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COMPANY ANNOUNCEMENT

Medserv plc

Approval of financial statements Recommendation of a Dividend

Date of Announcement: Reference: 8 April 2010 28/2010

This is a company announcement being made by Medserv p.l.c., the "**Company**" in compliance with Listing Rules 8.7.4, 8.7.21 and 9.35.2:

QUOTE

The Board of Directors of the Company has today approved the financial statements for the period ended 31 December 2009 and resolved that they be submitted for the approval of the shareholders at the forthcoming Annual General Meeting. A preliminary profits statement is attached to this Company Announcement and has been made available for public viewing on the Company's website at <u>www.medservmalta.com</u>.

The Board of Directors is proposing that the Annual General Meeting approves the payment of a net dividend of €1,350,000, representing a net dividend per ordinary share of €0.135c.

The Board of Directors has also decided that the Annual General Meeting shall be held on 18 May 2010. Shareholders on the Company's Register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 23 April 2010 will be entitled to receive to the said dividend and the notice of the Annual General Meeting together with a copy of the Annual Report and Financial Statements. Pursuant to the Malta Stock Exchange Bye-Laws, the Register as at close of business on 23 April 2010 will include trades undertaken up to and including 20 April 2010.

UNQUOTE

Signed:

Louis de Gabriele Company Secretary



For the Year Ended 31 December 2009



Statement of financial position

| | 2009 € | 2008 € |
|-------------------------------|------------------------|------------------------|
| Assets | Ŭ | Ũ |
| Property, plant and equipment | 4,727,729 | 4,102,133 |
| Deferred tax assets | 3,678,316 | 4,017,807 |
| Total non-current assets | 8,406,045 | 8,119,940 |
| | | |
| Current tax asset | 61,459 | 48,299 |
| Trade and other receivables | 7,353,389 | 6,199,135 |
| Cash at bank and in hand | 1,071,296 | 446,528 |
| Total current assets | 8,486,144 | 6,693,962 |
| Total assets | 16,892,189 | 14,813,902 |
| | | |
| Equity | 0 200 270 | 2 220 270 |
| Share capital Reserves | 2,329,370 3,673,693 | 2,329,370 3,901,688 |
| Retained earnings | 2,922,381 | 757,064 |
| | | |
| Total equity attributable to | | |
| equity holders of the Company | 8,925,444 | 6,988,122 |
| Non-controlling interest | 657,206 | 356,863 |
| Total equity | 9,582,650 | 7,344,985 |
| Liabilities | | |
| Bank borrowings | 888,891 | 888,891 |
| Provisions | 31,073 | 25,615 |
| | | |
| Total non-current liabilities | 919,964 | 914,506 |
| | | |
| Current tax payable | 40,544 | - |
| Bank overdraft | 600,670 | 574,631 |
| Bank borrowings | 420,000 | 509,298 |
| Trade and other payables | 5,328,361 | 5,470,482 |
| Total current liabilities | 6,389,575 | 6,554,411 |
| Total liabilities | 7,309,539 | 7,468,917 |
| | | |
| Total equity and liabilities | 16,892,189 | 14,813,902 |

This report has been extracted from the audited financial statements of the Group which were approved by the Board of Directors on 8 April 2010.

For the Year Ended 31 December 2009



Statement of comprehensive income

| | 2009 € | 2008 € |
|--|-----------------------------------|-----------------------------------|
| Revenue | 17,528,227 | 15,565,257 |
| Cost of sales | (12,747,380) | (12,446,909) |
| Gross profit | 4,780,847 | 3,118,348 |
| Other income Administrative expenses Other expenses | 111,532 (1,632,450) (4,086) | 6,074 (1,771,349) (288,252) |
| Results from operating activities | 3,255,843 | 1,064,821 |
| Finance income Finance expenses | 15,685 (88,424) | 43,203 (132,603) |
| Net finance expense | (72,739) | (89,400) |
| Profit before income tax | 3,183,104 | 975,421 |
| Tax (expense)/income | (375,439) | 324,048 |
| Profit for the year | 2,807,665 | 1,299,469 |
| Profit attributable to: Owners of the Company Non-controlling interest | 2,327,322 480,343 | 1,134,148 165,321 |
| Profit for the year | 2,807,665 | 1,299,469 |
| Earnings per share | 23c3 | 11c3 |

