



Medserv p.l.c.
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COMPANY ANNOUNCEMENT

Medserv plc

Approval of interim financial statements

Date of Announcement	30 August 2010
Reference	43/2010
Listing Rule	LR8.7.3

This is a company announcement being made by the Company in compliance with Chapter 8 of the Listing rules:

Quote

The Board of Directors has today approved the interim financial statements of the Company for the period from 1 January 2010 to 30 June 2010, a copy of which is attached hereto and is available for public inspection in an electronic form on the Company's website.

Unquote

Signed:

Louis de Gabriele
Company Secretary



Medserv p.l.c.

Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2010 to 30 June 2010

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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 2010 and its comparative period in 2009. The comparative consolidated statement of financial position has been extracted from the audited financial statements as at 31 December 2009. 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 2010. 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.

Accounting policies

The accounting policies adopted in the preparation of the Group's half yearly report are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2009.

Review of performance and outlook

The Group's turnover for the six-month period ended 30 June 2010 amounted to €7,201,536 compared to €8,167,792 registered in the comparative period to 30 June 2009.

The Group registered a profit before tax of €147,753 compared to €1,542,726 achieved in the six month period to 30 June 2009. After providing for income tax, the net profit for the period to 30 June 2010 amounted to €196,112 when compared to €1,513,729 for the six month period ended 30 June 2009.

The Group's results in the first half of the year are lower than forecasted and significantly lower than those achieved in the first six months of 2009, but turnover remained at the same levels of the comparative six-month period chiefly due to the increased low margin business registered during this year.

The Malta base continued to service specialized vessels and rigs passing through the Mediterranean. The Libya base has been engaged in the mobilization for exploration activity expected to commence in the coming months by an international oil company. Both bases are also assisting in a number of mobilization and demobilization operations for various international oil companies.



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For the Period 1 January 2010 to 30 June 2010

Unlike last year, both the Malta base and the Libya base supported a lower level of activity in their offshore business. This is mainly a result of two events that have affected international oil companies gearing up to commence exploration or indeed production.

All new offshore projects are on hold as a direct consequence of the BP incident in the Gulf of Mexico. Operators are waiting to learn what new regulations and consequently new costs that will be imposed as an aftermath of the Mexico incident before they resume their plans to commence exploration or development. Indeed in the United States and to a lesser extent in the European Union there is a temporary ban on deep water drilling. This is expected to be lifted before the end of this year.

Libya remains Medserv's main market. Although no ban was introduced on offshore drilling in Libyan waters, all projects have been delayed. Companies need to mark time to understand the new operating conditions they will have to face after 'Mexico'.

In addition to the Mexico incident, the Swiss Libyan dispute further compounded the situation in the market.

Offshore business in Libya is expected to recommence during the last quarter 2010 or the first quarter 2011. The Group is confident that the business postponed will come to market during this period.

The Group is continuing to strengthen its management structure to ensure that it has the necessary capability of meeting the expected increase in business.

The Group is pushing ahead with its plans to further expand and diversify its business. Market assessment for the whole of North Africa and Italy is continuing.

Related party transactions

Similar to what was reported in the financial statements for the year ended 31 December 2009, the Group had related party transactions with its directors, shareholders 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.

Medserv p.l.c.

Directors' Report pursuant to Listing Rule 9.44k.2

For the Period 1 January 2010 to 30 June 2010

Dividends

At the Annual General Meeting held on 18 May 2010, the shareholders approved the declaration of a final dividend of €0.135 per share amounting to €1,350,000, which was paid on 31 May 2010.

These dividends were distributed from the final tax account.

No interim dividends are being recommended.

