MEDSERV PLC

FINANCIAL ANALYSIS SUMMARY

18 MAY 2016

RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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Preamble

*In line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013, this report constitutes an update to the Financial Analysis Summary (FAS) that was first published on 7 April 2014 as part of the prospectus in relation to the issue of the 6% €20 million 2020/23 note programme, and which was subsequently updated on 15 May 2015. The purpose of this report is to provide an update on the performance and on the financial position of Medserv plc (the "**Issuer**" or the "**Company**") and of Medserv Operations Ltd (the "**Guarantor**" or "**MedOps**").*

1 BUSINESS OVERVIEW UPDATE

1.1 Update on the Medserv Group

For the Medserv Group ("**Medserv**" or "**Group**"), 2015 marked an important year. Apart from the additional contracts secured, on 8 October 2015, the Issuer entered into a conditional share purchase agreement for the acquisition of three companies – Middle East Tubular Services ("**METS**") UAE, Iraq and Oman (collectively the "**METS Group**"). This acquisition is in line with the Issuer's strategy of increasing its geographical and product spread as well as to continue to grow its customer portfolio of international oil and gas companies. Such acquisition is also strategically important for the Company as it is aimed to enable it to cross-sell its services across the various entities.

By February 2016, the Issuer was successful in acquiring the business of the METS Group as all conditions were met. The acquisition was funded through a rights issue and a bond issue for a total of USD45 million. Further information on this strategic acquisition is found in section 1.7 of this document.

1.2 Key Developments

Malta base

The Malta base remained the largest in terms of activity and revenue in 2015, servicing the Libyan offshore operations, onshore ancillary services and the PV farm.

During the year, the Company further extended the Hal Far site on which it holds a 10-year lease agreement to meet increased client demand. Additional development was also carried out at the Malta base within the Freeport site, which is subject to an emphytheutical deed up to the year 2060. This increases the size of the Malta base to 98,000 square metres (sqm) made up of 21,000 sqm of warehousing, 77,000 sqm of open area and a 220-metre private quay with a minimum draft of 11 metres.

Cyprus base

The base in Larnaca is currently in a mothball state as the drilling project planned by its client has been delayed. Until such time as exploratory drilling resumes, the Cypriot base is expected to maintain this status. The three-year contract signed by Medserv Cyprus with its client expires in June 2017 with options to extend. The shore base operating license expires in August 2016 and it is the company's intention to conclude mutually acceptable arrangements with the Cypriot authorities and to have its licence extended in line with its client's wishes as exploratory drilling in the region is expected to resume at some point in the near future. In the meantime, the company has been invited to participate in a new tender for a second client.

LIBYA

In June 2015, the Group sold its sixty percent shareholding in Medserv Misurata FZC to the Misurata Free Zone Authority (FZA). The Misurata subsidiary held a 30-year lease on the base and the decision was taken with the Misurata FZA to shut down the operation and ship the equipment out to the Malta base. In the 2015 financial statements, this operation is classified as discontinued and the 2014 results had to be restated retrospectively to account for this development.

OTHER DEVELOPMENTS IN 2015

During the year, Medserv made temporary use of Greek port facilities in Astakos for quayside operations as an alternative to the Malta base, since the latter was fully utilised. This was a one-off operation and Medserv has not indicated that it has any firm intention of formally setting up a base in Greece.

DEVELOPMENTS IN 2016

The Company is reportedly working on a number of new projects/initiatives not only in the regions in which it already operates but also in new geographical areas. Recent formal announcements indicated that Portugal, Trinidad & Tobago, Egypt as well as Iran are all areas which the Company is actively pursuing together with existing as well as new clients of the Group.

All of the four prospects mentioned are at different levels of development with Portugal being the most advanced. In respect of Trinidad and Tobago, the Company has participated in a tender issued by an International Oil Company (IOC) for the provision of supply base and pipe yard services and awaits adjudication. Meanwhile, negotiations are at an early stage in the Group's efforts to secure business in Egypt and Iran.

1.3 KEY CLIENTS AND CONTRACTS

The Medserv Group continues to identify the ENI Group as a major key client. The relationship extends for over 40 years and involves a number of independently operated entities forming part of this group. Notwithstanding this, the Group has been gaining recognition internationally with other blue-chip IOCs and sub-contractors and these are now contracting Medserv for various drilling and exploratory projects. Furthermore, the METS acquisition was also strategically aimed at allowing the Group to further diversify its client base.

1.4 DIRECTORS AND KEY EMPLOYEES

Board of Directors	Role
Mr Anthony S Diacono	Chairman & Executive Director
Mr Anthony J Duncan	Executive Director
Mr Charles L Daly	Non-Executive Director
Mr Joseph F X Zahra	Chairman of Audit Committee & Non-Executive Director
Mr Joseph Zammit Tabona	Chairman of Remuneration Committee & Non-Executive Director
Dr Laragh Cassar	Company Secretary

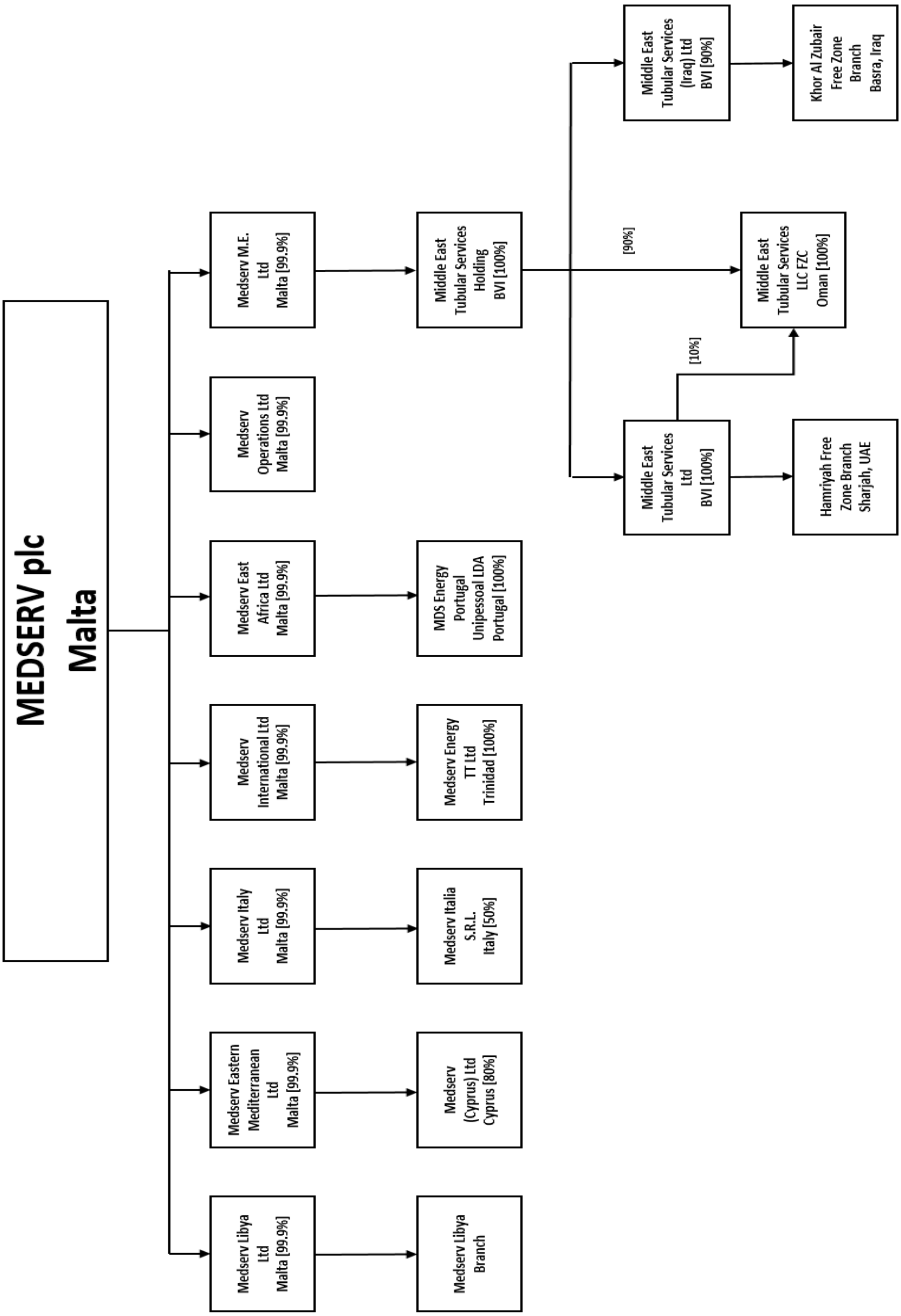
Executive Management	Role
Mr Godwin Borg	Group Chief Operating Officer
Mr Karl Bartolo	Group Financial Controller
Mr Neil Jamieson Patterson	Group Strategic Development Officer
Mr Wayne Wrigley	Group Quality, Health Safety & Environment Officer
Mr Nicholas Schembri	Group HR
Mr Edward Farrugia *(appointed on 11 April 2016)*	Group IT Manager
Mr Godfrey Attard	General Manager, Cyprus
Mr Martin Galea	General Manager, Libya
Mr Gareth McMurray	Regional Manager Middle East

1.5 GROUP STRUCTURE

The Medserv Group is currently composed of the Issuer which is the holding company of a number of subsidiary companies as shown in the organigram overleaf.