For the Year Ended 31 December 2009



Statement of changes in equity

Attributable to equity holders of the Company

| | Share capital | Legal reserve | Other reserve | Retained earnings | Total | Non-controlling interest | Total equity |
|---|------------------------|------------------|------------------------|-----------------------|------------------------|-----------------------------|------------------------|
| | € | € | € | € | € | € | € |
| Balance at 1 January 2008 Total comprehensive income for the period | 2,329,370 | - | 3,524,604 | - | 5,853,974 | 191,542 | 6,045,516 |
| Profit or loss Other comprehensive income net of income tax | - | - | - | 1,134,148 | 1,134,148 | 165,321 | 1,299,469 |
| Transfer from retained earnings: Unrealised gain recognised Legal reserve | - | - 60,000 | 317,084 | (317,084) (60,000) | - | - | - |
| | | | | | | | |
| Balance at 31 December 2008 | 2,329,370 | 60,000 | 3,841,688 | 757,064 | 6,988,122 | 356,863 | 7,344,985 |
| Balance at 1 January 2009 Total comprehensive income for | 2,329,370 2,329,370 | 60,000 60,000 | 3,841,688 3,841,688 | 757,064 757,064 | 6,988,122 6,988,122 | 356,863 356,863 | 7,344,985 7,344,985 |
| Balance at 1 January 2009 Total comprehensive income for the period Profit or loss Other comprehensive income net | | | | | | | |
| Balance at 1 January 2009 Total comprehensive income for the period Profit or loss Other comprehensive income net of income tax Transfer to retained earnings Contributions by and distributions | | | | 757,064 | 6,988,122 | 356,863 | 7,344,985 |
| Balance at 1 January 2009 Total comprehensive income for the period Profit or loss Other comprehensive income net of income tax Transfer to retained earnings | | | 3,841,688 | 757,064 2,327,322 | 6,988,122 | 356,863 | 7,344,985 |

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For the Year Ended 31 December 2009

