



Medserv p.l.c.
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COMPANY ANNOUNCEMENT

Medserv plc

Approval of financial statements

Date of Announcement:
Reference:

21 March 2012
61/2012

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 2011. 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 Friday, 27 April 2012. Shareholders on the Company’s Register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 28 March 2012 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 30 March 2012.

The Board of Directors is proposing that the shareholders at the Annual General Meeting approves the payment of a further dividend of €300,000, representing a net dividend per ordinary share of €0.03c to be paid to all shareholders on the register of members after settlement as at close of business on the 13 April 2012 and payable by not later than the 28 May 2012. This, together with the interim dividend already paid of €300,000 (representing a net dividend per ordinary share of €0.03c) will bring the total and final dividend for the financial year ended 31 December 2011 to a final dividend of €600,000 (representing a net dividend per ordinary share of €0.06c).

UNQUOTE

Signed:

Louis de Gabriele
Company Secretary

Medserv p.l.c.

Preliminary Statement of Group Annual Results

31 December 2011



Consolidated statement of financial position

	2011 €	2010 €
Assets		
Property, plant and equipment	4,335,768	4,517,287
Investment in jointly-controlled entity	1,772	5,000
Deferred tax assets	3,546,130	3,775,608
Total non-current assets	7,883,670	8,297,895
Current tax asset	-	83,851
Trade and other receivables	4,998,567	4,051,273
Cash at bank and in hand	334,615	947,356
Total current assets	5,333,182	5,082,480
Total assets	13,216,852	13,380,375
Equity		
Share capital	2,329,370	2,329,370
Reserves	3,559,171	3,766,911
Retained earnings	2,267,111	1,598,013
Total equity attributable to equity-holders of the Company	8,155,652	7,694,294
Non-controlling interest	468,599	413,363
Total equity	8,624,251	8,107,657
Liabilities		
Loans and borrowings	647,732	830,031
Provisions	28,189	32,266
Total non-current liabilities	675,921	862,297
Current tax payable	30,932	77,352
Loans and borrowings	1,144,428	881,617
Trade and other payables	2,741,320	3,451,452
Total current liabilities	3,916,680	4,410,421
Total liabilities	4,592,601	5,272,718
Total equity and liabilities	13,216,852	13,380,375

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 21 March 2012.

Medserv p.l.c.

Preliminary Statement of Group Annual Results

31 December 2011



Consolidated statement of comprehensive income

	2011	2010
	€	€
Revenue	9,204,373	11,716,349
Cost of sales	(6,910,658)	(10,057,087)
Gross profit	2,293,715	1,659,262
Other income	140,354	269,808
Administrative expenses	(1,202,627)	(1,585,014)
Other expenses	(134,147)	(218,684)
Results from operating activities	1,097,295	125,372
Finance income	477	4,260
Finance costs	(86,856)	(97,345)
Net finance costs	(86,379)	(93,085)
Share of loss of jointly-controlled entity (net of tax)	(3,228)	-
Profit before income tax	1,007,688	32,287
Tax (expense)/income	(191,094)	82,891
Profit for the year	816,594	115,178
Profit/(loss) attributable to:		
Owners of the Company	761,358	118,850
Non-controlling interest	55,236	(3,672)
Profit for the year	816,594	115,178
Basic earnings per share	7c6	1c2



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 2010	2,329,370	60,000	3,613,693	2,922,381	8,925,444	657,206	9,582,650
Total comprehensive income for the year							
Profit for the year	-	-	-	118,850	118,850	(3,672)	115,178
Contributions by and distributions to owners							
Dividends paid to equity holders	-	-	-	(1,350,000)	(1,350,000)	(240,171)	(1,590,171)
Transfer from retained earnings	-	-	93,218	(93,218)	-	-	-
Balance at 31 December 2010	2,329,370	60,000	3,706,911	1,598,013	7,694,294	413,363	8,107,657
Balance at 1 January 2011	2,329,370	60,000	3,706,911	1,598,013	7,694,294	413,363	8,107,657
Total comprehensive income for the year							
Profit for the year	-	-	-	761,358	761,358	55,236	816,594
Contributions by and distributions to owners							
Dividends paid to equity holders	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfer to retained earnings	-	-	(207,740)	207,740	-	-	-
Balance at 31 December 2011	2,329,370	60,000	3,499,171	2,267,111	8,155,652	468,599	8,624,251

