



Medserv p.l.c.

Malta Freeport

The Port of Marsaxlokk,
Birzebbugia BBG 3011, Malta

Tel: (00356) 2220 2000

Fax: (0035) 2220 2328

Email: info@medservmalta.com

Co. Reg. No. C28847

COMPANY ANNOUNCEMENT

Medserv plc

Approval of financial statements

Date of Announcement:

28 March 2014

Reference:

95/2014

The following is a Company Announcement issued by Medserv p.l.c., the “Company”, in compliance with Listing Rules 5.16.4, 5.16.20 and 5.54.

QUOTE

The Board of Directors of the Company has today approved the audited consolidated financial statements for the financial year ended 31 December 2013. The Board resolved that these audited consolidated financial statements be submitted for the approval of the Shareholders at the forthcoming Annual General Meeting scheduled for Thursday, 15 May 2014. Shareholders on the Company’s Register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 15 April 2014 will receive notice of the Annual General Meeting together with a copy of the Annual Report and Financial Statements. A preliminary statement of annual results is being attached herewith in terms of the Listing Rules. The Audited Financial Statements will be available for viewing on the Company’s website at www.medservmalta.com as from 28 March 2014.

The Board of Directors is proposing that the Annual General Meeting approves the payment of a dividend of €600,000, representing a net dividend per ordinary share of €0.024c.

UNQUOTE

Signed:

Louis de Gabriele

Company Secretary



Consolidated statement of financial position

	2013 €	2012 €
Assets		
Property, plant and equipment	8,330,709	5,064,529
Investment in jointly-controlled entity	-	-
Deferred tax assets	4,577,440	4,315,046
Total non-current assets	12,908,149	9,379,575
Inventories	-	73,671
Trade and other receivables	3,868,246	3,259,268
Cash at bank and in hand	5,682,988	530,729
Total current assets	9,551,234	3,863,668
Total assets	22,459,383	13,243,243
Equity		
Share capital	2,500,000	2,329,370
Reserves	4,606,761	4,318,333
Retained earnings	772,443	957,979
Total equity attributable to equity-holders of the Company	7,879,204	7,605,682
Non-controlling interest	277,819	345,167
Total equity	8,157,023	7,950,849
Liabilities		
Loans and borrowings	12,552,853	943,214
Provisions	37,083	36,952
Total non-current liabilities	12,589,936	980,166
Current tax payable	-	24,620
Loans and borrowings	-	2,261,296
Trade and other payables	1,712,424	2,026,312
Total current liabilities	1,712,424	4,312,228
Total liabilities	14,302,360	5,292,394
Total equity and liabilities	22,459,383	13,243,243

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 28 March 2014.



Consolidated statement of comprehensive income

	2013	2012
	€	€
Revenue	6,899,315	6,709,159
Cost of sales	(4,946,609)	(6,001,972)
Gross profit	1,952,706	707,187
Other income	40,210	20,939
Administrative expenses	(1,589,094)	(1,676,546)
Other expenses	(4,537)	(38,254)
Results from operating activities	399,285	(986,674)
Finance income	13,990	207
Finance costs	(281,336)	(164,891)
Net finance costs	(267,346)	(164,684)
Share of loss of jointly-controlled entity (net of tax)	-	(1,772)
Profit / (loss) before income tax	131,939	(1,153,130)
Tax income	262,394	775,228
Profit / (loss) for the year	394,333	(377,902)
Profit / (loss) attributable to:		
Owners of the Company	387,278	(249,970)
Non-controlling interest	7,055	(127,932)
Profit / (loss) for the year	394,333	(377,902)
Earnings / (loss) per share	1c5	(1c0)



Consolidated statement of changes in equity

	Attributable to equity holders of the Company						
	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 year							
Loss for the year	-	-	-	(249,970)	(249,970)	(127,932)	(377,902)
Contributions by and distributions to owners							
Issue of shares to non-controlling interest	-	-	-	-	-	4,500	4,500
Dividends paid to equity holders	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfer to retained earnings	-	-	759,162	(759,162)	-	-	-
Balance at 31 December 2012	2,329,370	60,000	4,258,333	957,979	7,605,682	345,167	7,950,849
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 year							
Profit for the year	-	-	-	387,278	387,278	7,055	394,333
Contributions by and distributions to owners							
Acquisition and disposal of non-controlling interest	-	-	-	(113,756)	(113,756)	15,597	(98,159)
Capitalisation of earnings	170,630	-	-	(170,630)	-	-	-
Dividends paid to equity holders	-	-	-	-	-	(90,000)	(90,000)
Transfer from retained earnings	-	-	288,428	(288,428)	-	-	-
Balance at 31 December 2013	2,500,000	60,000	4,546,761	772,443	7,879,204	277,819	8,157,023