During 2015, Medserv incorporated Medserv ME Limited to become the holding company of the METS group. Other new subsidiaries to the Medserv Group incorporated during 2015 include Medserv Energy TT Ltd, a company incorporated in Trinidad & Tobago to cater for any eventual works in the area and MDS Energy Portugal Unipessoal LDA, incorporated in Portugal.

Furthermore, as already indicated, the Company exited the joint venture with the Misurata Free Zone Authority in operating Medserv Misurata FZC.


MEDSERV plc
Malta
Medserv M.E. Ltd Malta [99.9%]
Medserv Operations Ltd Malta [99.9%]
Medserv East Africa Ltd Malta [99.9%]
Medserv International Ltd Malta [99.9%]
Medserv Italy Ltd Malta [99.9%]
Medserv Eastern Mediterranean Ltd Malta [99.9%]
Medserv Libya Ltd Malta [99.9%]
Middle East Tubular Services Holding BVI [100%]
MDS Energy Portugal Unipessoal LDA Portugal [100%]
Medserv Energy TT Ltd Trinidad [100%]
Medserv Italia S.R.L. Italy [50%]
Medserv (Cyprus) Ltd Cyprus [80%]
Medserv Libya Branch
Middle East Tubular Services (Iraq) Ltd BVI [90%]
Khor Al Zubair Free Zone Branch Basra, Iraq
[90%]
Middle East Tubular Services LLC FZC Oman [100%]
[10%]
Middle East Tubular Services Ltd BVI [100%]
Hamriyah Free Zone Branch Sharjah, UAE

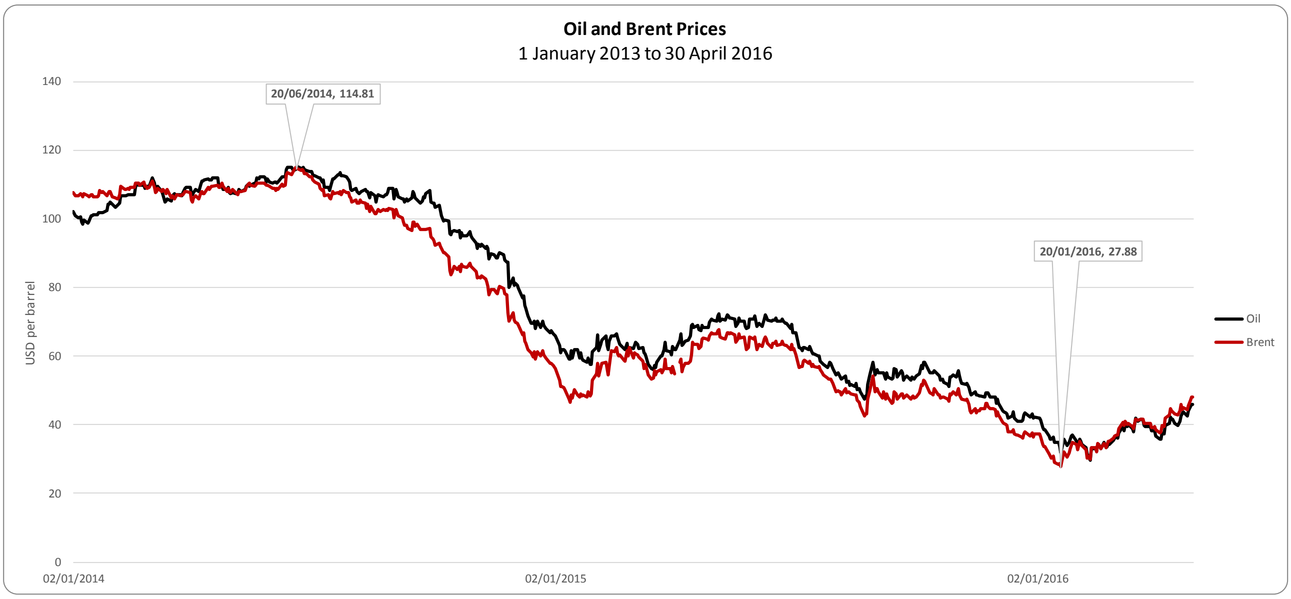
1.6 THE OIL INDUSTRY

Group operations are directly exposed to the oil and gas sector in view of the nature of activities and services offered. The sector has been particularly volatile during the past two years and the drop in the price of oil has had a direct impact on the entire sector and its short term outlook.

Oil prices began heading southwards in mid-2014 after a prolonged period of relative stability. The drop continued throughout 2015 and in the first couple of months of 2016. In 2015 alone, the price dropped by approximately 35% on unprecedented levels of excess supply and increased levels of geo-political risks and uncertainties. The oil price hit 13 year lows at approximately USD30 per barrel earlier this year and has now recovered slightly to approximately USD48 per barrel.

On the supply side, production was not restricted and supply levels were maintained at 2012 volumes when oil prices were around or above the USD100 per barrel mark. Russia was also adamant on retaining its production levels and, at the same time, the US lifted its 40-year export ban on oil. More recently, Iran re-emerged as a global supplier as international sanctions were lifted. Iran is seeking to become a leading OPEC producer as it tries to regain market share.

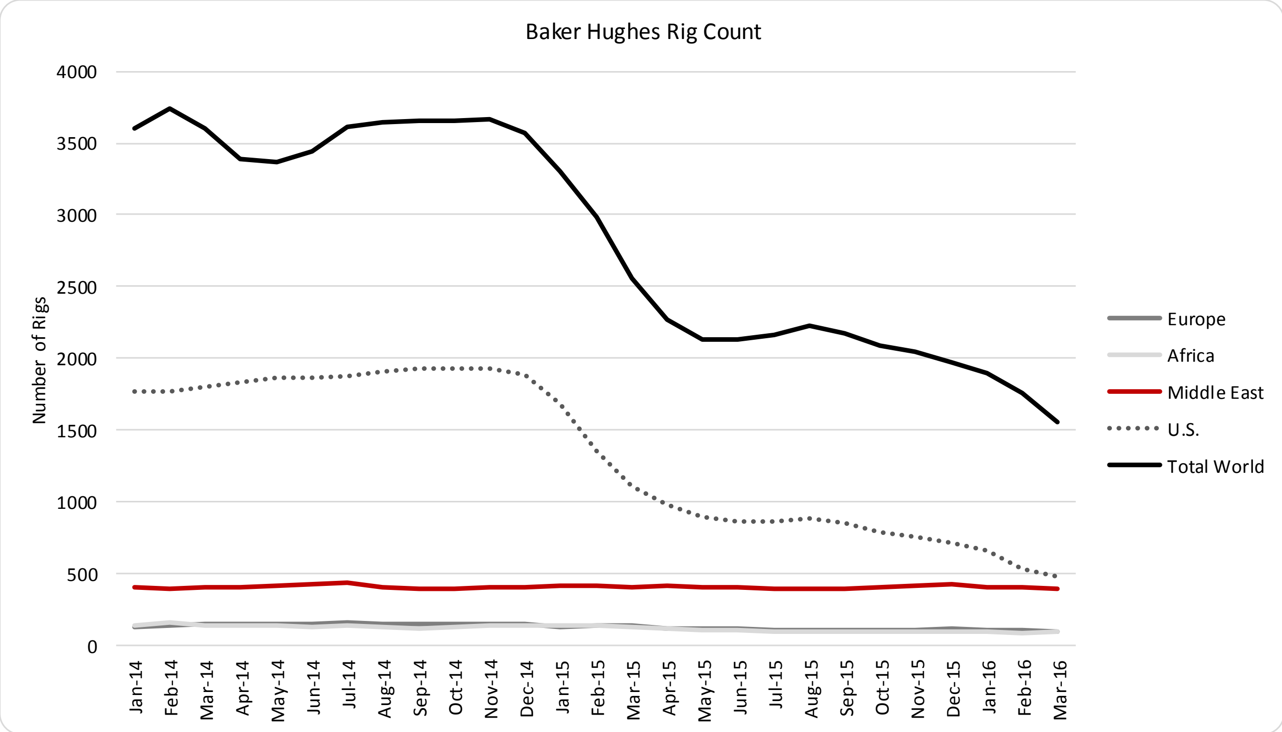
Concurrently with the above, demand weakened. China, one of the largest net importers of oil and the second-largest economy in the world, reported a slowdown in economic growth during the first quarter of 2016, which raised further concerns on excess supply, contributing to a further decline in crude prices. Moreover, a generally milder winter did not help in routing the excess oil towards heating uses.



Source: Reuters

A mild recovery occurred by the end of the first quarter of this year. This was supported by observations of an apparent increase in oil flows once again making their way towards China, strengthening other reports that indicated that China has started stockpiling crude again.

