



## COMPANY ANNOUNCEMENT

MEDSERV P.L.C.  
(THE “COMPANY”)

### Early Adoption of IFRS 15 and IFRS 16

<b>Date of Announcement</b>	3 April 2018
<b>Reference</b>	165/2018
<b>Listing Rule</b>	LR 5.16

#### QUOTE

The Board of Directors of the Company has today approved the early adoption of IFRS 15 *Revenue from contracts with customers* and IFRS 16 *Leases accounting standards* as of 1 January 2017.

#### *IFRS 15*

IFRS 15 establishes the principles which an entity may, for the time being, apply in reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Its core principle is as follows: an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group already recognises revenue for each of its performance obligations over time in line with the requirements of the accounting standards and is therefore not expecting any significant effect on the Group's revenue recognition as a result of the early adoption.

#### *IFRS 16*

IFRS 16 relates to the lease of assets and is expected to affect the accounting treatment of Group's lease agreement of its supply bases in Malta, Cyprus, United Arab Emirates (UAE), Oman and Southern Iraq. As a result of its application, the Group will recognise, starting from 1 January 2017, assets and liabilities relating to the lease of these underlying assets, (previously accounted for as operating leases).



The application of IFRS 15 and IFRS 16 is mandatory with respect to annual periods beginning on or after 1 January 2018 and 1 January 2019, respectively. It is however permissible for entities to adopt the said rules with respect to the 2017 financial period and the board of directors of the Company has resolved to do so in line with the Company's commitment to simplify and improve transparency and quality of the Group's financial reporting.

#### **UNQUOTE**

A handwritten signature in blue ink, appearing to read "Laragh Cassar".

**Laragh Cassar**  
Company Secretary