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COMPANY ANNOUNCEMENT

Medserv p.l.c.

Approval of half yearly report

Date of Announcement	30 August 2011
Reference	53/2011

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 2011 to 30 June 2011, 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

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Medserv p.l.c.

Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2011 to 30 June 2011

This report is published in terms of Chapters 8 and 9 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 2011 and its comparative period in 2010. The comparative consolidated statement of financial position has been extracted from the audited financial statements as at 31 December 2010. 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 30 August 2011. In terms of Listing Rule 9.44k.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 a focus on the industry's activities in North Africa.

Review of performance and outlook

The Group's turnover for the six-month period ended 30 June 2011 amounted to €3,914,590 compared to €7,201,536 registered in the comparative period to 30 June 2010.

The Group registered a profit before tax of €141,137 compared to €147,753 achieved in the six month period to 30 June 2010. After providing for income tax, the net profit for the period to 30 June 2011 amounted to €125,697 when compared to €196,112 for the six months period ended on 30 June 2010.

The Group's results for the first half of the year are lower than forecast with turnover substantially lower than that of the comparative six-month period. However profit margins on some of the Group's activities were higher than expected due to the uncertainty in Libya which when added to the introduction of strict cost controls and the revised accounting estimates of the useful life of plant and equipment, resulted in the Group approaching the level of profits before tax achieved in the comparative six-month period .

Both the Malta base and the Libya base in Misurata have been affected by the continuing instability in Libya. On the one hand, the Malta base has benefitted by being seen as a reliable and safe haven for the relocation of oil field equipment and for facilitating the repatriation of staff employed by oil companies. The Malta base was responsible for the evacuating of most of the workers situated on the oil platforms offshore Libya. On the other hand the Misurata base has not operated fully for some months. Having said that there is a substantial amount of equipment owned by oil companies on the base which remains undamaged and for which storage is being charged.

Medserv p.l.c.

Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2011 to 30 June 2011

The Directors are kept informed about the status of the Group's assets on the Misurata base on a regular basis and to date it appears that whilst there has been damage this is not serious and most of which is of a nature which can be repaired. There are no Maltese staff in Misurata at present, but Libyan employees report for duty when possible and they have taken steps to protect the base and the company's and client's property as best they can.

The Group remains ready to restart operations in Misurata as soon as it is deemed safe to do so and when clients return. As regards existing offshore oil and gas platforms, it is considered that these will be the first operations to restart and that these will be in the main served from the Malta base. The Group also looks forward to the restarting of the planned programme for drilling production wells in the offshore Bouri field when hostilities cease, and to the commencement of existing planned programmes of international oil companies for which Medserv already has signed contracts. In the meantime the Group will continue with its cost reduction programme in order to safeguard the company's financial position and to ensure it is able to react speedily to any positive developments in Libya.

Negotiations on shareholders and management agreements with the Sicilian partners TEA Shipping S.R.L. have been successfully concluded. A number of business opportunities both for offshore mainland Italy and also for Sicily have been identified and a business plan has been formulated.

Whilst the timing of the eventual ceasing of hostilities in Libya remains uncertain the Group remains well placed to benefit from the restarting of operations in the Libyan oil industry.

Related party transactions

The Group had related party transactions with its directors and 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 7 to the condensed consolidated financial statements.

Dividends

No interim dividends are being recommended.

