the Company for the financial period 1 January 2014 to 30 June 2014, a copy of which is attached hereto and is available for public inspection in electronic form on the Company's website ([www.medservmalta.com](http://www.medservmalta.com)).

The Company also announces that Mr Johannes Jacobus van Leeuwen has retired from the Board with effect from the 28 August 2014. The Board wishes to thank Mr van Leeuwen for his contribution to the Company over the years.

The Company further announces that Mr Charles L. Daly has been co-opted by the Board as non-executive director of the Company, with effect as of the 28 August 2014. His appointment shall be valid until the conclusion of the next annual general meeting. In accordance with Listing Rule 5.20, the following details are hereby being provided:

Name:	Charles L Daly
Address:	2 Brokes Road, Reigate, Surrey RH2 9LP, United Kingdom
Function:	Non-Executive Director
Principal activity outside the Company:	Chairman of Channoil Consulting Ltd (Oil Industry Consultants)



Current and past (5 years) directorships in other companies having securities traded on a stock exchange:	N/A
Other disclosures:	There are no disclosures to be made in terms of listing rules 5.20.5 to 5.20.9
Effective date of appointment:	28th August 2014

Unquote

Signed:

A handwritten signature in black ink, appearing to read "Louis de Gabriele", written over a horizontal line.

Louis de Gabriele  
Company Secretary



## Medserv p.l.c.

### Directors' Report pursuant to Listing Rule 5.75.2

For the Period 1 January 2014 to 30 June 2014

**Medserv p.l.c.**  
Malta Freeport  
Port of Marsaxlokk,  
Birzebbugia BBG07, Malta  
Tel: (00356) 2220 2000  
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*This report is published in terms of Chapter 5 of the Listing Rules of The Listing Authority, Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005.*

*The condensed consolidated interim financial statement figures have been extracted from the Group's unaudited accounts for the six months ended 30 June 2014 and its comparative period in 2013. The comparative consolidated statement of financial position has been extracted from the audited financial statements as at 31 December 2013. These condensed consolidated interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 - Interim Financial Reporting). These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2014. In terms of Listing Rule 5.75.5, the directors state that this half-yearly financial report has not been audited or reviewed by the Group's independent auditors.*

#### **Principal activities**

The principal activities of the Group consist of providing services and support to the offshore oil and gas industry operating mainly in the Central and Eastern areas of the Mediterranean basin.

#### **Review of performance and outlook**

The Group's turnover for the six month period ended 30 June 2014 amounted to €9,639,111 compared to €3,703,489 registered in the comparative period to 30 June 2013. This represents an increase of €5,935,622 equivalent to 160 % over the comparative period for last year. However it is pertinent to point out that this was largely due to low margin business which has a lesser beneficial effect on profits than would otherwise have been the case.

The Group registered a profit before tax of €542,448 compared to a profit of €566,485 registered in the six month period to 30 June 2013. After accounting for taxation the net profit for the period to 30 June 2014 amounted to €446,815 compared to a profit of €504,450 for the six month period ended 30 June 2013.

The Group's results for the year are expected to be line with forecast and as stated in the Directors' interim statement dated 14 May 2014 the financial results for the year will be skewed towards the second half. Nothing has transpired to change the Directors' view contained in the supplement dated 7th April 2014 issued in connection with the second tranche of the recent €20 million note issue that the Group profit for the year before tax will be in the region of €2 million.

Medserv (Cyprus) Limited completed construction of its base at the port of Larnaca on time and the supply of operational support services to ENI also commenced on time on the 1st June 2014.

A contract to provide maintenance services to an oil platform offshore Egypt has been successfully completed as was the contract for the supply of services in relation to the drilling of an exploration well offshore Malta. Operations at the Misurata base continue but at a very low level.

# Medserv p.l.c.

## Directors' Report pursuant to Listing Rule 5.75.2 (continued)

For the Period 1 January 2014 to 30 June 2014

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With respect to the two offshore contracts announced earlier this year relating to drilling offshore Libya, one has just commenced and the other is due to start in the fourth quarter of this year. The rig Ensco 5004 left Malta on 31<sup>st</sup> July to commence drilling operations. The day to day business of cutting bulk products and loading of tubulars and other material on board supply vessels has already commenced. A number of contracts with foreign sub-contractors that will operate from the Malta base in support of the operations have been signed.