Statement of cash flows

| | 2009 | 2008 |
|---|--|--|
| | € | € |
| Cash flows from operating activities | 0.007.005 | 4 000 400 |
| Profit for the year | 2,807,665 | 1,299,469 |
| Adjustments for: Bad debts written off | 608,402 | _ |
| Depreciation | 667,194 | 520,990 |
| Tax expense/(income) | 375,439 | (324,048) |
| Profit on disposal of machinery | · - | (2,100) |
| Reversal of impairment loss on trade receivables | (439,917) | - |
| Provision for exchange fluctuations | (73,185) | (24,012) |
| Provision for gratuity payments | 5,459 | (9,955) |
| Interest payable | 88,424 | 132,603 |
| Interest receivable | (986) | (23,165) |
| Termination benefits payable | - | 9,019 |
| | 4,038,495 | 1,578,801 |
| Change in trade and receivables | (1,594,216) | (3,299,314) |
| Change in prepayments | 122,636 | 14,402 |
| Change in trade and other payables | 105,005 | 2,838,145 |
| Change in related party balances | (1,600) | |
| Change in shareholders' balances | 3,718 | (2,742) |
| Change in directors' balances | (30,906) | - |
| | | |
| Cash generated from operating activities | 2,643,132 | 1,129,292 |
| Interest paid | (16,519) | (17,547) |
| Tax paid Tax refund | (69,129) 37,056 | 4,426 |
| Termination benefits paid | | (9,019) |
| | | (3,013) |
| | | |
| Net cash from operating activities | 2,594,540 | 1,107,152 |
| Net cash from operating activities | 2,594,540 | 1,107,152 |
| Net cash from operating activities Cash flows from investing activities | 2,594,540 | 1,107,152 |
| | 2,594,540 (1,030,105) | 1,107,152 (803,411) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery | (1,030,105) | (803,411) 9,908 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received | | (803,411) 9,908 4,224 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors | (1,030,105) - 986 | (803,411) 9,908 4,224 (177,230) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors | (1,030,105) | (803,411) 9,908 4,224 (177,230) (11,079) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors | (1,030,105) - 986 | (803,411) 9,908 4,224 (177,230) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors | (1,030,105) - 986 | (803,411) 9,908 4,224 (177,230) (11,079) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors | (1,030,105) - 986 - (11,000) - | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors | (1,030,105) - 986 - (11,000) - | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities | (1,030,105) - 986 - (11,000) - | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Cash flow from financing activities | (1,030,105) 986 (11,000) - (1,040,119) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Cash flow from financing activities Loan advanced by bank | (1,030,105) 986 (11,000) - (1,040,119) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of bank loan Repayment of loan advanced by shareholder | (1,030,105) 986 (11,000) - (1,040,119) 420,000 (509,298) (420,000) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) - - 420,000 (556,787) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on bank loan | (1,030,105) 986 (11,000) - (1,040,119) 420,000 (509,298) (420,000) (46,158) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on bank loan Interest paid on loan advanced by shareholder | (1,030,105) 986 (11,000) (1,040,119) 420,000 (509,298) (420,000) (46,158) (24,935) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) - - 420,000 (556,787) |
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| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on bank loan Interest paid on loan advanced by shareholder | (1,030,105) 986 (11,000) (1,040,119) 420,000 (509,298) (420,000) (46,158) (24,935) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) - - 420,000 (556,787) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on loan advanced by shareholder Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities | (1,030,105) 986 (11,000) (11,000) (1,040,119) 420,000 (509,298) (420,000) (46,158) (24,935) (390,000) (970,391) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) (718,602) - - 420,000 (556,787) - - (113,852) - - - (113,852) - - - (250,639) |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on bank loan Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities | (1,030,105) 986 (11,000) (11,000) (1,040,119) 420,000 (420,000) (420,000) (46,158) (24,935) (390,000) (970,391) 584,030 | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) (718,602) - - 420,000 (556,787) - - (113,852) - - - (250,639) 137,911 |
| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on loan advanced by shareholder Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities Cash flow from financing activities Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities Net cash used in financing activities Cash and cash equivalents at 1 January | (1,030,105) 986 (11,000) (11,000) (1,040,119) 420,000 (509,298) (420,000) (46,158) (24,935) (390,000) (970,391) 584,030 (193,326) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) (718,602) (556,787) - (113,852) - (113,852) - (250,639) 137,911 (363,496) |
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| Cash flows from investing activities Acquisition of property, plant and equipment Receipt from disposal of machinery Interest received Payment of expenses on behalf of directors Advances to directors Repayment of payments on behalf of directors Net cash used in investing activities Loan advanced by bank Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on loan advanced by shareholder Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities Cash flow from financing activities Loan advanced by shareholder Repayment of loan advanced by shareholder Interest paid on loan advanced by shareholder Dividends paid Net cash used in financing activities Net cash used in financing activities Cash and cash equivalents at 1 January | (1,030,105) 986 (11,000) (11,000) (1,040,119) 420,000 (509,298) (420,000) (46,158) (24,935) (390,000) (970,391) 584,030 (193,326) | (803,411) 9,908 4,224 (177,230) (11,079) 258,986 (718,602) (718,602) (556,787) - (113,852) - (113,852) - (250,639) 137,911 (363,496) |
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Preliminary Statement of Group Results and State of Affairs For the Year Ended 31 December 2009

Review of group operations

Introduction

This Statement is published pursuant to Listing Rule 9.35 of the Malta Financial Service Authority 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 Accounts for the year ended 31 December 2009 as approved by the Board of Directors on 8 April 2010, which have been audited by KPMG. These financial statements will be laid before the members at the Annual General Meeting to be held on 18 May 2010.