Approved by the Board on 30 August 2011 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 2011

	Note	At 30.06.11 €	At 31.12.10 €
Assets			
Property, plant and equipment	6	4,445,130	4,517,287
Investment in jointly-controlled entity		5,000	5,000
Deferred tax assets		3,760,167	3,775,608
Total non-current assets		8,210,297	8,297,895
Current tax asset		-	83,851
Trade and other receivables		3,559,493	4,051,273
Cash at bank and in hand		798,041	947,356
Total current assets		4,357,534	5,082,480
Total assets		12,567,831	13,380,375
Equity			
Share capital		2,329,370	2,329,370
Reserves		3,764,529	3,766,911
Retained earnings		1,713,360	1,598,013
Total equity attributable to equity holders of the Company		7,807,259	7,694,294
Non-controlling interest		426,095	413,363
Total equity		8,233,354	8,107,657
Liabilities			
Bank borrowings		763,762	830,031
Provisions		32,790	32,266
Total non-current liabilities		796,552	862,297
Current tax payable		6,458	77,352
Bank overdraft		997,943	822,757
Bank borrowings		168,348	58,860
Trade and other payables		2,365,176	3,451,452
Total current liabilities		3,537,925	4,410,421
Total liabilities		4,334,477	5,272,718
Total equity and liabilities		12,567,831	13,380,375

These consolidated financial statements were approved by the Board of Directors on 30 August 2011 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 2011 to 30 June 2011

	Note	6 months ended 30.06.11 €	6 months ended 30.06.10 €
Revenue		3,914,590	7,201,536
Cost of sales		(3,116,677)	(6,281,580)
Gross profit		797,913	919,956
Other income		7,175	121,870
Administrative expenses		(591,051)	(840,331)
Other expenses		(32,190)	(107,783)
Results from operating activities		181,847	93,712
Finance income		-	107,063
Finance expenses		(40,710)	(53,022)
Net finance (expense)/income		(40,710)	54,041
Profit before income tax		141,137	147,753
Tax (expense)/ income	5	(15,440)	48,359
Profit for the period		125,697	196,112
Profit attributable to			
Owners of the Company		112,965	150,702
Non-controlling interest		12,732	45,410
Profit for the period		125,697	196,112
Earnings per share			
Basic earnings per share		1c1	1c5

Medserv p.l.c.

Condensed Consolidated Statement of Changes in Equity

For the Period 1 January 2011 to 30 June 2011

	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 period							
Profit for the period	-	-	-	150,702	150,702	45,410	196,112
Transfer from retained earnings	-	-	41,170	(41,170)	-	-	-
Distributions to owners							
Dividends to equity holders	-	-	-	(1,350,000)	(1,350,000)	(240,171)	(1,590,171)
Balance at 30 June 2010	2,329,370	60,000	3,654,863	1,681,913	7,726,146	462,445	8,188,591
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 period							
Profit for the period	**-**	**-**	**-**	**112,965**	**112,965**	**12,732**	**125,697**
Transfer to retained earnings	**-**	**-**	**(2,382)**	**2,382**	**-**	**-**	**-**
Balance at 30 June 2011	**2,329,370**	**60,000**	**3,704,529**	**1,713,360**	**7,807,259**	**426,095**	**8,233,354**

Medserv p.l.c.

Condensed Consolidated Statement of Cash Flows

For the Period 1 January 2011 to 30 June 2011

	6 months ended 30.06.11 €	6 months ended 30.06.10 €
Cash flows from operating activities		
Profit for the period	125,697	196,112
Adjustments for:		
Depreciation	188,326	345,912
Tax expense/(income)	15,440	(48,359)
Provision for exchange fluctuations	(81,630)	(16,496)
Provision for gratuity payments	527	8,573
Interest payable	40,710	53,022
Interest receivable	-	(520)
	289,070	538,244
Change in trade and other receivables	498,304	1,313,263
Change in prepayments	(53,027)	238,112
Change in trade and other payables	(1,109,850)	(340,655)
Change in related party balances	-	186
Change in directors' balances	(20,918)	(19,984)
Cash (absorbed by)/generated from operating activities	(396,421)	1,729,166
Interest paid	(21,191)	(12,147)
Tax refund	83,997	9,263
Net cash (used in)/from operating activities	(333,615)	1,726,282
Cash flows from investing activities		
Interest received	-	520
Acquisition of property, plant and equipment	(93,557)	(229,365)
Net cash used in investing activities	(93,557)	(228,845)
Cash flows from financing activities		
Loan advanced by bank	45,000	-
Repayments of bank loan	(1,781)	(250,361)
Interest paid on bank loans	(25,042)	(41,324)
Dividends paid	-	(1,335,286)
Net cash from/(used in) financing activities	18,177	(1,626,971)
Net decrease in cash and cash equivalents	(408,995)	(129,534)
Cash and cash equivalents at beginning of period	124,599	262,841
Effect of exchange rate fluctuations on cash held	84,494	106,542
Release of cash pledged as guarantee	-	142,562
Cash and cash equivalents at end of period	(199,902)	382,411