As already reported earlier in the year Medserv Operations Limited secured an additional storage area outside the Malta base. Covering an area of 30,000 sqm it is now almost completely full with oil field equipment relating to the contracts mentioned above and to other clients choosing Medserv to store their equipment. The 8,000 sqm warehouse reported to be under construction on the Malta base in the interim statement dated 14 May 2014 has been completed and the storage space provided is now being substantially utilised.

An additional floor has been added to the office block at the Malta base thus creating an area of 525sqm for offices to be used by expatriate employees of oil companies working on projects in which the Group is engaged. This badly needed space has been taken up and is fully utilised.

The Company is confident that the offshore maintenance contract referred to in the Chairman's report for 2013 will be awarded to Medserv. The continuing delay is now due to the difficulty in obtaining all the necessary signatures to the contract due to the present difficulties in Libya.

The solar farm at the Malta base was completed on time and has been providing electricity to the grid since 8th July 2014.

### **Related party transactions**

The Group had related party transactions.

Transactions with each category of related parties and the balances outstanding at the end of the reporting periods are set out in note 11 to the condensed consolidated interim financial statements.

### **Dividends**

No interim dividends are being recommended.

Approved by the Board on 28 August 2014 and signed on its behalf by:



Anthony J Duncan  
Director



Anthony S Diacono  
Director

# Medserv p.l.c.

## Condensed Consolidated Statement of Financial Position

As at 30 June 2014

		At 30.06.14	At 31.12.13
	Note	€	€
<b>ASSETS</b>			
Property, plant and equipment	7	19,127,550	8,330,709
Investment in jointly-controlled entity		-	-
Deferred tax assets		4,521,188	4,577,440
<b>Non-current assets</b>		<b>23,648,738</b>	<b>12,908,149</b>
Inventories		158,401	-
Trade and other receivables		10,273,576	3,868,246
Cash at bank and in hand		1,425,504	5,682,988
<b>Current assets</b>		<b>11,857,481</b>	<b>9,551,234</b>
<b>Total assets</b>		<b>35,506,219</b>	<b>22,459,383</b>

# Medserv p.l.c.

## Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2014

		At 30.06.14	At 31.12.13
	Note	€	€
<b>EQUITY</b>			
Share capital		2,500,000	2,500,000
Reserves		4,825,460	4,606,761
Retained earnings		351,008	772,443
		-----	-----
Equity attributable to equity holders of the Company		7,676,468	7,879,204
Non-controlling interest		327,370	277,819
<b>Total equity</b>		<b>8,003,838</b>	<b>8,157,023</b>
<b>LIABILITIES</b>			
Loans and borrowings	9	20,897,978	12,552,853
Provisions		37,412	37,083
		-----	-----
<b>Non-current liabilities</b>		<b>20,935,390</b>	<b>12,589,936</b>
		-----	-----
Trade and other payables		6,566,991	1,712,424
		-----	-----
<b>Current liabilities</b>		<b>6,566,991</b>	<b>1,712,424</b>
<b>Total liabilities</b>		<b>27,502,381</b>	<b>14,302,360</b>
<b>Total equity and liabilities</b>		<b>35,506,219</b>	<b>22,459,383</b>

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements set out on pages 3 to 14 were approved by the Board of Directors on 28 August 2014 and were signed by:



