Medserv p.l.c.
Malta Freeport
Port of Marsaxlokk,
Birzebbugia BBG07, Malta
Tel: (00356) 2220 2000
Fax: (00356) 2220 2328
Email: info@medservmalta.com

COMPANY ANNOUNCEMENT

Medserv p.l.c.

Approval of half yearly report

Date of Announcement	15 July 2013
Reference	77/2013

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 2013 to 30 June 2013, a copy of which is attached hereto and is available for public inspection in electronic form on the Company's website (www.medservmalta.com).

Unquote

Signed:

Louis de Gabriele
Company Secretary

Medserv p.l.c.
Malta Freeport
Port of Marsaxlokk,
Birzebbugia BBG07, Malta
Tel: (00356) 2220 2000
Fax: (00356) 2220 2328
Email: info@medservmalta.com

Medserv p.l.c.

Directors' Report pursuant to Listing Rule 5.75.2

For the Period 1 January 2013 to 30 June 2013

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 2013 and its comparative period in 2012. The comparative consolidated statement of financial position has been extracted from the audited financial statements as at 31 December 2012. 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 15 July 2013. 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 Mediterranean basin with North Africa remaining the main market.

Review of performance and outlook

The Group's turnover for the six-month period ended 30 June 2013 amounted to €3,703,489 compared to €2,545,888 registered in the comparative period to 30 June 2012 representing an increase of 45%.

The Group registered a profit before tax of €566,485 compared to a loss of €680,589 sustained in the six-month period to 30 June 2012. After accounting for taxation the net profit for the period to 30 June 2013 amounted to €504,450 compared to a profit of €9,765 for the six month period ended 30 June 2012.

The Group's results for the first half of the year are in line with forecast with turnover substantially higher than that of the comparative six-month period reflecting the continuing resurgence in turnover which commenced in the second half of 2012 as reported in the Chairman's statement included in the 2012 Annual Report.

The Malta Base has been busy with a number of new types of engineering operations in addition to the more normal activities found on the base tied to continued preparation by oil companies for upcoming projects in the Mediterranean particularly offshore Libya. The recently set-up maintenance unit has now successfully completed its second major maintenance contract in Libya and further work has been obtained for the second half of the current financial year. The specialised procurement team has also obtained substantial business from new customers and this is expected to increase.

The Misurata Base is showing gradual signs of returning to operations. Medserv Misurata has tendered for an offshore drilling operation for a French company and a response is awaited. Whilst perhaps not too much enthusiasm should be placed on this one event it demonstrates that it is possible once again to mount a full scale drilling operation from Misurata given the return of the International Oil Companies and the goodwill of the local population. However the directors remain cautious.

Developments in Cyprus have continued. Medserv Cyprus has now been awarded a licence to operate out of the port of Larnaca. This is in addition to the one already granted in Limassol as reported in the Chairman's statement in the Annual Report, but it is likely that Larnaca will be preferred as the company will have access to a deepwater quay and warehouses. This would enable the Cypriot company to expand in line with requests from an existing Medserv client, something which would not be possible in Limassol due to the shortage of quayside land. Cyprus is also seen as a regional centre which similar to Malta can serve the offshore oilfields of other regional countries. Medserv has been invited to set up a logistic base in two Ports in Lebanon where our proposed partner already owns quays and warehouses. These are situated directly opposite the sea areas to be explored and the company has entered into early discussions on this project.

The results of the tender for a contract in Tanzania for which the company has been shortlisted are still awaited. Additionally invitations have been received from a UK based oil company to tender for the operation of an existing logistic supply base in India, and separately from a US based company to set up a similar base in Ghana. These requests reflect management's vision to expand the company not only in its local region but also overseas in areas where exploration for fossil fuels is growing. These invitations confirm that the company's expertise and brand name are recognised in the industry.

Meanwhile Medserv Italia has been waiting for government/regional permission to be granted to oil companies to commence drilling operations offshore Sicily. There have been mixed signals in the past but it does now seem that operations will shortly be allowed to commence.