The effect of this new price range has resulted in a number of IOCs delaying or withdrawing completely from exploratory projects or reducing their capital commitments to drilling. The chart overleaf compares the total rig count to that in the US, Europe, Africa and the Middle East. It was compiled using publicly-available data from the Baker Hughes website (http://phx.corporate-ir.net/phoenix.zhtml?c=79687&p=irol-rigcountsintl).



While the above suggests an overall reduction of oil rigs present in international waters, the extent of such a decline in Europe, African and Middle East regions is evidently not to the same extent as that experienced in US waters. Isolating the European, African and Middle East oil rig counts from the larger total and US rigs, clearly shows that while there was a lower amount of rigs in the three regions, the extent of such a dip was not as significant as that experienced in the US over the same period.

The above data suggests that rig activity declines are therefore being felt mostly in the US. On the other hand, activity in Europe, Africa and the Middle East appears to be much more resilient although macro indicators are nonetheless impacting projects and exploratory/drilling activities.

Overall, the oil and gas sector is currently suffering from the effect of oversupply. As such, investment plans have been cut back and extensive cost cutting measures and controls are being implemented across the sector.

1.7 THE METS GROUP

The METS Group is made up of three companies located in separate free zone facilities in Oman, UAE (Sharjah) and Iraq (Basra). All of the companies are now fully-owned subsidiaries of the Medserv Group, with the exception of METS Iraq, in which Medserv holds 90% of the equity.

The METS Group is particularly active in the steel pipe market associated with oilfield drilling. The three main services offered by the METS Group are storage of pipe, inspection and threading of Oil Country Tubular Goods (OCTG) with premium threads. The volume of pipe handled is in direct proportion to the number of wells being drilled – both current and future. Traditionally, pipes are produced by the mills and shipped to an area for immediate storage prior to them being sold to oil companies, drilling rig companies and other similar traders. The METS Group holds VAM®[1] and API®[2] licences in each of its workshops in UAE and Iraq. These are certifications designed for the more technically-demanding thread connections required by today's high pressure, high temperature oil wells.

The METS companies offer handling & storage (similar to what Medserv offers at the Malta base), inspection and machine shop services. The handling & storage services offered in UAE and Oman represent a major source of revenue to the METS Group, while the machine shops in UAE and Iraq provide a high margin step-out into a complimentary service area for Medserv and an excellent growth prospect for existing and new clients of Medserv.

ACQUISITION RATIONALE

DIVERSIFICATION - While storage and handling is a service already offered by Medserv to its Mediterranean-based IOC's, with the METS acquisition, Medserv would be diversifying its location-base to offer that same service also in the Middle East. Furthermore, the acquisition will allow Medserv to offer a wider range of services, particularly related to highly specialised engineering and pipe threading expertise. Equally important is that this acquisition allows the Company to enter an already developed market for oil and gas extraction where oil extraction costs are far lower than in other regions making activity in this area more feasible even in challenging times.

CLIENT-BASE - The acquisition of METS introduces also a new client base to the Medserv Group in a new geographical location – the Middle East. This is being considered as strategically important to Medserv as it widens its scope, reach and dependence on key clients located in roughly the same region.

THE SUBSIDIARIES

METS Oman

The Oman base is located in the Sohar Free Zone in the north of Oman. Spread across 88,000 sqm, the facility offers OCTG & oilfield equipment storage, in-house and on-site OCTG inspection services, full supply chain management of OCTG and in-country transport management. METS Oman generates most of its revenue from handling and storage.

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[1] *VAM® is a licence issued by Vallourec SA and which implies a high standard of compliance to the methods used to thread oil pipes used in oil drilling.*

[2] *API® is a licence issued to companies which adopt a quality standard. Through this licence, the holder would be able to mark equipment that meets the API product specification requirements and which has been manufactured within a quality management system that meets API specifications.*

METS UAE

METS UAE is located at the Hamriyah Free Zone of Sharjah. The 130,000 sqm site holds an average stock of approximately 60,000 metres of pipes used for drilling (OCTG) and has a machine shop certified by API® and VAM® in which it manufactures and repairs thread. The company also offers in-house inspection services in line with current industry standards. Handling and storage is the main revenue generation service provided by the UAE entity, but it also provides an inspection unit and a machine shop that also contribute to revenue.

METS IRAQ

METS Iraq is based at a 52,000 sqm site in Khor al Zubair, offering a one-stop-shop free-zone operation servicing OCTG storage, in-house inspection up to the desired API® standards, field/rig inspection, VAM® approved OCTG machine shop services, as well as other ancillary storage and logistics services.

METS Iraq is the sole VAM® licenced engineering shop in South Iraq. It is owned to the extent of 90% by Medserv, the balance being held by one of the previous shareholders who retains 10% shareholding in the Company. The main two lines of business are handling and storage and the machine shop.

2 ISSUER PERFORMANCE & FINANCIAL POSITION OVERVIEW

This section provides an analysis of the FY2015 figures in relation to the previous two years. The historic information is in the main sourced from published annual reports as issued by Medserv plc, supported by additional information sourced from management. The projections for the current year (FY2016) are presented in sub-section 2.3 and are in line with the requirements of the Listing Policies of the MFSA.

All amounts in the tables below are in thousands (€'000) unless otherwise specified and have been subject to rounding.

NB: The FY2014 figures in the statement of comprehensive income were restated from those published in the previous FAS and in the 2014 financial statements of the Issuer as during 2015 the Company decided to close the Misurata subsidiary. This necessitated the appropriate re-classification of the operation to discontinued during both the 2015 financials and the comparative equivalent for 2014.

2.1 Financial Statements Review

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Revenue	6,899	32,207	42,196
Cost of Sales	(4,564)	(23,133)	(27,232)
Gross Profit	**2,335**	**9,074**	**14,964**
Other income	53	231	564
Administrative expenses	(1,463)	(3,426)	(5,247)
Other expenses	(24)	(2)	(111)
EBITDA	**901**	**5,878**	**10,171**
Depreciation and amortisation	(501)	(1,662)	(2,650)
Results from operating activities	**400**	**4,216**	**7,521**
Finance income	13	2	3
Finance costs	(281)	(1,079)	(1,508)
Net finance costs	(268)	(1,077)	(1,504)
Profit before tax	**132**	**3,139**	**6,016**
Tax income / (expense)	262	(858)	(1,306)
Profit from continuing operations	**394**	**2,281**	**4,710**
Loss from Discontinued Operations	-	(95)	(219)
Profit for the period	**394**	**2,186**	**4,492**
Attributable to Non-controlling interest	*7*	*249*	*374*
Attributable to shareholders	*387*	*1,937*	*4,118*

After the remarkable turnaround of the Group during FY2014, FY2015 was equally successful despite the challenges that the low oil prices brought in the sector. The improved overall performance of the Group is attributable to three principal factors – 1) A strong business flow conducted out of Malta in support of the ongoing operations offshore Libya; 2) the performance of the Cypriot subsidiary which continued to service ENI out of the Larnaca base; and 3) engineering and maintenance service contracts that continued to grow in 2015.

The 31% uplift in revenue is reflective of an increase in the volume and portfolio of logistics services being provided to the international oil companies and their sub-contractors throughout their drilling programs.

The Group's revenue streams can be divided in four main categories – shore base logistical support, rig and vessel stop services, income from other ancillary services and offshore maintenance.

REVENUE AND OTHER INCOME ANALYSIS BY SERVICE	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Shore Base Logistical Support	4,378	23,755	33,256
Rig & Vessel stops	939	1,279	1,402
Other Services	-	7,349	3,733
Offshore maintenance	1,582	-	3,805
Total Revenue	**6,899**	**32,383**	**42,196**
Other Income: PV farm feed-in	**-**	**204**	**525**

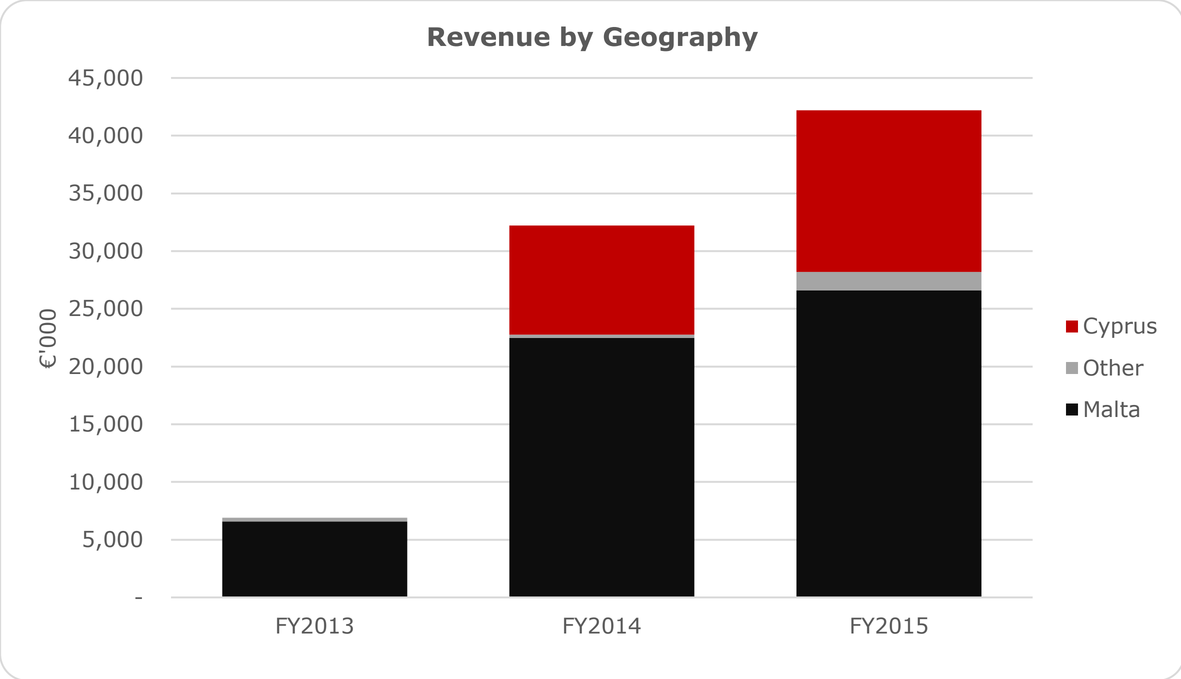
Source: Management Information

Certain figures presented in this table may not add up due to rounding differences