Anthony J Duncan  
Director



Anthony S Diacono  
Director

# Medserv p.l.c.

## Condensed Consolidated Statement of Comprehensive Income

For the Period 1 January 2014 to 30 June 2014

		6 months ended 30.06.14	6 months ended 30.06.13
	Note	€	€
Revenue		9,639,111	3,703,489
Cost of sales		(7,799,458)	(2,168,938)
<b>Gross profit</b>		<b>1,839,653</b>	<b>1,534,551</b>
Other income		21,934	9,674
Administrative expenses		(970,867)	(897,704)
Other expenses		(1,580)	(2,732)
<b>Results from operating activities</b>		<b>889,140</b>	<b>643,789</b>
Finance income		-	1,540
Finance costs		(346,692)	(77,469)
<b>Net finance costs</b>		<b>(346,692)</b>	<b>(75,929)</b>
<b>Share of loss of jointly-controlled entity (net of tax)</b>		<b>-</b>	<b>(1,375)</b>
<b>Profit before income tax</b>		<b>542,448</b>	<b>566,485</b>
Tax expense	6	(95,633)	(62,035)
<b>Profit for the period</b>		<b>446,815</b>	<b>504,450</b>
<b>Profit/(Loss) attributable to</b>			
Owners of the Company		397,264	509,653
Non-controlling interest		49,551	(5,203)
<b>Profit for the period</b>		<b>446,815</b>	<b>504,450</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>446,815</b>	<b>504,450</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>		<b>1c6</b>	<b>2c0</b>

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

	Share capital	Legal reserve	Statutory reserve	Retained earnings	Total	Non- controlling interest	Total equity
	€	€	€	€	€	€	€
Balance at 1 January 2013	2,329,370	60,000	4,258,333	957,979	7,605,682	345,167	7,950,849
	-----	-----	-----	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>							
Profit/(loss) for the period	-	-	-	509,653	509,653	(5,203)	504,450
Transfer to retained earnings	-	-	(32,006)	32,006	-	-	-
<b>Balance at 30 June 2013</b>	<b>2,329,370</b>	<b>60,000</b>	<b>4,226,327</b>	<b>1,499,638</b>	<b>8,115,335</b>	<b>339,964</b>	<b>8,455,299</b>
Balance at 1 January 2014	<b>2,500,000</b>	<b>60,000</b>	<b>4,546,761</b>	<b>772,443</b>	<b>7,879,204</b>	<b>277,819</b>	<b>8,157,023</b>
	-----	-----	-----	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	397,264	397,264	49,551	446,815
Transfer from retained earnings	-	-	218,699	(218,699)	-	-	-
<b>Transactions with owners of the Company, recognised directly in equity</b>							
Dividends to owners of the Company	-	-	-	(600,000)	(600,000)	-	(600,000)
<b>Balance at 30 June 2014</b>	<b>2,500,000</b>	<b>60,000</b>	<b>4,765,460</b>	<b>351,008</b>	<b>7,676,468</b>	<b>327,370</b>	<b>8,003,838</b>

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.



## Medserv p.l.c.

### Condensed Consolidated Statement of Cash Flows

For the Period 1 January 2014 to 30 June 2014

	6 months ended 30.06.14	6 months ended 30.06.13
	€	€
<b>Cash flows from operating activities</b>		
Profit for the period	446,815	504,450
Adjustments for:		
Depreciation	453,895	264,741
Tax expense	95,633	62,034
Bad debts written off	-	8,575
Reversal of impairment loss on trade receivables	(8,230)	(15,166)
Provision for exchange fluctuations	(6,356)	(27,930)
Provision for gratuity payments	328	132
Interest receivable	-	(1,540)
Interest payable	346,691	77,469
Share of loss of jointly-controlled entity	-	1,375
	1,328,776	874,140
Change in inventories	(158,401)	73,671
Change in trade and other receivables	(6,422,911)	3,351
Change in trade and other payables	4,742,014	(752,512)
Change in related party balances	(1,808)	(3,218)
Change in shareholders' balances	(4,247)	(1,540)
Change in directors' balances	-	(3,693)
	(516,577)	190,199
Cash (absorbed by)/ generated from operating activities	(516,577)	190,199
Interest paid	(332,701)	(51,110)
Grant received	-	99,749
<b>Net cash (used in)/from operating activities</b>	<b>(849,278)</b>	<b>238,838</b>
Balance carried forward before investing and financing	(849,278)	238,838