The 2012 Annual Report had also made reference to a Eur 4 million investment in a 2MWp photovoltaic farm. This investment is on track and all the necessary permits have been obtained enabling the company to confidently predict that the entire unit will be on stream by the second quarter of 2014.

The Board is actively considering ways in which the Group may ensure sufficient funding to support the opportunities mentioned above.

Related party transactions

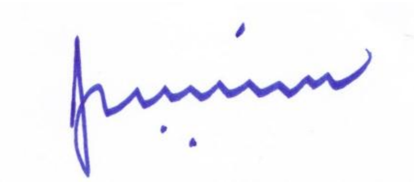
The Group had related party transactions with its other related parties.

Transactions with each category of related parties and the balances outstanding at the end of the reporting periods are set out in note 10 to the condensed consolidated interim financial statements.

Dividends

No interim dividends are being recommended.

Approved by the Board on 15 July 2013 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 2013

	Note	At 30.06.13 €	At 31.12.12 €
ASSETS			
Property, plant and equipment	7	**5,141,086**	5,064,529
Investment in jointly-controlled entity		**-**	-
Deferred tax assets		**4,253,011**	4,315,046
Non-current assets		**9,394,097**	9,379,575
Inventories		**-**	73,671
Trade and other receivables		**3,169,973**	3,259,268
Cash at bank and in hand		**327,757**	530,729
Current assets		**3,497,730**	3,863,668
Total assets		**12,891,827**	13,243,243

Medserv p.l.c.

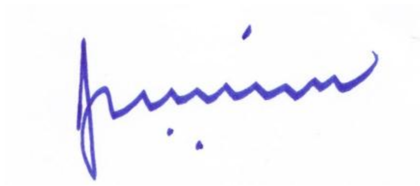
Condensed Consolidated Statement of Financial Position (continued)

As at 30 June 2013

	Note	At 30.06.13 €	At 31.12.12 €
EQUITY			
Share capital		2,329,370	2,329,370
Reserves		4,286,327	4,318,333
Retained earnings		1,499,638	957,979
Equity attributable to equity holders of the Company		8,115,335	7,605,682
Non-controlling interest		339,964	345,167
Total equity		**8,455,299**	**7,950,849**
LIABILITIES			
Loans and borrowings	8	764,577	943,214
Provisions		37,084	36,952
Non-current liabilities		**801,661**	**980,166**
Current tax payable		24,620	24,620
Loans and borrowings	8	2,404,814	2,261,296
Trade and other payables		1,205,433	2,026,312
Current liabilities		**3,634,867**	**4,312,228**
Total liabilities		**4,436,528**	**5,292,394**
Total equity and liabilities		**12,891,827**	**13,243,243**

The notes on pages 10 to 14 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements set out on pages 4 to 14 were approved by the Board of Directors on 15 July 2013 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 2013 to 30 June 2013

	Note	6 months ended 30.06.13	6 months ended 30.06.12
		€	€
Revenue		**3,703,489**	2,545,888
Cost of sales		**(2,168,938)**	(2,416,107)
Gross profit		**1,534,551**	129,781
Other income		**9,674**	17,086
Administrative expenses		**(897,704)**	(753,184)
Other expenses		**(2,732)**	(11,318)
Results from operating activities		**643,789**	(617,635)
Finance income		**1,540**	-
Finance costs		**(77,469)**	(62,454)
Net finance costs		**(75,929)**	(62,454)
Share of loss of jointly-controlled entity (net of tax)		**(1,375)**	(500)
Profit/(Loss) before income tax		**566,485**	(680,589)
Tax (expense)/ income	6	**(62,035)**	690,354
Profit for the period		**504,450**	9,765
Profit/(Loss) attributable to			
Owners of the Company		**509,653**	32,222
Non-controlling interest		**(5,203)**	(22,457)
Profit for the period		**504,450**	9,765
Other comprehensive income		**-**	-
Total comprehensive income for the period		**504,450**	9,765
Earnings per share			
Basic earnings per share		**5c1**	0c3

The notes on pages 10 to 14 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Period 1 January 2013 to 30 June 2013