Preliminary Statement of Group Annual Results

For the Year Ended 31 December 2013



Consolidated statement of cash flows

	2013 €	2012 €
Cash flows from operating activities		
Profit / (loss) for the year	394,333	(377,902)
Adjustments for:		
Depreciation	503,117	503,868
Tax (income)	(262,394)	(775,228)
Bad debts written off	8,574	118,534
Net reversal of impairment loss on trade and other receivables	(9,763)	(103,368)
Provision for exchange fluctuations	4,537	15,155
Provision for discounted future gratuity payments	132	8,763
Interest payable	281,336	164,891
Interest receivable	(13,990)	(207)
Share of loss of jointly-controlled entity	-	1,772
	-----	-----
	905,882	(443,722)
Change in inventories	73,671	(73,671)
Change in trade and other receivables	(502,011)	1,713,453
Change in trade and other payables	(830,409)	(346,677)
Change in related party balances	38,272	(210,377)
Change in shareholders' balances	2,707	(21,561)
Change in directors' balances	(3,692)	3,338
	-----	-----
Cash (absorbed by) / generated from operating activities	(315,580)	620,783
Interest paid	(111,899)	(88,045)
Interest received	1,315	207
Tax paid	(24,620)	-
	-----	-----
Net cash (used in) / from operating activities	(450,784)	532,945
	-----	-----
Cash flows from investing activities		
Investment in subsidiaries	(38,000)	-
Acquisition of property, plant and equipment	(3,499,338)	(1,232,629)
	-----	-----
Net cash used in investing activities	(3,537,338)	(1,232,629)
	-----	-----
Cash flow from financing activities		
Loan advanced by bank	2,172,909	834,578
Repayments of bank loans	(3,569,259)	(308,040)
Interest paid on bank loans	(60,865)	(62,462)
Issue of shares	240	-
Issue of notes	13,000,000	-
Issue costs	(556,508)	-
Advances by non-controlling interest	-	18,354
Shares issued to non-controlling interest	-	4,500
Dividends paid to non-controlling interest	(60,043)	(180,129)
Dividends paid to owners of the Company	-	(296,815)
	-----	-----
Net cash from financing activities	10,926,474	9,986
	-----	-----
Net increase / (decrease) in cash and cash equivalents	6,938,352	(689,698)
Cash and cash equivalents at 1 January	(1,316,101)	(585,338)
Effect of exchange rate fluctuations on cash held	22,237	(2,565)
Cash pledged as guarantee	-	(38,500)
	-----	-----
Cash and cash equivalents at 31 December	5,644,488	(1,316,101)
	=====	=====

Preliminary Statement of Group Annual Results

For the Year Ended 31 December 2013



Review of group operations

Introduction

This Statement is published pursuant to the Malta Financial Services Authority Listing Rules Chapter 5 and Article 4(2)(b) of the Prevention of Financial Markets Abuse (Disclosure and Notification) Regulations, 2005.

The financial information has been extracted from Medserv p.l.c.'s Annual Report and Consolidated Financial Statements for the year ended 31 December 2013 as approved by the Board of Directors on 28 March 2014, which have been audited by KPMG. These financial statements will be laid before the members at the Annual General Meeting to be held on 15 May 2014.

The Group's financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Maltese Companies Act, 1995.

Review of performance

Revenue for year 2013 was €2.8 million lower than forecast. This is mainly a result of postponement of two projects for the provision of shore base activities to the offshore oil and gas industry carried out from the Malta base. The logistic services of these two offshore oil and gas projections will commence in the second and third quarter of year 2014 one of which will continue for the next three years.