**Consolidated statement of cash flows**

	2011 €	2010 €
Cash flows from operating activities		
Profit for the year	816,594	115,178
Adjustments for:		
Depreciation	398,167	748,112
Tax expense/(income)	191,094	(82,891)
Bad debts written off	-	42,436
Reversal of impairment loss on trade receivables	-	(42,436)
Provision for exchange fluctuations	(131,888)	218,684
Provision for discounted gratuity payments	(4,074)	1,189
Interest payable	86,856	97,345
Interest receivable	(477)	(4,260)
Gain on sale of plant and equipment	(8,466)	-
Termination benefits payable	82,000	10,510
Share of loss of jointly-controlled entity	3,228	-
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	1,433,034	1,103,867
Change in trade and other receivables	(931,756)	3,861,979
Change in trade and other payables	(721,619)	(2,666,933)
Change in related party balances	(2,750)	(626)
Change in shareholders' balances	23,101	18,100
Change in directors' balances	(1,986)	(39,299)
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Cash (absorbed by)/generated from operating activities	(201,976)	2,277,088
Interest paid	(38,354)	(33,686)
Interest received	477	4,260
Tax paid	(8,108)	(18,576)
Tax refunded	83,851	18,591
Termination benefits paid	(82,000)	(10,510)
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Net cash (used in)/from operating activities	(246,110)	2,237,167
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Cash flows from investing activities		
Investment in jointly-controlled entity	-	(5,000)
Acquisition of property, plant and equipment	(216,648)	(419,028)
Proceeds from sale of plant and equipment	8,466	-
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Net cash used in investing activities	(208,182)	(424,028)
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Cash flow from financing activities		
Loan advanced by bank	45,000	-
Repayment of bank loans	(64,079)	(420,000)
Interest paid on bank loans	(45,916)	(59,562)
Dividends paid to non-controlling interest	-	(180,000)
Dividends paid to owners of the Company	(297,630)	(1,350,000)
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Net cash used in financing activities	(362,625)	(2,009,562)
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Net decrease in cash and cash equivalents	(816,917)	(196,423)
Cash and cash equivalents at 1 January	118,613	333,608
Effect of exchange rate fluctuations on cash held	110,571	(226,117)
Cash released from pledge	-	207,785
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Cash and cash equivalents at 31 December	(587,733)	118,853
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Medserv p.l.c.

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2011



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 2011 as approved by the Board of Directors on 21 March 2012, which have been audited by KPMG. These financial statements will be laid before the members at the Annual General Meeting to be held on 27 April 2012.

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

Group revenue declined from €11,716,349 generated in year 2010 to €9,204,373 in the year under review. This was mainly attributable to the unrest in North Africa, particularly, Libya. The temporary closure of the base in Misurata also caused a reduction in business, however the Group continued to reduce costs wherever possible and this led to a significant increase in margins.

As a consequence, the Group achieved an operating result of €1,495,462 before charging depreciation. After charging depreciation, net finance costs and a share of loss of the jointly-controlled entity, amounting to €398,167, €86,379 and €3,228 respectively, the Group registered a profit before tax of €1,007,688. Profit after accounting for taxation amounted to €816,594.

Profit attributable to the owners of the Company amounted to €761,358. Basic earnings per share is calculated at €0.076c as against an earnings per share of €0.012c in 2010.

State of affairs

Group total assets at reporting date stood at €13,216,852 (2010: €13,380,375). Receivables, net of impairment losses, amounted to €4,998,567 (2010: €4,051,273). Of these, 93% (2010: 89%) represented 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 €2,741,320 (2010: €3,451,452).

Current and non-current bank loans amounted to €869,812 (2010: €888,891). The gearing ratio, that is, the ratio of loan finance to shareholders' equity, excluding non-controlling interest stood at 11% at 31 December 2011 compared with 12% at 31 December 2010.

Owners' funds, excluding non-controlling interest, amounted to €8,155,652 (2010: €7,694,294) and finance 62% (2010: 58%) of the Group's total assets. The Group's net asset value per share stands at €0.82 (2010: €0.77) at reporting date.

Medserv p.l.c.

Preliminary Statement of Group Annual Results

31 December 2011



Outlook

Demand for the group's services increased during the second half of 2011. This was in marked contrast with the group's experience during the first half of the year when the hostilities in Libya had a direct effect on the group and especially on our operation in Misurata.

As reported in the Company's last statement, the Cypriot subsidiary has been registered. Since then intensive discussions have been held with the Cypriot Port Authorities and the company has been allocated an area in the port of Limassol from which we intend to carry out operations in support of the upcoming exploration programme in the area.

As regards Sicily, the Company is still awaiting the lifting of the freeze on all offshore exploration activity imposed by the Italian authorities following the BP incident in the Gulf of Mexico. We expect that this ban will be lifted during the second half of 2012.

In total, during 2011, the Company has continued to consolidate its position in the Mediterranean area. The Company has a proven track record, professional management and increasing market reach. The new geopolitical situation being played out in the Mediterranean region points to it being a high activity zone for fossil fuel exploration for the foreseeable future. Medserv has good reason to look to the future with confidence.

Dividends

The Board of Directors is recommending the payment of a further dividend of €0.03c net of tax per share for the approval of the shareholders at the next annual general meeting to be held on the 27 April 2012, which dividend will be payable on the 28 May 2012. This net dividend will be payable to shareholders who will be on the register of shareholders (after settlement) as at close of business on the 13 April 2012.

This, together with the interim dividend already paid of €300,000 (representing a net dividend per ordinary share of €0.03c) will bring the total and final dividend for the financial year ended 31 December 2011 to a final dividend of €600,000 (representing a net dividend per ordinary share of €0.06c).

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

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

Company Secretary

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21 March 2012