The Group's financial statements have been prepared and presented in accordance with International Financial Reporting Standards as adopted by the EU.

These financial statements have also been drawn up in accordance with the provisions of the Companies Act, 1995 (Chapter 386, Laws of Malta), to the extent that such provisions do not conflict with the applicable frame work.

Review of performance

For the year ended 31 December 2009, the Group registered a profit before taxation amounting to \bigcirc 3,183,104 (2008: \bigcirc 975,421). The Group achieved EBITDA of \bigcirc 3,923,037 representing an EBITDA margin of 22%. Comparative figures provide an EBITA of \bigcirc 1,585,811, representing an EBITDA margin of 10%. This is a result of increase in Group revenue by \bigcirc 1,962,970 and focus on high margin business. Consequently turnover from low margin business was less than 12% of revenue for the 2009 as against 41% of revenue in 2008.

Despite the depressed economic environment for the reporting period the Group managed to achieve record results. The Malta subsidiary was successful in attracting to the island the servicing of rigs and other specialised vessels prior to a pre-spud operation. Medserv Misurata FZC, the Libyan subsidiary continued to perform strongly in supporting off-shore exploration operations and contributed 31% of the earnings attributable to the owners of the Company.

This significant rate of growth in operations resulted in strengthening the Group's resources to accommodate such influx in business. The Group implemented a right-size structure for its subsidiaries with the objective of ensuring quality service to customers without forfeiting sales margin. The profit margin before tax attained in 2009 was of 18%, more than double that registered in 2008.

Profit attributable to the owners of the Company amounted to €2,327,322 (2008: €1,134,148), basic earnings per share is calculated at €0.233c as against an earnings per share of €0.113c in 2008.



Medserv p.l.c.

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2009

Review of group operations (continued)

State of affairs

Group total assets at reporting date stood at \pounds 16,892,189 (2008: \pounds 14,813,902). The Group continued to invest in its logistic support and service bases such that capital expenditure for the year amounted to \pounds 1,292,790 (2008: \pounds 1,216,112).

Receivables, net of impairment loss, amounted to €7,353,389 (2008: €6,199,135). Of these, 93% (2008: 93%) represent 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 €5,328,361 (2008: €5,470,482).

Current and non-current bank loans amounted to €1,308,891 (2008: €1,398,189). The gearing ratio, that is, the ratio of loan finance to shareholders' equity, excluding non-controlling interest stood at 15% at 31 December 2009 compared with 20% at 31 December 2008.

Owners' funds, excluding non-controlling interest, amounted to €8,925,444 (2008: €6,988,122) and finance 53% (2008: 47%) of the Group's total assets. The Group's net asset value per share stands at €0.89 (2008: €0.70) at reporting date.

Outlook

Following the satisfactory performance of 2009, the Group expects to maintain positive results in 2010, should all projects materialise as and when commencement dates are forecasted. However due to the nature of such projects and their long lead time it is difficult to gauge with certainty when these projects will come on line. The Company intends to maintain its momentum in attracting new business. Efforts to enter into other markets including, Egypt and Italy are still being pursued. The Company is cautiously optimistic on the realisation of the forecasted projects in the current year.

Dividends

The Board of Directors is recommending the payment of a final dividend of €0.135c net of tax per share for the approval of the shareholders at the next Annual General Meeting to be held on 18 May 2010 which dividend will be payable on 31 May 2010. This net dividend will be payable to shareholders who will be on the register of shareholders as at 23 April 2010.

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

Port of Marsaxlokk Birzebbugia Tel: (+356) 22202000 8 April 2010