	Share capital	Legal reserve	Statutory reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€	€	€	€	€	€	€
Balance at 1 January 2012	2,329,370	60,000	3,499,171	2,267,111	8,155,652	468,599	8,624,251
Total comprehensive income for the period							
Profit/(loss) for the period	-	-	-	32,222	32,222	(22,457)	9,765
Transfer from retained earnings	-	-	682,006	(682,006)	-	-	-
Transactions with owners of the Company, recognised directly in equity							
Dividends to owners of the Company	-	-	-	(300,000)	(300,000)	-	(300,000)
Balance at 30 June 2012	2,329,370	60,000	4,181,177	1,317,327	7,887,874	446,142	8,334,016
Balance at 1 January 2013	**2,329,370**	**60,000**	**4,258,333**	**957,979**	**7,605,682**	**345,167**	**7,950,849**
Total comprehensive income for the period							
Profit/(loss) for the period	**-**	**-**	**-**	**509,653**	**509,653**	**(5,203)**	**504,450**
Transfer to retained earnings	**-**	**-**	**(32,006)**	**32,006**	**-**	**-**	**-**
Balance at 30 June 2013	**2,329,370**	**60,000**	**4,226,327**	**1,499,638**	**8,115,335**	**339,964**	**8,455,299**

The notes on pages 10 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 2013 to 30 June 2013

	6 months ended 30.06.13	6 months ended 30.06.12
	€	€
Cash flows from operating activities		
Profit for the period	504,450	9,765
Adjustments for:		
Depreciation	264,741	258,568
Tax expense/(income)	62,034	(690,354)
Bad debts written off	8,575	-
Reversal of impairment loss on trade receivables	(15,166)	-
Provision for exchange fluctuations	(27,930)	6,253
Provision for gratuity payments	132	(1,443)
Interest receivable	(1540)	-
Interest payable	77,469	62,454
Share of loss of jointly-controlled entity	1,375	500
	874,140	(354,257)
Change in inventories	73,671	-
Change in trade and other receivables	3,351	973,610
Change in trade and other payables	(752,512)	(518,242)
Change in related party balances	(3,218)	(172,320)
Change in shareholders' balances	(1,540)	(23,953)
Change in directors' balances	(3,693)	(355)
Cash generated from/ (absorbed by) operating activities	190,199	(95,517)
Interest paid	(51,110)	(35,474)
Grant received	99,749	-
Net cash from / (used in) operating activities	**238,838**	**(130,991)**
Balance carried forward before investing and financing	238,838	(130,991)

Medserv p.l.c.

Condensed Consolidated Statement of Cash Flows (continued)

For the Period 1 January 2013 to 30 June 2013

	6 months ended 30.06.13	6 months ended 30.06.12
	€	€
Balance brought forward before investing and financing	238,838	(130,991)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(341,297)	(1,048,013)
Net cash used in investing activities	**(341,297)**	**(1,048,013)**
Cash flows from financing activities		
Loans advanced by banks	-	747,126
Repayments of bank loans	(278,941)	(135,563)
Interest paid on bank loans	(35,850)	(23,480)
Dividends paid to non-controlling interest	(60,043)	-
Dividends paid to owners of the Company	-	(297,635)
Net cash (used in) / from financing activities	**(374,834)**	**290,448**
Net decrease in cash and cash equivalents	(477,293)	(888,556)
Cash and cash equivalents at beginning of period	(1,315,667)	(572,455)
Effect of exchange rate fluctuations on cash held	30,235	(10,213)
Cash and cash equivalents at end of period	**(1,762,725)**	**(1,471,224)**

The notes on pages 10 to 14 are an integral part of these condensed consolidated interim financial statements.

1 Reporting company

Medserv p.l.c. (the “Company”) is a public liability company domiciled and incorporated in Malta. The condensed consolidated financial statements for the six-months ended 30 June 2013 comprise the Company and its subsidiaries (together referred to as the ‘Group’). Subsidiaries consist of Medserv International p.l.c., Medserv Operations Limited, Medserv Italy Limited, Medserv Eastern Mediterranean Limited, Medserv (Cyprus) Limited, Medserv Misurata FZC, Medserv East Africa 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 2012.