Approved by the Board on 30 August 2010 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 2010

	Note	At 30.06.10 €	At 31.12.09 €
Assets			
Property, plant and equipment	6	4,727,796	4,727,729
Deferred tax assets		3,721,448	3,678,316
Total non-current assets		8,449,244	8,406,045
Current tax asset		78,591	61,459
Trade and other receivables		6,118,783	7,353,389
Cash at bank and in hand		1,388,747	1,071,296
Total current assets		7,586,121	8,486,144
Total assets		16,035,365	16,892,189
Equity			
Share capital		2,329,370	2,329,370
Reserves		3,714,863	3,673,693
Retained earnings		1,681,913	2,922,381
Total equity attributable to equity holders of the Company		7,726,146	8,925,444
Non-controlling interest		462,445	657,206
Total equity		8,188,591	9,582,650
Liabilities			
Bank borrowings		888,891	888,891
Provisions		39,647	31,073
Total non-current liabilities		928,538	919,964
Current tax payable		61,712	40,544
Bank overdraft		941,113	600,670
Bank borrowings		169,639	420,000
Trade and other payables		5,745,772	5,328,361
Total current liabilities		6,918,236	6,389,575
Total liabilities		7,846,774	7,309,539
Total equity and liabilities		16,035,365	16,892,189

These consolidated financial statements were approved by the Board of Directors on 30 August 2010 and were signed by:



Anthony J Duncan
Director



Anthony S Diacono
Director



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Condensed Consolidated Statement of Comprehensive Income

For the Period 1 January 2010 to 30 June 2010

	Note	6 months ended 30.06.10 €	6 months ended 30.06.09 €
Revenue		7,201,536	8,167,792
Cost of sales		(6,281,580)	(5,742,910)
Gross profit		919,956	2,424,882
Other income		121,870	80,029
Administrative expenses		(840,331)	(908,038)
Other expenses		(107,783)	(13,750)
Results from operating activities		93,712	1,583,123
Finance income		107,063	1,849
Finance expenses		(53,022)	(42,246)
Net finance expense		54,041	(40,397)
Profit before income tax		147,753	1,542,726
Tax income/(expense)	5	48,359	(28,997)
Profit for the period		196,112	1,513,729
Profit attributable to			
Owners of the Company		150,702	1,294,155
Non-controlling interest		45,410	219,574
Profit for the period		196,112	1,513,729
Earnings per share			
Basic earnings per share		1c5	12c9

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Condensed Consolidated Statement of Changes in Equity

For the Period 1 January 2010 to 30 June 2010

	Share capital	Legal reserve	Statutory reserve	Retained earnings	Total	Non- controlling interest	Total equity
	€	€	€	€	€	€	€
Balance at 1 January 2009	2,329,370	60,000	3,841,688	757,064	6,988,122	356,863	7,344,985
Total comprehensive income for the period							
Profit for the period	-	-	-	1,294,155	1,294,155	219,574	1,513,729
Transfer from retained earnings							
Unrealised gain recognised	-	-	95,729	(95,729)	-	-	-
Distributions to owners							
Dividends to equity holders	-	-	-	(390,000)	(390,000)	(180,000)	(570,000)
Balance at 30 June 2009	2,329,370	60,000	3,937,417	1,565,490	7,892,277	396,437	8,288,714
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							
Unrealised gain recognised	-	-	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



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Condensed Consolidated Statement of Cash Flows

For the Period 1 January 2010 to 30 June 2010

	6 months ended 30.06.10 €	6 months ended 30.06.09 €
Cash flows from operating activities		
Profit for the period	196,112	1,513,729
Adjustments for:		
Depreciation	345,912	291,753
Tax (income)/expense	(48,359)	28,997
Impairment loss on trade receivables	-	(206,912)
Provision for exchange fluctuations	(16,496)	(65,889)
Provision for gratuity payments	8,573	9,894
Interest payable	53,022	42,246
Interest receivable	(520)	(1,849)
	-----	-----
	538,244	1,611,969
Change in trade and other receivables	1,313,263	(213,071)
Change in prepayments	238,112	105,008
Change in trade and other payables	(340,655)	(253,085)
Change in related party balances	186	-
Change in directors' balances	(19,984)	(40,944)
	-----	-----
Cash generated from operating activities	1,729,166	1,209,877
Interest paid	(12,147)	(8,807)
Tax refund	9,263	37,059
Net cash from operating activities	1,726,282	1,238,129
Cash flows from investing activities		
Interest received	520	577
Acquisition of property, plant and equipment	(229,365)	(212,511)
Net cash used in investing activities	(228,845)	(211,934)
Cash flows from financing activities		
Repayments of bank loans	(250,361)	(293,341)
Interest paid on bank loan	(41,324)	(18,991)
Dividends paid	(1,335,286)	(390,000)
Net cash used in financing activities	(1,626,971)	(702,332)
Net (decrease)/increase in cash and cash equivalents	(129,534)	323,863
Cash and cash equivalents at beginning of period	262,841	(193,326)
Effect of exchange rate fluctuations on cash held	106,542	26,974
Cash pledged as guarantee	-	(65,222)
Release of cash pledged as guarantee	142,562	-
Cash and cash equivalents at end of period	382,411	92,289