The Malta base continued its support services to key clients in the drilling of the Bahr Essalam field offshore Libya by Mellitah Oil & Gas (MOG). Good progress was registered in 2015 and this material activity is expected to continue through to the second half of 2017. Furthermore, in March 2015, the Company announced that it secured an offshore maintenance contract valued at approximately €4 million which commenced in the second quarter of 2015 for completion by mid-2016.

The solar farm, which was completed during the second half of 2014 and connected to the national grid, was operational for a full year during 2015. This is expected to continue to generate approximately €0.5 million annually as projected through the fixed feed-in tariff contracted for 20 years.

During 2015, the office in Tripoli continued to provide back-office support services in Libya to clients.



As can be observed from the chart above, although in absolute figures the Maltese operations registered a year-on-year increase, this segment accounted for a lower percentage of total revenue as a result of the increased contribution generated by the Cypriot base in Larnaca. In FY2015, the Cyprus base contributed 33% of total revenue as opposed to 29% for FY2014. Other operations (excluding the Misurata base) increased in FY2015, although, as a percentage of total revenue these remained relative low at 4%.

Furthermore, the Group reported that during FY2015, revenue of €34.2 million (representing over 80% of total revenue) was generated through transactions with two major external customers. This amount was €19 million in FY2014, representing a comparative 59%, suggesting higher concentration to the two major clients.

The increased business activity necessitated an increase in cost of sales and administrative expenses. Nonetheless, EBITDA improved by 70% to a record €10.2 million.

After deducting a depreciation charge of €2.7 million and net finance costs of €1.5 million (an increase of 59.5% and 39.7%, respectively), profit before tax on continued operations amounted to €6 million (FY2014: €3.2 million).

As mentioned earlier, during FY2015 the Group took a strategic decision, in agreement with the 40% partner (the Misurata Free Zone Authority), to exit from its Misurata venture. The accounting treatment of this decision resulted in classifying the operations as discontinued operations and the 2014 results were retrospectively restated for comparative purposes. This decision resulted in a €0.2 million loss in the FY2015 financial statements (the corresponding loss incurred during FY2014, as restated, was of €0.1 million).

Profit after tax attributable to shareholders was €4.1 million (excluding minority interest of €0.4 million), as opposed to the €2 million registered in FY2014.

Statement of Cash Flows

CASH FLOWS STATEMENT	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Net cash (used in)/from operating activities	(511)	(2,809)	8,825
Net cash used in investing activities	(3,537)	(13,421)	(6,306)
Net cash from / (used in) financing activities	10,926	7,857	(1,316)
Net movements in cash and cash equivalents	**6,878**	**(8,373)**	**1,203**
Cash and cash equivalents at beginning of the year	(1,316)	5,644	(2,688)
Effects of exchange rate fluctuations on cash held	22	2	-
Effect of disposal of subsidiary	-	-	(167)
Cash released from guarantee	-	39	-
Cash and cash equivalents at end of year	**5,584**	**(2,688)**	**(1,652)**

When adjusted for non-cash charges, the Group's cash profit stood at €10.1 million, reduced to €8.8 million operating cash inflow when accounting for changes in trade receivables and payables, and interest and tax paid during the year.

As the Group continued to expand, it further developed its sites within the Malta base, which resulted in a cash outflow of €3.8 million in FY2015. Furthermore, the USD3 million deposit to acquire METS group was paid during the last quarter of FY2015, which resulted in a cash outflow of approximately €2.7 million. These two factors contributed to the €6.3 million outflow used for investing activities, netted only by minimal receipts from disposal of the Misurata investment, disposal of assets and interest received.

Payment of a full year interest on the outstanding €20 million bond which was issued in two tranches during 2013 and 2014, as well as a one-off €2 million interim dividend announced in October (and paid in December 2015) and loan repayments amounting to €2 million completely utilised cash inflows. As a result, the Group's net outflow used in financing activities was of €1.3 million by end of FY2015.

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	**ACTUAL**	**ACTUAL**	**ACTUAL**
as at 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
ASSETS			
Property, plant and equipment	8,331	23,342	24,048
Prepaid operating lease	35,675	34,899	34,123
Deferred tax assets	4,577	4,063	3,504
Total non-current assets	**48,583**	**62,304**	**61,675**
Prepaid operating lease	776	776	776
Derivative financial asset	-	-	1,176
Trade and other receivables	3,868	16,641	16,477
Cash at bank and in hand	5,683	1,116	1,037
Total current assets	**10,327**	**18,532**	**19,466**
Total assets	**58,909**	**80,836**	**81,141**
LIABILITIES			
Deferred Income	35,675	34,899	34,123
Loans and borrowings (unlisted)	-	1,449	2,661
Bond (listed)	12,552	19,689	19,743
Deferred tax liabilities	-	47	161
Provisions	37	30	31
Total non-current liabilities	**48,264**	**56,114**	**56,720**
Current tax payable	-	142	287
Deferred income	776	776	776
Loans and borrowings (unlisted)	-	4,880	3,788
Current portion of bond (listed)	173	-	-
Trade and other payables	1,540	9,452	8,448
Total current liabilities	**2,489**	**15,250**	**13,299**
Total liabilities	**50,752**	**71,363**	**70,019**
EQUITY			
Share capital	2,500	2,500	4,500
Reserves	4,607	4,353	5,296
Retained earnings	772	2,363	1,315
Total equity attributable to equity-holders of the Company	**7,879**	**9,216**	**11,110**
Non-controlling interest	278	257	12
Total equity	**8,157**	**9,473**	**11,122**
Total equity and liabilities	**58,909**	**80,836**	**81,141**

Year-on-year, the change in the asset base of the Group was minimal as the composition of the Group's assets remained relatively unchanged, except for the forward hedging contract entered into ahead of the METS acquisition to exchange a specific amount of Euro to US Dollars.

On the funding side, the Group's borrowings were principally composed of listed bonds that were issued over two tranches between 2013 and 2014 and are callable between 2020 and 2023.

BORROWINGS	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Loans and borrowings (non-current)	-	1,449	2,661
Bond (listed)	12,552	19,689	19,743
Loans and borrowings (current)	-	4,880	3,788
Current portion of bond (listed)	173	-	-
Total Borrowings	**12,725**	**26,018**	**26,193**
Cash at bank and in hand	5,683	1,116	1,037
Net Debt	**7,042**	**24,902**	**25,156**

On 30 October 2015, the board declared a 4 for 5 bonus issue wherein the Company capitalised €2 million of retained earnings, thereby increasing share capital from 25 million shares to 45 million shares. This came in parallel with a net interim cash dividend announced during the year of €0.08 per share amounting to a further €2 million.

On 21 December 2015, the Company issued a Prospectus for a €30 million bond and a rights issue of up to 10 million new ordinary shares. The offer for both instruments was concluded in February 2016 and is therefore not reflected in the statement of financial position as at December 2015.

2.2 Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and management information.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

for the year ended 31 December	**ACTUAL 2013**	**ACTUAL 2014**	**ACTUAL 2015**
Gross Profit margin *(Gross Profit / Revenue)*	33.85%	28.17%	35.46%
EBITDA margin *(EBITDA / Revenue)*	13.06%	18.25%	24.10%
Operating Profit margin *(Operating Profit / Revenue)*	5.80%	13.09%	17.82%
Net Profit margin *(Profit for the period / Revenue)*	5.71%	6.79%	10.64%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	4.89%	24.80%	43.62%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	2.46%	7.76%	12.34%
Return on Assets *(Profit for the period / Average Assets)*	0.72%	3.13%	5.55%

The Group's profitability ratios were stronger for FY2015, as the increase in revenue resulted in an increase in profitability, thereby improving margins across the board.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to meet its short-term obligations.

for the year ended 31 December	**ACTUAL 2013**	**ACTUAL 2014**	**ACTUAL 2015**
Current Ratio *(Current Assets / Current Liabilities)*	4.15x	1.22x	1.46x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	2.28x	0.07x	0.08x

The Group's short-term liquidity position as at 31 December 2015, represented by the current ratio, was 1.46x, marginally better than the 1.22x as at 31 December 2014. This was aided by a positive impact as at year end on a currency hedge taken during the second half of FY2015.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to meet its debt obligations.

for the year ended 31 December	**ACTUAL 2013**	**ACTUAL 2014**	**ACTUAL 2015**
Interest Coverage ratio *(EBITDA / Net finance costs)*	3.36x	5.46x	6.76x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.86x	2.63x	2.26x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	60.94%	73.31%	70.19%

The uplift in revenue, resulting in higher EBITDA during FY2015, helped improve the interest coverage ratio from 5.46x in FY2014 to 6.76x, despite the payment of a first full-year interest on the 6% bonds during FY2015.

