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COMPANY ANNOUNCEMENT

Medserv plc

Approval of financial statements Recommendation of a Dividend

Date of Announcement: Reference:

25 March 2009 29/2009

This is a company announcement being made by Medserv p.l.c., the "Company" in compliance with Listing Rules 8.7.4, 8.7.21 and 9.35.2:

QUOTE

The Board of Directors of the Company has today approved the financial statements for the period ended 31 December 2008 and resolved that they be submitted for the approval of the shareholders at the forthcoming Annual General Meeting. A preliminary profits statement is being attached.

The Board of Directors is proposing that the Annual General Meeting approves the payment of a net dividend of €390,000, representing a net dividend per ordinary share of €0.039c.

The Board of Directors has also decided that the Annual General Meeting shall be held on the 19 May 2009. Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 8 April 2009 will be entitled to receive to the said dividend and the notice of the Annual General Meeting together with a copy of the Annual Report and Financial Statements. Pursuant to the Malta Stock Exchange Bye-Laws, the Register as at close of business on 8 April 2009 will include trades undertaken up to and including 3 April 2009.

UNQUOTE

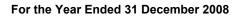
Signed:

Louis de Gabriele Company Secretary



Co. Reg. No.: C28847

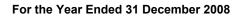
Preliminary Statement of Group Results and State of Affairs





	2008	2007
FINANCIAL HIGHLIGHTS	€	€
Revenue	15,565,257	4 650 522
Profit/(Loss) before taxation	975,421	
Profit for the year	1,299,469	,
Total assets	14,813,902	
	14,013,302	10,420,203
Total equity attributable to equity holders of the Company	6,988,122	5,853,974
Minority interest	356,863	191,542
Total equity	• •	6,045,516 ======
INCOME STATEMENT		
Revenue	15,565,257	4,650,522
Cost of sales	(12,446,909)	(3,288,388)
Gross profit	3,118,348	1,362,134
Other income Administrative expenses Other expenses	6,074 (1,771,349) (288,252)	12,395 (1,532,791) (37,904)
	(2,053,527)	(1,558,300)
Results from operating activities	1,064,821	(196,166)
Finance income Finance expenses	43,203 (132,603)	44,428 (135,595)
Net finance expense	(89,400)	
Profit/(Loss) before taxation	975,421	(287,333)
Tax income	324,048	353,816
Profit for the year	1,299,469	
Earnings per share	11c3 =====	(0c05)

Preliminary Statement of Group Results and State of Affairs





BALANCE SHEET

	2008	2007
	€	€
Assets Property, plant and equipment Deferred tax assets		3,416,799 3,699,527
Total non-current assets		7,116,326
Current tax asset Trade and other receivables Cash at bank and in hand	48,299 6,199,135 446,528	23,448 3,046,876 239,553
Total current assets		3,309,877
Total assets	14,813,902	10,426,203
Equity Share capital Reserves Retained earnings		2,329,370 3,524,604
Total equity attributable to equity holders of the Company	6,988,122	5,853,974
Minority interest	356,863	191,542
Total equity	7,344,985 ======	6,045,516
Liabilities Interest-bearing borrowings Provisions Total non-current liabilities	25,615	1,396,743 35,579 1,432,322
Interest-bearing borrowings Trade and other payables	1,083,929 5,470,482	
Total current liabilities	6,554,411 	2,948,365
Total liabilities	7,468,917 	4,380,687
Total equity and liabilities	14,813,902 ======	10,426,203

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 25 March 2009.

Preliminary Statement of Group Results and State of Affairs





STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share capital	Fair value reserve	Legal reserve	Other reserve	Retained earnings	Total	Minority interest	Total equity
	€	€	€	€	€	€	€	€
Balance at 1 January 2007	2,329,370	7,265	-	3,346,474	663,038	6,346,147	-	6,346,147
Issue of shares to minority	-	-	-	-	-	-	120,002	120,002
Profit for the year	-	_	-	-	66,483	66,483	-	66,483
Profit attributable to minority Disposal of available-for-sale	-	-	-	-	(71,540)	(71,540)	71,540	, -
investment*	_	(7,647)	_	_	_	(7,647)	_	(7,647)
Reversal of deferred tax thereon* Transfer from retained earnings:	-	382	-	-	-	382	-	382
Unrealised gain recognised	_	_	_	178,130	(178,130)	_	_	_
Interim dividend	-	-	-	-	(479,851)	(479,851)	-	(479,851)
Balance at 31 December 2007	2,329,370 ======	-	-	3,524,604 ======	-	5,853,974 ======	191,542 =====	6,045,516 ======
Balance at 1 January 2008	2,329,370	-	-	3,524,604	-	5,853,974	191,542	6,045,516
Profit for the year	-	-	-	-	1,299,469	1,299,469	-	1,299,469
Profit attributable to minority Transfer from retained earnings:	-	-	-	-	(165,321)	(165,321)	165,321	-
Unrealised gain recognised Legal Reserve	-	-	60,000	317,084	(317,084) (60,000)	-	-	-
Balance at 31 December 2008	2,329,370 ======		60,000	3,841,688	757,064 ======	6,988,122 ======	356,863 ======	7,344,985