Medserv p.l.c.

Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2010 to 30 June 2010

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 2010 comprise the Company and its subsidiaries (together referred to as the 'Group'). Subsidiaries consist of Medserv International p.l.c., Medserv Operations 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 2009.

3 Operating segments

Information about reportable segments

	Malta Operation		Libya Operation		Total	
	6mths to 30.06.10	6mths to 30.06.09	6mths to 30.06.10	6mths to 30.06.09	6mths to 30.06.10	6mths to 30.06.09
	€	€	€	€	€	€
External revenues	4,423,437	5,678,939	2,778,099	2,488,853	7,201,536	8,167,792
Inter-segment revenue	361,920	229,486	-	-	361,920	229,486
Reportable segment profit before tax	25,791	988,584	121,962	554,142	147,753	1,542,726

Segment assets

The major changes in segment assets consist of:

- A decrease in the trade receivables of the Malta operation by €1,219,889; and
- An increase in the cash at bank of the Libya operation by €449,081.

Both changes demonstrate the Group's efforts during the current period to collect the cash from the increased revenues generated in the second half of 2009. During the current period, the Group paid dividends amounting to €1,335,286 (six months ended 30 June 2009: €390,000).

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Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2010 to 30 June 2010

4 Cash and cash equivalents

During the period the Group's bankers released an amount of €142,562 which was pledged as guarantee. This guarantee was no longer required during the period.

5 Tax income/(expense)

The tax income/(expense) recognised in profit or loss and the result of the accounting profit multiplied by the tax rate applicable to Malta, the Company's country of incorporation, are reconciled as follows:

	6 months ended	6 months ended
	30.06.10	30.06.09
	€	€
Profit before tax	147,753	1,542,726
	-----	-----
Income tax using the domestic income tax rate	(51,714)	(539,954)
Tax effect of:		
Depreciation charges not deductible by way of capital allowances in determining taxable income	(1,411)	(2,019)
Business Promotion Act investment tax credit	75,673	388,014
Disallowed expenses	(517,388)	(299,371)
FRFTC on dividends	-	43,875
Exempt dividends receivable	126,090	-
Difference in tax rates applicable to Group entities	19,514	110,827
Adjustment to prior years' deferred tax asset	(7,081)	15,907
Adjustment to prior year's current tax	22,091	(614)
Exempt income	508,675	348,838
Consolidation adjustments	(126,090)	(94,500)
	-----	-----
	48,359	(28,997)
	=====	=====

6 Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired assets with a cost of €345,979 (six months ended 30 June 2009: €603,892).

Medserv p.l.c.

Notes to the Condensed Consolidated Financial Statements

For the Period 1 January 2010 to 30 June 2010

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	
	30.06.10	30.06.09
	€	€
Shareholder		
Interest on loan advanced by	-	8,050
	=====	=====
Directors		
Payments of expenses on behalf of	1,951	40,944
Sale of asset	18,033	-
	=====	=====
Other related undertaking		
Services provided by	-	66,304
	=====	=====
Other related party		
Services rendered by	2,286	-
	=====	=====
		Balance outstanding
	30.06.10	31.12.09
	€	€
Shareholder	18,788	4,074
	=====	=====
Directors	21,803	41,787
	=====	=====
Other related undertaking	427,803	187,447
	=====	=====

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 2010, 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 2010