The Group's gearing ratios, which show how indebted a company is in relation to the equity contribution of its shareholders, improved on the back of the capitalisation of profits during the end of FY2015.

2.3 Forecasts – The Issuer

The 2016 forecasts have been provided and approved by management and now include the METS Group entities for the ten-month period 24 February 2016 to 31 December 2016.

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**FORECAST**
for the year ended 31 December	**2015**	**2016**
	€'000	*€'000*
Revenue	42,196	43,957
Cost of Sales	(27,232)	(29,090)
Gross Profit	**14,964**	**14,867**
Other income	564	545
Administrative expenses	(5,247)	(3,934)
Other expenses	(111)	-
EBITDA	**10,171**	**11,478**
Depreciation and amortisation	(2,650)	(4,305)
Results from operating activities	**7,521**	**7,173**
Finance income	3	-
Finance costs	(1,508)	(2,723)
Net finance costs	(1,504)	(2,723)
Profit before tax	**6,016**	**4,450**
Tax (expense) / income	(1,306)	175
Profit from continuing operations	**4,710**	**4,625**
Loss from Discontinued Operations	(219)	-
Profit for the period	**4,492**	**4,625**
Attributable to Non-controlling interest	*374*	*45*
Attributable to shareholders	*4,118*	*4,580*

Management has advised that these FY2016 forecasts were prepared and approved after carefully considering the current industry environment, the level and volatility of oil prices as well as the feedback being provided by clients in so far as project timings and the current state of the industry are concerned.

The Malta base is expected to continue offering its support services to operations in the Bahr Essalam exploratory and production project in Libya. Furthermore, the Company will also be providing support services in connection with the replacement of the FPSO vessel also offshore Libya later on this year. Other revenue is expected to be generated from exploratory drilling between July 2016 and June 2017. Back-office support and administrative assistance to contractors operating in Libya is expected to continue out of the Company's branch office in Tripoli.

In Cyprus, the present position is assumed to continue for the remainder of the year and consequently revenue from this base is expected to drop materially in view of uncertainties and delays being experienced.

Other revenue expected to be generated during FY2016 include that generated from the mobilisation and demobilisation of rigs and/or other vessels. This revenue stream is however not expected to be material. Offshore maintenance and dredging contracts and services are expected to continue as are other ad-hoc non-core ancillary services, that are, however, very low margin business but essential in providing a comprehensive logistic shore base to customers.

A new operation factored into the FY2016 numbers relates to exploratory drilling of one well offshore Portugal. This is expected to generate €3.8 million in revenue during the year. The pop-up base becomes operational in the first half of 2016 and works are expected to commence shortly and be completed by the end of the current year.

REVENUE AND OTHER INCOME ANALYSIS BY SERVICE	**ACTUAL**	**FORECAST**
for the year ended 31 December	**2015**	**2016**
	€'000	*€'000*
Shore Base Logistical Support	33,256	22,407
OCTG Shops	-	16,343
Rig & Vessel stops	1,402	484
Other Services	3,733	2,222
Offshore maintenance	3,805	2,500
Total Revenue	**42,196**	**43,957**
Other Income: PV farm feed-in	**525**	**510**

Source: Management Information

Certain figures presented in this table may not add up due to rounding differences

The integration of the METS Group figures for a period of approximately 10 months of 2016 are undoubtedly the principal development in the preparation of these forecasts. Management is expecting a contribution of €16.3 million to revenue from the METS Group. We have been advised that this expectation is based on business already known and secured. The Omani entity is expected to remain the strongest of the three Middle Eastern operations with a contribution of €8 million to this revenue forecast. On the other hand, METS UAE and Iraq are said to be experiencing a relative slowdown although management indicated that the business pipeline for these two entities suggests that business will pick up towards the second half of the year. Revenue for these two entities is expected to be in the region of €4.6 million and €3.7 million respectively and most is expected to be derived from storage and handling, machine shop and inspection services to existing clients.

Administrative expenses are forecasted at a lower level of €3.9 million (FY2015: €5.2 million). Lower administrative fees at both the Cypriot base and METS are expected to lead to a decline in the Group's administrative expenses for the year.

Net finance costs are expected to increase in 2016, from €1.5 million to €2.7 reflecting the additional bonds issued earlier on this year for the settlement of part of the total acquisition cost of the METS Group. Total bond borrowing of the Group now stands at close to €50 million equivalent. As can be expected, this increased level of borrowing will negatively impact interest cover. The ratio is expected to read 4.22 times in FY2016 compared to 6.76 times in FY2015. Depreciation charges are also expected to increase in line with the absorption of METS Group assets.

Taxation for 2016 is expected to be a credit of €0.2 million as opposed to a charge of €1.3 million in 2015 on the back of investment tax credit that the Group is able to avail itself of.

STATEMENT OF CASH FLOWS

CASH FLOWS STATEMENT	ACTUAL	FORECAST
for the year ended 31 December	**2015**	**2016**
	€'000	*€'000*
Net cash from operating activities	8,825	12,169
Net cash used in investing activities	(6,306)	(37,228)
Net cash (used in) / from financing activities	(1,316)	36,346
Net movements in cash and cash equivalents	**1,203**	**11,287**
Cash and cash equivalents at beginning of the year	(2,688)	(1,652)
Effect of disposal of subsidiary	(167)	-
Cash and cash equivalents at end of year	**(1,652)**	**9,635**

In 2016, the Group is expected to close in a stronger cash position. The Group's operations are expected to generate a net cash inflow from operations of €12.2 million by the end of 2016. The Group's investment to acquire the METS Group in February of 2016 was funded through a bond and a share issue. No further material investment is being envisaged during 2016 which would otherwise require additional borrowings from either or a combination of banks and the capital market. This is expected to leave the Group with a cash balance of €9.6 million by the end of the year.

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	ACTUAL	FORECAST
as at 31 December	**2015**	**2016**
	€'000	*€'000*
ASSETS		
Goodwill and intangible assets	-	19,519
Property, plant and equipment	24,048	30,891
Prepaid operating lease	34,123	33,348
Deferred tax assets	3,504	3,936
Total non-current assets	**61,675**	**87,694**
Inventories	-	289
Prepaid operating lease	776	776
Derivative financial asset	1,176	-
Trade and other receivables	16,477	21,741
Cash at bank and in hand	1,037	9,636
Total current assets	**19,466**	**32,442**
TOTAL ASSETS	**81,141**	**120,136**
LIABILITIES		
Deferred Income	34,123	33,348
Loans and borrowings (unlisted)	2,661	1,529
Bond (listed)	19,743	48,573
Deferred tax liabilities	161	125
Provisions	31	555
Total non-current liabilities	**56,720**	**84,130**
Current tax payable	287	539
Deferred income	776	839
Loans and borrowings (unlisted)	3,788	1,424
Trade and other payables	8,448	6,420
Total current liabilities	**13,299**	**9,222**
Total liabilities	**70,019**	**93,352**
EQUITY		
Share capital	4,500	17,398
Reserves	5,296	4,166
Retained earnings	1,315	5,163
Total equity attributable to equity-holders of the Company	**11,110**	**26,727**
Non-controlling interest	12	57
Total equity	**11,122**	**26,784**
TOTAL EQUITY AND LIABILITIES	**81,141**	**120,136**

In 2016, the balance sheet structure of the new Medserv Group changes materially in view of the integration of the METS Group assets and liabilities. In particular, the acquisition brings about an element of goodwill and intangible assets that is expected to be in the region of €19.5 million. The Issuer is still in the process of carrying out a detailed Purchase Price Allocation exercise whereby the purchase consideration is allocated to the fair value of all identifiable net assets acquired as at acquisition date of METS with the residual being goodwill. In the absence of a detailed Purchase Price Allocation, for the purposes of this forecast, it has been assumed that the book value of the projected net assets of the METS Group as at date of acquisition, is representative of their fair value. Also, the difference between the purchase consideration paid by the Group for the acquisition of METS and the projected net assets of the METS Group as at date of acquisition has all been allocated to intangible assets without splitting between any identifiable intangible assets arising in connection with the acquisition and any resultant goodwill. As a result, no amortisation is being recognised in the projected statements of comprehensive income on any intangible assets that may be identified as part of the Purchase Price Allocation.