## Medserv p.l.c.

### Condensed Consolidated Statement of Cash Flows (continued)

For the Period 1 January 2014 to 30 June 2014

	6 months ended 30.06.14	6 months ended 30.06.13
	€	€
Balance brought forward before investing and financing	(849,278)	238,838
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(10,799,898)	(341,297)
<b>Net cash used in investing activities</b>	<b>(10,799,898)</b>	<b>(341,297)</b>
<b>Cash flows from financing activities</b>		
Issue of notes	7,105,000	-
Issue costs	(167,092)	-
Advances by non-controlling interest	1,131,285	-
Repayments of bank loans	-	(278,941)
Interest paid on bank loans	-	(35,850)
Dividends paid to non-controlling interest	(90,000)	(60,043)
Dividends paid to owners of the Company	(595,261)	-
<b>Net cash from/(used in) financing activities</b>	<b>7,383,932</b>	<b>(374,834)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,265,244)</b>	<b>(477,293)</b>
Cash and cash equivalents at beginning of period	5,682,988	(1,315,667)
Effect of exchange rate fluctuations on cash held	7,760	30,235
<b>Cash and cash equivalents at end of period</b>	<b>1,425,504</b>	<b>(1,762,725)</b>

The notes on pages 9 to 14 are an integral part of these condensed consolidated interim financial statements.

## Medserv p.l.c.

### Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

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#### **1 Reporting company**

Medserv p.l.c. (the “Company”) is a public liability company domiciled and incorporated in Malta. The condensed consolidated interim financial statements for the six-months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the ‘Group’). Subsidiaries consist of Medserv International Limited, Medserv Operations Limited, Medserv Italy Limited, Medserv Eastern Mediterranean Limited, Medserv (Cyprus) Limited, Medserv Misurata FZC, Medserv East Africa Limited and Medserv Libya Limited.

#### **2 Basis of preparation**

##### **Statement of compliance**

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2013.

#### **3 Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013.

#### **4 Significant accounting estimates**

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the year ended 31 December 2013.

## Medserv p.l.c.

### Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

## 5 Operating segments

### Information about reportable segments

	Malta Operation		Libya Operation		Cyprus Operation		Total	
	6mths ended 30.06.14 €	6mths ended 30.06.13 €	6mths ended 30.06.14 €	6mths ended 30.06.13 €	6mths ended 30.06.14 €	6mths ended 30.06.13 €	6mths ended 30.06.14 €	6mths ended 30.06.13 €
External revenues	8,569,114	3,528,135	124,920	175,354	945,077	-	9,639,111	3,703,489
Inter-segment revenue	-	-	-	25,340	36,610	-	36,610	25,340
Reportable segment Profit/ (Loss) before tax	433,586	580,806	(47,426)	14,295	332,381	(28,616)	718,541	566,485
	Malta Operation		Libya Operation		Cyprus Operation		Total	
	30.06.14 €	31.12.13 €	30.06.14 €	31.12.13 €	30.06.14 €	31.12.13 €	30.06.14 €	31.12.13 €
Reportable segment assets	25,439,913	20,518,132	917,152	1,246,499	8,683,836	619,669	35,040,901	22,384,300
Reportable segment liabilities	18,173,045	10,901,488	54,714	146,533	8,353,248	3,186,393	26,581,007	14,234,414

## Medserv p.l.c.

### Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

## 5 Operating segments (continued)

### Reconciliation of reportable segment profit

	6 months ended 30.06.14	6 months ended 30.06.13
	€	€
Total profit for reportable segments	718,541	566,485
Unallocated amounts:		
Other corporate expense	(56,025)	-
Other interest payable	(120,068)	-
	-----	-----
	542,448	566,485
	=====	=====

## 6 Tax expense

The tax expense recognised in profit or loss and the result of the accounting profit multiplied by the tax rate applicable to Malta, the Company's country of incorporation, are reconciled as follows:

	6 months ended 30.06.14	6 months ended 30.06.13
	€	€
Profit before income tax	542,448	566,485
	-----	-----
Income tax using the domestic income tax rate	(189,857)	(198,270)
Tax effect of:		
Depreciation charges not deductible by way of capital allowances in determining taxable income	-	(901)
Business Promotion Act investment tax credit	112,962	158,616
Disallowed expenses	(59,596)	(86,932)
Difference in tax rates applicable to Group entities	71,915	71,077
Adjustment to prior years' deferred tax asset	(31,057)	(5,625)
	-----	-----
	(95,633)	(62,035)
	=====	=====

## Medserv p.l.c.

### Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

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#### 7 Property, plant and equipment

During the six months ended 30 June 2014, the Group acquired assets with a cost of €11,250,737 (six months ended 30 June 2013: (€341,297)).