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 2012.

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 2012.

5 Operating segments

Information about reportable segments

	Malta Operation		Libya Operation		Cyprus Operation		Total	
	6mths to 30.06.13	6mths to 30.06.12	**6mths to 30.06.13**	6mths to 30.06.12	**6mths to 30.06.13**	6mths to 30.06.12	**6mths to 30.06.13**	6mthsto 30.06.12
	€	€	**€**	€	**€**	€	**€**	€
External revenues	**3,528,135**	2,237,780	**175,354**	308,108	**-**	-	**3,703,489**	2,545,888
Inter-segment revenue	**-**	-	**25,340**	-	**-**	-	**25,340**	-
Reportable segment Profit/ (Loss) before tax	**580,806**	(584,802)	**14,295**	(93,648)	**(28,616)**	(2,139)	**566,485**	(680,589)

During the six months ended 30 June 2013, the Group engaged in business activities in Cyprus from which it incurred expenses. The operating results of the Cyprus segment are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance. Following these developments, the Cyprus Operation is being reported as a separate operating segment.

In the comparative period, the Cyprus Operation was not deemed to be a separate operating segment. Hence, the comparative information about reportable segments was restated to reflect the loss before tax arising from the Cyprus Operation.

Segment Assets

The major changes in segment assets during the period relate to the acquisition of plant and equipment for Malta operation (see note 7).

6 Tax (expense)/ income

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

	6 months ended 30.06.13	6 months ended 30.06.12
	€	€
Profit/(Loss) before income tax	**566,485**	(680,589)
Income tax using the domestic income tax rate	**(198,270)**	238,206
Tax effect of:		
Depreciation charges not deductible by way of capital allowances in determining taxable income	**(901)**	(901)
Business Promotion Act investment tax credit	**158,616**	482,367
Disallowed expenses	**(86,932)**	(16,193)
Difference in tax rates applicable to Group entities	**71,077**	(19,650)
Adjustment to prior years' deferred tax asset	**(5,625)**	388
Adjustment to prior year's current tax	**-**	6,312
Share of loss of jointly-controlled entity	**-**	(175)
	(62,035)	690,354

7 Property, plant and equipment

During the six months ended 30 June 2013, the Group acquired assets with a cost of €341,297 (six months ended 30 June 2012: €1,048,013).

As at 30 June 2013, the Group is committed to incur capital expenditure of €5.5 million.

8 Loans and borrowings

The Group has general overdraft facilities of €2,200,000 as at period end. The terms and conditions of these facilities remained same as those as at 31 December 2012. At 30 June 2013, the Group had unutilised bank overdraft facilities of €148,018.

The Group has bank loans amounting to €1,117,409 (*December 2012:* €1,396,350). The interest rate and terms of repayment of these bank loans were as follows:

Bank loan	**Interest rate**	**Repayable**
€60,264	4.95%	By monthly instalments of €988 inclusive of interest, repayable up to December 2018.
€522,240	5.50%	By monthly instalments of €12,127 inclusive of interest, repayable up to April 2017.
€534,905	5.50%	By monthly instalments of €20,050 inclusive of interest, repayable up to December 2015.

During the period repayments amounting to €278,941 were effected against these bank loans as well as against settlement in full of other outstanding bank loans reported at 31 December 2012.

9 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 2012.

10 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:

	Transactions' value 6 months ended	
	30.06.13	30.06.12
	€	€
Directors		
Payments of expenses on behalf of	**-**	5,015
	=====	=====
Other related party		
Services rendered by	**3,300**	3,300
	=====	=====

	Balance outstanding	
	30.06.13	31.12.12
	€	€
Amounts due to		
Shareholders	**27,729**	29,269
	=====	=====
Directors	**-**	3,693
	=====	=====
Non-controlling interest	**96,139**	156,182
	=====	=====

Medserv p.l.c

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

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 2013, 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.

Anthony J Duncan
Director

Anthony S Diacono
Director

15 July 2013