The borrowings on the balance sheet of the Group are all Medserv borrowings and in FY2016 these include a new €30 million bond that was listed earlier on in February 2016. The acquisition of METS did not result in the consolidation of any borrowings, since the METS entities did not have any debts on their respective balance sheets. Equity includes the effect of the rights issue concluded in parallel with the bond and the increasing element of retained earnings as the new Group is expected to continue to generate additional profits.

3 GUARANTOR PERFORMANCE & FINANCIAL POSITION OVERVIEW

Medserv Operations Limited ("**MedOps**") is the guarantor of the bond issue to which this FAS relates. MedOps manages and operates the Malta base of the Group – the largest in terms of size and activity.

What follows is an analysis of the FY2015 figures in comparison to the previous two years. The information in relation to the historic information is sourced from published annual reports as issued by Medserv plc as well as from additional information provided by management. Furthermore, sub-section 3.3 includes a set of projections for the current year (FY2016) of the Guarantor in line with the requirements of the Listing Policies of the MFSA. All amounts in the tables below are in thousands (€'000), unless otherwise specified and have been subject to rounding.

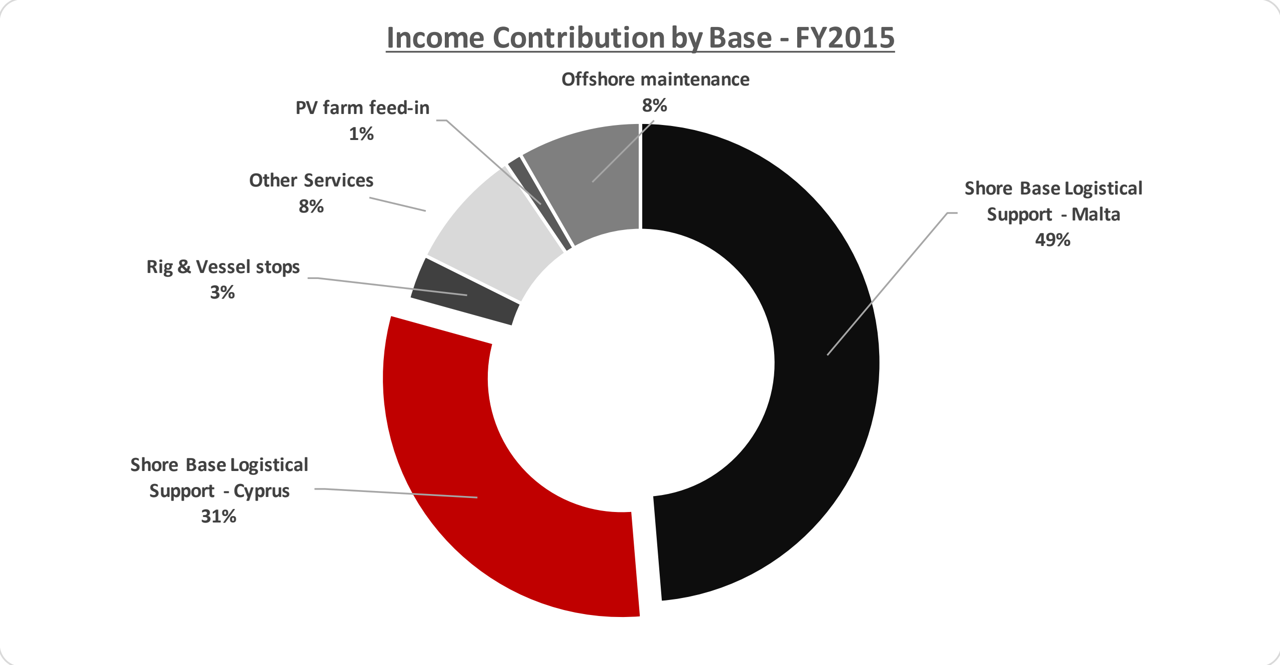
3.1 Financial Statements Review

Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Revenue	6,571	22,437	26,561
Cost of Sales	(4,565)	(17,410)	(18,496)
Gross Profit	**2,006**	**5,027**	**8,065**
Other income	6	214	538
Administrative and other expenses	(1,251)	(1,799)	(1,641)
EBITDA	**761**	**3,442**	**6,962**
Depreciation and amortisation	(295)	(924)	(1,445)
Results from operating activities	**466**	**2,518**	**5,516**
Net finance costs	(184)	(605)	(1,064)
Profit before tax	**282**	**1,913**	**4,453**
Tax income / (expense)	307	(495)	(633)
Net Profit for the year	**589**	**1,418**	**3,819**

Set up in 1974, MedOps remains to date the main operating company of the Issuer. MedOps is the Guarantor of the bond issue to which this FAS relates to (i.e. the bond programme for the €20 million 6% bond 2020/23). This subsidiary holds the emphytheutical rights over its site within the Malta Freeport and to date has always been the main contributor to profitability of the Group.

During FY2015, MedOps remained the largest operation in scope and revenue, servicing the Libyan offshore operations, onshore ancillary and support services and the PV farm. Revenues amounting to €26.6 million were generated by MedOps in FY2015, representing 63% of the total revenue of the Group. Similarly, EBITDA generated by the company made up 68.4% of the aggregate Group EBITDA, while MedOps contributed 74% of the profit before tax figure for FY2015, over 14 percentage point increase over the previous year's contribution. Although the Maltese subsidiary remains the largest contributor to revenue and profit before tax figures to the Group, as Medserv embarked on a diversification strategy both in terms of services and geographical locations, this concentration diminished, particularly as the Cypriot base became an important revenue generation base for the Group.



Administrative expenses were marginally lower, while depreciation was higher on the back of a larger fixed-asset base. Net finance costs was 76% higher reflecting the higher level of borrowings of the company during the year. After accounting for a tax charge of €0.6 million, the net profit for the year stood at €3.8 million, more than twice that of FY2014.

Statement of Cash Flows

CASH FLOWS STATEMENT	**ACTUAL**	**ACTUAL**	**ACTUAL**
for the year ended 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
Net cash from / (used in) operating activities	6,037	(3,529)	(2,036)
Net cash used in investing activities	(3,499)	(7,482)	(3,582)
Net cash from financing activities	4,401	3,647	5,335
Net movements in cash and cash equivalents	**6,939**	**(7,364)**	**(283)**
Cash and cash equivalents at beginning of the year	(1,790)	5,152	(2,213)
Effects of exchange rate fluctuations on cash held	3	-	-
Cash and cash equivalents at end of year	**5,152**	**(2,212)**	**(2,496)**

MedOps' net cash outflow position of €2.5 million at the end of FY2015 was in the main the result of additional base developments at the Freeport and Hal Far sites, as well as increased financing activity payments.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	**ACTUAL**	**ACTUAL**	**ACTUAL**
as at 31 December	**2013**	**2014**	**2015**
	€'000	*€'000*	*€'000*
ASSETS			
Property, plant and equipment	7,630	16,325	18,470
Prepaid operating leases	35,675	34,899	34,123
Deferred tax assets	4,500	4,005	3,424
Total non-current assets	**47,805**	**55,229**	**56,017**
Derivative financial asset	-	-	1,176
Prepaid operating leases	776	776	776
Trade and other receivables	3,156	10,188	14,297
Cash at bank and in hand	5,152	333	193
Total current assets	**9,084**	**11,297**	**16,441**
TOTAL ASSETS	**56,888**	**66,526**	**72,459**
LIABILITIES			
Deferred income	35,675	34,899	34,123
Non-interest bearing loan from parent *(unlisted)*	2,729	-	-
Non-current portion of loan from parent *(unlisted)*	6,712	12,565	16,287
Non-current portion of bank loan *(unlisted)*	-	125	2,661
Provisions	37	30	31
Total non-current liabilities	**45,153**	**47,619**	**53,102**
Deferred income	776	776	776
Current portion of loan from parent	86	-	-
Amounts owed to group company	56	166	-
Current portion of bank loan and bank overdraft *(unlisted)*	-	3,623	3,788
Amounts held on behalf of parent	5,000	3,306	3,448
Trade and other payables	1,094	6,295	5,284
Total current liabilities	**7,012**	**14,166**	**13,296**
Total liabilities	**52,164**	**61,785**	**66,398**
Equity			
Share capital	233	233	233
Reserves	4,469	4,215	4,018
Retained Earnings	22	293	1,810
Total equity	**4,724**	**4,741**	**6,061**
TOTAL EQUITY AND LIABILITIES	**56,888**	**66,526**	**72,459**

As a result of increased operations, the Guarantor's asset base grew by 8.9% to €72.5 million by the end of FY2015. During the year, the company purchased additional cargo carrying units (CCUs) and carried out further developments of Malta base to meet increased demand for services. This increased demand and activity naturally impacted key financial position line items during the year as can be seen above.

The company's funding was reliant on bank borrowings and loans from its parent for its continued expansion and operations, as well as sustained levels of retained earnings.

3.2 Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co (Stockbrokers) Ltd using the figures extracted from annual reports and information provided by management.