Group revenue of €6,899,315 (2012: €6,709,159) remained at the same level as previous year. The Group achieved an operating profit of €399,285 (2012: loss €986,674). This is a result of an improvement of 18% in gross profit margins when compared to previous year. This improvement in gross profit margins was due to the purchase by the Company and subsequent use of its own equipment, as an alternative to leasing, and also to the provision of higher margin services. These services consisted of shore base logistic services in anticipation of upcoming drilling campaigns scheduled to commence in year 2014.

The Group's operating profit before depreciation for 2013 amounted to €902,402 (2012: loss €482,806). After charging depreciation amounting to €503,117, net finance costs amounting to €267,346, the Group registered a profit before tax of €131,939 during 2013 (2012: loss €1,153,130). Profit after accounting for taxation for 2013 amounted to €394,333 (2012: loss €377,902).

State of affairs

Group total assets at reporting date stood at €22,459,383 (2012: €13,243,243). The group's short term liquidity position as at 31 December 2013 was 5.6:1 (2012: 0.9:1). During the reporting year Medserv plc issued notes of €13,000,000 providing the Company with a stronger liquidity position. This provided the Company the capability to finance cross-border oil and gas logistics projects as well as finance for long term projects such as the photovoltaic farm being constructed in the Medserv Malta shore base.

Owners' funds, excluding non-controlling interest, amounted to €7,879,204 (2012: €7,605,682) and finance 35% (2012: 57%) of the Group's total assets. The Group's net asset value per share stands at €0.32 (2012: €0.30) at reporting date

Off balance sheet assets amounted to €40.3 million as at 31 December 2012 (the preceding financial year). This represents the value of the property rights held by the Group over industrial property forming part of the Malta Freeport at the Port of Marsaxlokk.

Preliminary Statement of Group Annual Results

For the Year Ended 31 December 2013



Outlook

Libya remains an important market for Medserv but the current instability will need time to improve. Replacing Libya and North Africa as the largest geographical area contributing to revenue with a new area of operations achieves added importance. Consequently the Company targeted the Eastern Mediterranean where Medserv (Cyprus) Limited has been awarded a shore base services contract by ENI (Cyprus) Limited. This will be conducted out of the company's new base in Larnaca commencing June 2014. This contract which was awarded through a tender process will become a very significant contributor to Group revenues in 2014 and following years.

The second important success registered in 2013 was the performance of the new maintenance unit. This managed to secure significant business offshore Libya and we are continuing to target this line of business.

The above two events are definitely the most significant obtained during 2013. Both will contribute to the forecasted business levels leading to the financial results forecast for year 2014.

The solar farm project is nearing completion and will be commissioned in the third quarter of 2014. This €5 million investment will generate constant returns over the next twenty years.

The main asset of the Company remains its personnel and team of professional managers. A highly qualified specialist has taken up the post of Group Health and Safety Manager in the first quarter of 2014 and further additions to the management team are planned for the second quarter to ensure that resources are available to meet the increased business load and to provide continuity.

2014 is expected to be a very active year for the Company as a number of offshore oil and gas projects in the Mediterranean basin including Malta commence for which Medserv has been appointed as the logistic support service provider.

As a result of this upcoming business in both Malta and Cyprus expansion plans are at an advanced stage. This includes sourcing additional plant and equipment, open yard space, building a new floor on the administration block to accommodate all clients wishing to take up office space, and the construction of a new 8,000 sqm warehouse. In addition, investment in equipment such as cranes, fork lifters, trailers and specialized containers totalling €6.8 million will be made in 2014. These investments are designed to improve the service offered to clients and raise the financial performance of the Company. In this regard, the Company intends to issue the second and final tranche of €7 million 6% Notes pursuant to the €20 million Note Issuance Programme approved by the Listing Authority on 12 August 2013. For such purpose, the Company has submitted an application to the Listing Authority for the approval of a Supplement to the Base Prospectus dated 12 August 2013 as supplemented on the 30 August 2013. Subject to regulatory approval, the Supplement and Final Terms will be registered in the coming days.

A handwritten signature in black ink, appearing to read "L. De Gabriele".

Dr Louis De Gabriele LL.M (Lond) LL.D.
Company Secretary

Port of Marsaxlokk
Birzebbugia
Tel: (+356) 22202000

28 March 2014