^{*} Net income recognised directly to equity

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2008



CASHFLOW STATEMENT

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	€	€
Cash flows from operating activities Profit for the year	1,299,469	66,483
Adjustments for: Tax income	(224.040)	(353,816)
Depreciation	(324,048) 520,990	251,393
Interest payable		135,595
Interest receivable	(23,165)	
Profit on disposal of machinery	(2,100)	(2,329)
Impairment loss (reversal of impairment loss) on trade receivables	(2,100)	4,309
Provision for exchange fluctuations	(24.012)	(39,868)
Provision for gratuity payments	(9,955)	
Termination benefits payable	9,019	
	1,578,801	50.221
Change in trade and other receivables	(3,284,912) 2,934,885	(566,538)
Change in trade and other payables	2,934,885	843,267
Change in shareholders' balances	(2,742)	3,099
Change in directors' balances	-	(1,821)
Cash generated from operations	1,226,032	328,228
Interest paid		(2,008)
Tax Refund	4,426	-
Termination benefits paid	(9,019)	-
Net cash from operating activities	1,203,892	326,220
Cash flows from investing activities		
Payments to acquire property, plant and equipment	• • •	(220,256)
Proceeds from disposal of machinery	9,908	2,329
Interest received	4,224	2,614
Payments by Company on behalf of other related undertaking Payment of expenses on behalf of directors	- (477 220)	(209,944) (220,401)
Advances to directors	(177,230)	(220,401)
Repayment of payments on behalf of directors	(11,079) 258,986	221,996
Net cash used in investing activities	(815.342)	(423,662)
<u>-</u>		
Cash flow from financing activities Loan advanced by bank		462.008
Loan advanced by other related party	420,000	402,000
Loan repayments	(556,787)	(374,249)
Proceeds from issue of share capital	(000,707)	120,002
Repayment of amounts advanced by shareholders		(317,065)
Interest paid on bank loan	(113,852)	(140,834)
Dividends paid	-	(479,851)
Net cash used in financing activities	(250,639)	(729,989)
Net increase (decrease) in cash and cash equivalents	137,911	(827,431)
Cash and cash equivalents at 1 January	(363,496)	433,895
Effect of exchange rate fluctuations on cash held	32,259	30,040
Cash and cash equivalents at 31 December	(193,326) =====	(363,496)

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2008



Review of group operations

Introduction

This Statement is published pursuant to Listing Rule 9.35 of the Listing Rules.

The financial information has been extracted from Medserv p.l.c.'s Annual Report and Accounts for the year ended 31 December 2008 as approved by the Board of Directors on 25 March 2009, which have been audited by KPMG. These financial statements will be laid before the members at the Annual General Meeting to be held on 19 May 2009.

The Group's financial statements have been prepared and presented in accordance with International Accounting Standards as adopted by the EU (EU endorsed International Financial Reporting Standards) by virtue of Legal Notice 19 of 2009 of the Accountancy Profession Act: Accountancy Profession (Accounting and Auditing Standards) Regulations 2009.

The change in the applicable framework from IFRS issued by the International Accounting Standards Board, in use for comparative period, did not result in any changes in the Group's accounting policies, and, accordingly, no adjustment was required to the corresponding figures included in the current year's financial statements. In addition, this change did not impact the year-end financial position and the current year's financial performance and cash flows.

These financial statements have also been prepared and presented in accordance with the provisions of the Companies Act, Cap 386 of the laws of Malta, to the extent that such provisions do not conflict with the applicable frame work.

The Board of Directors is recommending the payment of a final net dividend of €0.039c per share for the approval of the shareholders at the next Annual General Meeting to be held on 19 May 2009 which dividend will be payable on 1 June 2009. Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 8 April 2009 will be entitled to receive to the said dividend. Pursuant to the Malta Stock Exchange Bye-Laws, the Register as at close of business on 8 April 2009 will include trades undertaken up to and including 3 April 2009.

Performance

During the year, the Group achieved a profit before taxation amounting to €975,421 (2007: loss of €287,333). This represents a positive return of 14.57% (2007: negative return of 4.64%) of the average shareholders' funds and a positive return of 7.73% (2007: negative return of 2.88%) of the average total assets employed.

After accounting for tax income amounting to €324,048 (2007: €353,816), earnings per share for the year amounted to 11c3 (2007: loss per share 0c05). The increase in earnings per share is mainly attributable to the strong performance of Company's subsidiaries with particular reference to the Libyan subsidiary.

The gross margin for the year amounted to €3,118,348 (2007: €1,362,134), equivalent to 20.03% (2007: 29.29%) of total revenues. This decline in gross margin is mainly due to the provision of low margin services, which activities had to be performed to offer our clients a complete service. Net operating costs amounted to €14,500,436 (2007: €4,846,688) and mainly represent wages and salaries paid during the year, supplies offered to customers, bunkering fees and sub-contractor fees, freight and base yard expenses and repairs and maintenance. Other expenses include €206,410 representing a non-recurring expense relating to charges incurred in the negotiations with third parties that had shown interest in acquiring certain rights with respect to certain fixed assets of the Company.

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2008



Review of group operations (continued)

Balance sheet

Group total assets at balance sheet date stood at €14,813,902 (2007: €10,426,203)

Receivables, net of impairment loss, amounted to €6,199,135 (2007: €3,046,876). Of these, 92.77% (2007: 85.96%) represent invoiced amounts receivable in respect of services rendered by the Group. The Group's trade and other payables at the end of the year amounted to €5,470,482 (2007: €1,852,306).

Non-current and current bank loans amounted to €1,398,189 (2007: €1,954,975). The gearing ratio, that is, the ratio of loan finance to shareholders' equity, excluding minority interest, stood at 20.01% at 31 December 2008 compared with 33.40% at 31 December 2007.

Shareholders' funds, excluding minority interest, amounted to €6,988,122 (2007: €5,853,974). They finance 47.17% (2007: 56.15%) of the Group's total assets. The Group's net asset value per share stands at €0.70 (2007: €0.59).

Louis De Gabriele Company Secretary

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25 March 2009