Profitability Ratios

Such ratios assist in measuring a company's ability to generate profitable sales from its assets.

for the year ended 31 December	**ACTUAL 2013**	**ACTUAL 2014**	**ACTUAL 2015**
Gross Profit margin *(Gross Profit / Revenue)*	30.53%	22.40%	30.36%
EBITDA margin *(EBITDA / Revenue)*	11.58%	15.34%	26.21%
Operating Profit margin *(Operating Profit / Revenue)*	7.09%	11.22%	20.77%
Net Profit margin *(Profit for the period / Revenue)*	8.96%	6.32%	14.38%
Return on Equity *(Profit attributable to owners of the Company / Average Equity attributable to owners of the Company)*	13.30%	29.96%	70.72%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	4.98%	7.98%	15.27%
Return on Assets *(Profit for the period / Average Assets)*	1.11%	2.30%	5.50%

Profitability ratios for the year ended 31 December 2015 were superior to those for FY2014 on the back of increased revenue streams and improved margins at all levels.

LIQUIDITY RATIOS

Such ratios assist in measuring a company's ability to meet its short-term obligations.

for the year ended 31 December	**ACTUAL 2013**	**ACTUAL 2014**	**ACTUAL 2015**
Current Ratio *(Current Assets / Current Liabilities)*	1.30x	0.80x	1.24x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.73x	0.02x	0.01x

The company's current ratio improved, as the company had a higher level of current assets to cover its short term obligations. The result was due to a combination of increased current assets and a lower level of current liabilities. Nonetheless, the company's cash ratio was weaker than that of FY2014 at 0.01 times (FY2014: 0.02 times), as additional cash outflows were necessary during the year to cater for further expansion.

SOLVENCY RATIOS

Such ratios assist in measuring a company's ability to meet its debt obligations.

for the year ended 31 December	***ACTUAL* 2013**	***ACTUAL* 2014**	***ACTUAL* 2015**
Interest Coverage ratio *(EBITDA / Net finance costs)*	4.14x	5.69x	6.54x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.94x	3.41x	3.72x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	66.98%	77.66%	78.95%

Despite the increase in bank debts and interest-accruing obligations, their effect on MedOps' solvency ratios was minimal due to higher levels of revenue that translated to improved profit margins and profits retained within the company. Similarly, the interest cover ratio improved from 5.69 times to 6.54 times.

Gearing was contained below the 80% mark, despite the increase in financial obligations of the company, as equity was supported by an improved level of retained earnings.

3.3 Forecasts – The Guarantor

The Guarantor 2016 forecasts have been provided and approved by management.

Statement of Comprehensive Income

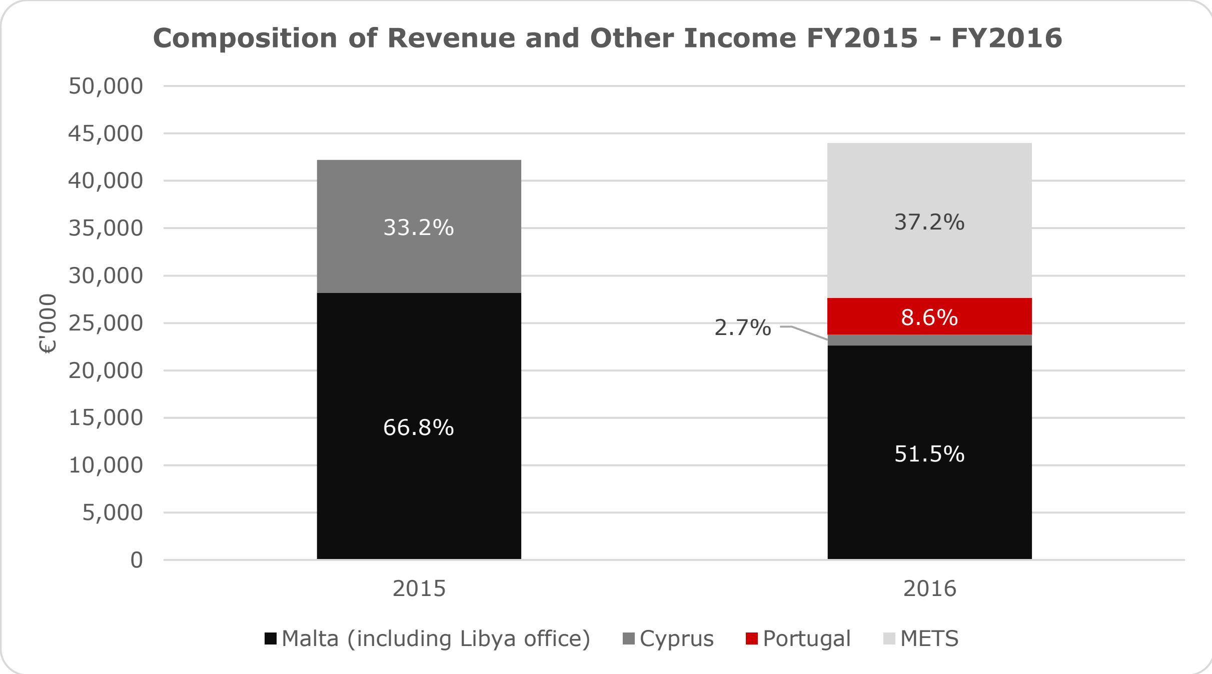
STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**FORECAST**
for the year ended 31 December	**2015**	**2016**
	€'000	*€'000*
Revenue	26,561	22,367
Cost of Sales	(18,496)	(15,998)
Gross Profit	**8,065**	**6,369**
Other income	538	510
Administrative and other expenses	(1,641)	(1,826)
EBITDA	**6,962**	**5,053**
Depreciation and amortisation	(1,445)	(1,460)
Results from operating activities	**5,516**	**3,593**
Net finance costs	(1,064)	(1,345)
Profit before tax	**4,453**	**2,248**
Tax (expense)/income	(633)	470
Net Profit for the year	**3,819**	**2,718**

As explained in section 2.3 in relation to the Issuer's forecasts, the FY2016 figures for MedOps include revenue from contracted works that are assumed to resume during the remainder of 2016. The Malta base is planned to continue to support the project activity in the Bahr Essalam and the Bouri field. This includes logistic support for the replacement of a Floating Offloading Storage and Offloading vessel (FPSO).

MedOps is also forecasted to provide shore base services for the drilling of additional offshore wells in 2016.

Other services, offshore maintenance works and income from the PV farm are expected to generate an additional €5.7 million in revenues in FY2016.

Despite a slight decline in percentage revenue contribution expected out of MedOps in FY2016, the Guarantor remains a very important component and revenue generator for the Group.



Administrative expenses are expected to increase to €1.8 million due to higher development costs expected to be carried out. Net finance costs are expected to rise to €1.3 million as loans from Medserv plc increase during FY2016. Profit before tax is expected to be €2.2 million, which after the tax credit of €0.5 million availed of, MedOps would close FY2016 at a net profit of €2.7 million.

STATEMENT OF CASH FLOWS

CASH FLOWS STATEMENT	**ACTUAL**	**FORECAST**
for the year ended 31 December	**2015**	**2016**
	€'000	*€'000*
Net cash (used in)/from operating activities	(2,036)	7,260
Net cash used in investing activities	(3,582)	(140)
Net cash from financing activities	5,335	695
Net movements in cash and cash equivalents	**(283)**	**7,815**
Cash and cash equivalents at beginning of the year	(2,213)	(2,496)
Cash and cash equivalents at end of year	**(2,496)**	**5,319**

The Guarantor's cash position is expected to improve in FY2016, as there is a limited amount of capital expenditure envisaged, which is expected to result in a net cash inflow of €5.3 million by the end of FY2016. This supports improved cash ratio and net gearing ratios for FY2016.

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION	**ACTUAL**	**FORECAST**
as at 31 December	**2015**	**2016**
	€'000	*€'000*
ASSETS		
Property, plant and equipment	18,470	17,150
Prepaid operating leases	34,123	33,348
Deferred tax assets	3,424	3,896
Total non-current assets	**56,017**	**54,394**
Derivative financial asset	1,176	-
Prepaid operating leases	776	776
Trade and other receivables	14,297	10,580
Cash at bank and in hand	193	5,319
Total current assets	**16,441**	**16,675**
TOTAL ASSETS	**72,459**	**71,069**
LIABILITIES		
Deferred income	34,123	33,348
Non-current portion of loan from parent *(unlisted)*	16,287	20,170
Non-current portion of bank loan *(unlisted)*	2,661	1,529
Provisions	31	31
Total non-current liabilities	**53,102**	**55,078**
Deferred income	776	776
Current portion of bank loan and bank overdraft *(unlisted)*	3,788	1,141
Amounts held on behalf of parent	3,448	3,503
Trade and other payables	5,284	3,191
Total current liabilities	**13,296**	**8,611**
Total liabilities	**66,398**	**63,689**
EQUITY		
Share capital	233	233
Reserves	4,018	4,635
Retained Earnings	1,810	2,512
Total equity	**6,061**	**7,380**
TOTAL EQUITY AND LIABILITIES	**72,459**	**71,069**

The total asset base of MedOps is not expected to be largely different from that of FY2015. The lower level of revenue will reflect a lower level of trade receivables. The company's structure of debt will shift from short-term to longer-term, but the level of borrowings will not be materially different from that of FY2015. Retained earnings are expected to reflect the level of profits retained in the company, which boost equity. This is reflected in improved gearing which is expected to go down from 79% to 75.6% by the end of FY2016.