Asset purchases represent acquisitions for the Larnaca, Cyprus base, amounting to €4,089,572, purchase of photovoltaic equipment for the Malta base amounting to €1,472,908 and the remainder being improvements to buildings, plant and equipment at the Malta base.

#### 8 Capital and reserves

##### Dividends

The following dividends were declared and paid by the Company during the period ended 30 June 2014

	<b>6 months ended 30.06.14</b>	6 months ended 30.06.13
	€	€
2.4 euro cents per qualifying ordinary share	<b>600,000</b>	-
	=====	=====

Dividend per qualifying ordinary share is worked out on the number of shares existing as at 31 December 2013.

## Medserv p.l.c.

### Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

## 9 Loans and borrowings

The carrying amount of the notes is made up as follows:

Tranche no	Amount	Interest rate	Repayable by
1	€12,758,511	6%	Redeemable on 30 September 2023 with an early redemption option exercisable by giving a 30 day notice from 30 September 2020.
2	€6,875,410	6%	Redeemable on 30 September 2023 with an early redemption option exercisable by giving a 30 day notice from 30 September 2020

During the period the Company issued Tranche 2 of Series 1 of €7,000,000 6% notes at an issue price of €101.5. This tranche is fully fungible with the existing Series I notes issued in terms of the Base Prospectus dated 12 August 2013, the Supplement and the Final Terms to the Base Prospectus dated 30 August 2013 (the “2013 Notes”). It is expected that these notes and the 2013 Notes will trade separately up to the 30 September 2014 – this in view of the limited first interest period of the Notes.

All notes are secured by Medserv Operations Limited through a general hypothec and a special hypothec over its emphyteutical rights on the Medserv site at the Malta Freeport at the Port of Marsaxlokk.

Furthermore the Group has a loan amounting to €1,264,057 advanced by a non-controlling interest. The loan is unsecured, bears interest at 6.25% per annum and is repayable by 15 September 2017.

The Group enjoys general overdraft facilities of €2,000,000 at the following terms and conditions

Bank overdraft	Interest rate	Security
€1,500,000	5.35%	Joint and several guarantees by the Company
€500,000	5.25%	Joint and several guarantees by the Company

At 30 June 2014, the group had unutilised bank overdraft facilities of €2,000,000.

## 10 Contingencies

There were no major changes in the contingencies of the Group from those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2013.

# Medserv p.l.c.

## Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2014 to 30 June 2014

### 11 Related parties

The Company has a related party relationship with its subsidiaries and with its directors. All transactions entered into with group companies have been eliminated in the preparation of these financial statements.

In addition to transactions disclosed in the statement of cash flows, the following transactions were conducted during the period:

		<b>Transactions' value</b>	
		<b>6 months ended</b>	
		<b>30.06.14</b>	<b>30.06.13</b>
		€	€
<b>Other related party</b>			
Services rendered by		<b>4,069</b>	3,300
		=====	=====
<b>Other related company</b>			
Capital goods provided by		<b>1,472,908</b>	-
		=====	=====
		<b>Balance</b>	
		<b>outstanding</b>	
		<b>30.06.14</b>	<b>31.12.13</b>
		€	€
<b>Amounts due to</b>			
Shareholders		<b>32,468</b>	31,976
		=====	=====
Non-controlling interest		<b>1,274,372</b>	205,587
		=====	=====



## Medserv p.l.c

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

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We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2014, as well as of the financial performance and cash flows for the six-month period then ended, fully in compliance with the accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, Interim Financial Reporting); and
- the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

A handwritten signature in blue ink, appearing to read "Anthony J Duncan".

Anthony J Duncan  
Director

A handwritten signature in blue ink, appearing to read "Anthony S Diacono".

Anthony S Diacono  
Director

28 August 2014