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 2011 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 Libya Limited and Medserv Misurata FZC.

2 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 2010.

3 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 2010 except for the estimated useful live of plant and equipment which were revised during the current period (see note 6).

4 Operating segments

Information about reportable segments

	Malta Operation		Libya Operation		Total	
	6mths to 30.06.11	6mths to 30.06.10	**6mths to 30.06.11**	6mths to 30.06.10	**6mths to 30.06.11**	6mths to 30.06.10
	€	€	**€**	€	**€**	€
External revenues	**3,487,350**	4,423,437	**427,240**	2,778,099	**3,914,590**	7,201,536
Inter-segment revenue	**108,139**	361,920	**-**	-	**108,139**	361,920
Reportable segment Profit/ (Loss) before tax	**211,595**	25,791	**(70,458)**	121,962	**141,137**	147,753

5 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 30.06.11	6 months ended 30.06.10
	€	€
Profit before tax	**141,137**	147,753
	------------	------------
Income tax using the domestic income tax rate	**(49,398)**	(51,714)
Tax effect of:		
Depreciation charges not deductible by way of capital allowances in determining taxable income	**(1,104)**	(1,411)
Business Promotion Act investment tax credit	**79,916**	75,673
Disallowed expenses	**(111,233)**	(517,388)
Exempt dividends receivable	-	126,090
Difference in tax rates applicable to Group entities	**3,502**	19,514
Adjustment to prior years' deferred tax asset	**(41,382)**	(7,081)
Adjustment to prior year's current tax	-	22,091
Exempt income	**104,259**	508,675
Consolidation adjustments	-	(126,090)
	----------	----------
	(15,440)	48,359
	======	======

6 Property, plant and equipment

During the six months ended 30 June 2011, the Group acquired assets with a cost of €116,169 (six months ended 30 June 2010: €345,979).

During this reporting period, the estimated useful live of plant and equipment of the Group was changed from 4 years to 8 years to better reflect the useful life of the plant and equipment. As a result of this, the depreciation expense during the six months ended 30 June 2011 has decreased. The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	6mths to 30.06.11	6mths to 30.06.12	6mths to 30.06.13	6mths to 30.06.14
The Group	€	€	€	€
(Decrease)/increase in depreciation expense	(179,940)	(68,927)	13,613	66,202
	=======	======	=====	======

7 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	
	30.06.11	30.06.10
	€	€
Directors		
Payments of expenses on behalf of	**1,219**	1,951
Sale of asset	**-**	18,033
	======	======
Other related party		
Services rendered by	**3,300**	2,286
	======	=====

	Balance outstanding	
	30.06.11	31.12.10
	€	€
Shareholders	**22,174**	22,174
	======	======
Directors	**(18,430)**	2,488
	======	=====
Other related undertaking	**240,171**	240,171
	=======	=======

8 Subsequent Events

Reference is made in the Directors' report to damage to the Misurata base. Subsequent to 30 June 2011 no further damage to the Misurata base has been reported. However the situation remains uncertain and the status of the Misurata Company's assets continues to be under constant review.

Medserv p.l.c

Statement pursuant to Listing Rule 9.44.3 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 2011, 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 Rule 9.44k.2.

Anthony J Duncan
Director

Anthony S Diacono
Director

30 August 2011