4 COMPARISON TO PREVIOUS FORECAST

The actual results of Medserv p.l.c. as well as those of Medserv Operations Limited for the financial year ended 31 December 2015 varied from the forecasts presented in the FAS last updated on 15 May 2015. These variances are further analysed below.

4.1 VARIATIONS IN THE ISSUER'S FINANCIAL PERFORMANCE

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**FORECAST**	***VARIANCE***	
for the year ended 31 December	**2015**	**2015**		
	€'000	*€'000*	*€ '000*	*%*
Revenue	42,196	37,213	*4,983*	*13%*
Cost of Sales	(27,232)	(25,657)	*(1,575)*	*6%*
Gross Profit	**14,964**	**11,556**	***3,408***	***29%***
Other income	564	529	*35*	*7%*
Administrative expenses	(5,247)	(3,722)	*(1,525)*	*41%*
Other expenses	(111)	-	*(111)*	
EBITDA	**10,171**	**8,363**	***1,808***	***22%***
Depreciation and amortisation	(2,650)	(2,431)	*(219)*	*9%*
Results from operating activities	**7,521**	**5,932**	***1,589***	***27%***
Finance income	3	-	*3*	*n/a*
Finance costs	(1,508)	(1,571)	*63*	*-4%*
Net finance costs	(1,504)	(1,571)	*67*	*-4%*
Profit before tax	**6,016**	**4,361**	***1,655***	***38%***
Tax income / (expense)	(1,306)	(1,454)	*148*	*-10%*
Profit from continuing operations	**4,710**	**2,907**	***1,803***	***62%***
Loss from Discontinued Operations	(219)	-	*(219)*	*n/a*
Profit for the period	**4,492**	**2,907**	***1,585***	***55%***
Attributable to Non-controlling interest	*374*	*321*	*53*	*16%*
Attributable to shareholders	*4,118*	*2,586*	*1,532*	*59%*

The Company attributes the improved performance of FY2015 compared to forecasts to three factors:

1. The strong and increased business flow conducted out of Malta;
2. The performance of Medserv Cyprus; and
3. The engineering and maintenance services which contributed more than anticipated in 2015.

A more-detailed analysis of revenue by the type of service offered by the Medserv Group follows:

REVENUE AND OTHER INCOME ANALYSIS BY SERVICE	**ACTUAL**	**FORECAST**	**VARIANCE**	
for the year ended 31 December	**2015**	**2015**		
	€'000	*€'000*	*€ '000*	*%*
Shore Base Logistical Support	33,256	22,941	10,315	45%
Rig & Vessel stops	1,402	1,292	110	9%
Other Services	3,733	10,100	(6,367)	-63%
Offshore maintenance	3,805	2,880	925	32%
Total Revenue	**42,196**	**37,213**	**4,983**	**13%**
Other Income: PV farm feed-in	**525**	**529**	**(4)**	**-1%**

Source: Management Information

Certain figures presented in this table may not add up due to rounding differences

The material deviation from forecasts was positively noted in the shore base logistical support, which was the result of an increase in volume and scope of the assignments undertaken. Forecasted revenue generated from other services were not met, however, management explained that this is not surprising and neither worrying. Other services include low-margin ancillary services that clients of Medserv would request it to carry out ad-hoc and as and when required and not on a contract-basis, making it more difficult to forecast with precision.

The variance in offshore maintenance is due to a contract of €1 million not forecasted last year. Other variances were not material. Overall, total revenue was 13% more than that forecasted last year at €42.2 million.

The increase in volume and scope of projects undertaken during the year necessitated an increase in administrative expenses, but other expenses were relatively in line with those budgeted.

The effect of the higher revenue figures translated into positive variances across other figures, as EBITDA, profit before tax and profit after tax were all higher than those forecasted in the previous FAS.

4.2 VARIATIONS IN THE GUARANTOR'S FINANCIAL PERFORMANCE

MedOps, being a key operating entity within the Group, witnessed similar variations in its financial performance for the same reasons described in Section 4.1 above.

STATEMENT OF COMPREHENSIVE INCOME	**ACTUAL**	**FORECAST**	**VARIANCE**	
for the year ended 31 December	**2015**	**2015**		
	€'000	*€'000*	*€ '000*	*%*
Revenue	26,561	27,772	(1,211)	-4%
Cost of Sales	(18,496)	(19,088)	592	-3%
Gross Profit	**8,065**	**8,684**	(619)	-7%
Other income	538	529	9	2%
Administrative and other expenses	(1,641)	(4,174)	2,533	-61%
EBITDA	**6,962**	**5,039**	1,923	38%
Depreciation and amortisation	(1,445)	(1,111)	(334)	30%
Results from operating activities	**5,516**	**3,928**	1,588	40%
Net finance costs	(1,064)	(1,016)	(48)	5%
Profit / (Loss) before tax	**4,453**	**2,912**	1,541	53%
Tax income / (expense)	(633)	(1,034)	401	-39%
Net Profit / (Loss) for the year	**3,819**	**1,878**	1,941	103%

As the contracts undertaken by MedOps were in line with those envisaged last year, the extent of revenue generated out of those contracts was higher due to an increase in volume and scope of the said contracts.

While gross profit margin was relatively in line with forecasts at 30%, EBITDA margin was substantially superior to that anticipated at 26% (forecasted at 18%) as administrative expenses were 60% lower than those envisaged last year. This was due to a lower-than-anticipated level of development costs required during FY2015.

The improvement in revenue and lower administrative expenses translated into increased profit figures for the year.

5 GLOSSARY

DEFINITION OF GENERAL TERMS

Issuer	Medserv p.l.c. (Medserv/Group), a public limited liability company registered under the laws of Malta with company registration number C28847 and with registered office situated at Malta Freeport, Port of Marsaxlokk, Birzebbugia, BBG 3011. Medserv p.l.c. is the parent company of the Group.
Guarantor	Medserv Operations Limited (MedOps), a limited liability company registered under the laws of Malta with company registration number C2971 and with registered office situated at Malta Freeport, Port of Marsaxlokk, Birzebbugia, BBG3011, Malta. Medserv Operations Limited is wholly owned by Medserv p.l.c., the Issuer, and is also one of its main subsidiaries.
Group	Incorporates the Issuer and its subsidiaries including the two main operating companies, namely Medserv Operations Limited and Medserv Misurata Free Zone Company (F.Z.C.).
Guarantee	The joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Notes.
FY20xx	Refers to financial year 20xx.

DEFINITION OF TERMS IN STATEMENT OF COMPREHENSIVE INCOME

Revenue	The income generated by the Group from the services it provides including support to exploratory wells, rig stops, general logistics & support services, offshore maintenance and transport & specialised services.
Cost of sales	The costs incurred in direct relation to the provision of services including supplies, freight, base yard expenses and transportation.
Gross Profit	The difference between 'Revenue' and 'Cost of sales' which reflects the Group's ability to generate profitable sales.
Administrative expenses	Costs incurred in relation to the running of the business including wages and salaries, Directors' remuneration, professional fees and travelling expenses.
EBITDA	Earnings before interest, tax, depreciation and amortisation reflecting the Group's earnings power purely from operations.
Depreciation and amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Results from operating activities	EBITDA less depreciation and amortisation reflecting the earnings power of the company before accounting for interest costs and taxes.
Finance Income	Interest earned on cash bank balances.
Finance Costs	Interest accrued on debt obligations.

Share of profit / loss of jointly-controlled entity	The proportionate share of the Group's profit or loss generated or incurred by the jointly-controlled-entity which in the case of Medserv p.l.c. relates to Medserv Italia s.r.l.
Non-controlling interest	An adjustment to extract amounts attributable to third-party shareholders in subsidiaries.
Net Profit / (Loss)	The profit generated or loss incurred in one financial year.

Definition of Terms in Statement of Cash Flows

Net cash from / (used for) operating activities *[CFO]*	The cash used for or generated from the Group's business activities.
Net cash from / (used for) investing activities *[CFI]*	The cash used for or generated from investing activities including investments in new entities and acquisition or disposal of fixed assets.
Net cash from / (used for) financing activities *[CFF]*	The cash used for or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

Definition of Terms in Statement of Financial Position

Assets	What the company owns. There are two types of assets: (i) Non-current assets and (ii) Current assets.
Non-Current Assets	Mainly consist of tangible assets which support the operations of the company including property, plant and equipment. Other types of non-current assets are financial in nature such as investments in jointly-controlled entities and deferred tax assets.
Current Assets	Cash or assets which can be converted into cash within one financial year including inventories, trade receivables and cash balances.
Liabilities	What the company owes. There are two types of liabilities: (i) Non-current liabilities and (ii) Current liabilities.
Non-current liabilities	Obligations due after more than one financial year including bonds and long-term bank borrowings.
Current liabilities	Obligations due within one financial year including trade payables and short-term borrowings such as bank overdrafts.
Equity	Equity is calculated as assets less liabilities and represents the accounting book value of the company.