



COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE “COMPANY”)

Acquisition of METS Group of Companies

Date of Announcement	8 October 2015
Reference	120/2015
Listing Rule	5.162

The Board of Directors of the Company is pleased to announce that it has entered into a conditional share purchase agreement for the acquisition of the entire issued share capital of the following companies:

- a) Middle East Tubular Services Limited, a limited liability company incorporated under the laws of the British Virgin Islands and having a branch registered in Sharjah, United Arab Emirates (**METS**);
- b) Middle East Tubular Services (Iraq) Limited, a limited liability company incorporated under the laws of the British Virgin Islands and having a branch registered in Iraq (**METS Iraq**); and
- c) Middle East Tubular Services LLC, FZC, a limited liability free zone company registered in the Sohar Free Zone, The Sultanate of Oman, United Arab Emirates, (**METS Oman**).

METS, METS Iraq and METS Oman shall be collectively referred to as the “**METS Group**”.

The METS Group provides and operates a comprehensive threading, repair, inspection and storage service for oil country tubular goods (OCTG). It maintains three sites namely in Sharjah, Oman and in Basra, Iraq having a total area of 292,000 square metres. The METS Group are in possession of both API® and VAM® certifications, which are certifications designed for the more technically demanding thread connections required by today’s high pressure, high temperature wells.

This acquisition presents an opportunity for the Medserv Group to increase its scope of services to customers and to enter the well-established Middle Eastern oil and gas service industry in a region where extraction costs are comparatively low.

Medserv considers METS to fit with its longer-term strategy of increasing its geographical spread and product spread as well to continue to grow its customer portfolio of international oil and gas companies and subcontractors. METS similar to Medserv operates in growth countries.



The acquisition will present Medserv with cross selling opportunities. Medserv will be looking at selling its services within the Middle East region as well as introducing and marketing the services of METS to markets currently serviced by Medserv, primarily North Africa and the Eastern Mediterranean rim countries.

Services between METS and Medserv do intersect but whereas Medserv concentrates on the offshore oil and gas industry, METS tends to support the onshore oil and gas industry. Synergies are expected to be achieved by combining the two groups together.

The Company has registered a subsidiary company with the name Medserv M.E. Limited (the **Purchaser**) for the purpose of acquiring and holding the issued share capital of the METS Group. In addition, in order to provide for an efficient transfer of the shares in the METS Group, the Sellers have agreed to incorporate a holding company in the British Virgin Islands which company shall act as a parent company to the METS Group (**Holdco**). Upon satisfaction of all conditions precedent, the Sellers have agreed to transfer the issued share capital of Holdco to Medserv M.E. Limited.

The following are the key details of the transaction:

Date	8 October 2015
Parties	<p><u>Sellers:</u> (1) Pentagon Freight Services plc, a company incorporated and registered in England and Wales with company registration number 1162218 whose registered office is at Pentagon House, Unit 1.02 Crayfields Industrial Estate, Main Road, Orpington Kent, BR5 3HP; and (2) Milestone Overseas Holdings Limited, a company incorporated and registered in the British Virgin Islands with company registration number 442711 whose registered office is at International Trust Building, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands</p> <p><u>Purchaser:</u> Medserv M.E. Limited, a company incorporated and registered in Malta with company registration number C72250 whose registered office is at Malta Freeport, Port of Marsaxlokk, Birzebbugia, BBG 3011, Malta; and</p> <p><u>Guarantor:</u> Medserv p.l.c.</p>
Terms & Conditions	As a result of the share purchase agreement, the Sellers have agreed to sell, and the Purchaser has agreed to acquire, the entire issued capital of the METS Group of Companies, subject to the



terms and conditions set out therein for a purchase price of USD46,000,000.

A deposit of USD3,000,000 has been paid by the Purchaser and shall be forfeited by the Purchaser in favour of the Sellers should it fail to complete the following conditions:

- a) the approval by the shareholders of the Company of the acquisition by the 23 February 2016; and
- b) the raising of financing for the purpose of settling the balance of the consideration due to the Sellers by the 16 February 2016.

The deposit shall be refunded to the Purchaser in the event that the Purchaser has fulfilled its conditions but the Sellers have failed to complete the following conditions prior to the 23 February 2016:

- a) the incorporation of Holdco and the transfer of the METS Group Companies to Holdco; and
- b) the Sellers procuring that two of the senior management of the METS Group agree to continue in employment for a period of 2 years.

The share purchase agreement contains a number of warranties and indemnities provided by the Sellers. The raising of a claim under the indemnities and for a breach of warranties is subject to specific limitations, including time limitations and financial caps.

Medserv p.l.c. has agreed to guarantee the obligations undertaken by Medserv M.E. Limited in the share purchase agreement.

Subject to the fulfillment of all the conditions set out above, the Company expects that completion of the transaction and therefore the payment of the balance of the purchase price and the transfer of the shares in the METS Group to Medserv M.E. Limited will take place on the 23rd February 2016 or on such other date as may be agreed between the parties.

Consideration and how it is being satisfied

The purchase price of the acquisition is in aggregate USD46,000,000, which is expected to be financed through a mix of debt and equity financing, full details of which shall be made available to the shareholders in the circular required to be published by the Company.

Value of gross assets of the METS Group

USD 23,978,164, as at 30 April 2015



Profits attributable to the METS Group	USD 3,026,927, for the year ended 30 April 2015
Details of key individuals important to METS Group.	<p>The Sellers have identified that the following persons as being important to the METS Group:</p> <p>a) Mr Gareth McMurray (Regional Manager); and b) Mr Peter John Howes (General Manager).</p> <p>The Sellers have undertaken to procure that these persons will continue in employment with the METS Group for a period of 2 years following completion of the acquisition.</p>

The Company shall, in due course, issue a notice to shareholders for the purpose of convening an extraordinary general meeting to approve the acquisition. In anticipation of the said meeting, the Company shall also issue a circular to shareholder including all information necessary in terms of the Listing Rules.

Laragh Cassar
Company Secretary