



## COMPANY ANNOUNCEMENT

MEDSERV P.L.C.  
(THE “COMPANY”)

### Directors’ Interim Report

<b>Date of Announcement</b>	21 November 2016
<b>Reference</b>	147/2016
<b>Listing Rule</b>	LR 5.16

#### Quote

The first three quarters of the current year, 2016, has to-date proven to be challenging to the oil and gas industry. As the international oil and gas companies (IOCs) readjusted to challenging market conditions, Medserv also had to respond and adopt to these market realities.

Total revenue for the year is expected to be close to the revised forecasted amount of €38 million. This could improve if the projects earmarked to commence in the last quarter of the year do in fact materialise. If not, this business will be postponed to the first quarter 2017. The Company will continue to keep the market informed on these developments as soon as they firm up.

The decision by the Company to invest in the Oil Country Tubular Goods (OCTG) market of the Middle East has had a major impact on the group. Turnover and profitability in Oman are expected to surpass forecasts. The U.A.E. is expected to reach the budget profit. Iraq on the other hand registered a loss. The Iraq Company has just completed the restructuring plan which allows METS Iraq to remain fully functional and work at break-even from October 2016. Signs that the Southern Iraqi oil and gas market is picking up continue to strengthen with IOCs showing renewed interest. The synergy that exists in the product portfolio of both Medserv and METS made up of ‘shore base services’ and ‘OCTG’ has started to deliver new revenue. The first contract for pipe testing was successfully completed in our Hal Far Malta facility using technology and know-how imported from METS.

The Malta operation, as already announced, has successfully won a two-year major logistic and base support contract that came to market in 2016 for offshore Libya activity. This consolidates the business pipe line for Medserv Operations and work levels are expected to be high in the next three years. The Company has maintained the Tripoli office operational to support the work being done in Malta for Libya. The Company has in place plans to return to Libya as soon as the situation in Libya allows



it to do so. The Company is awaiting adjudication of a second tender for logistic support offshore Libya.

The operation in Cyprus remains unchanged. The base in Larnaca is still in a mothballed position and discussions are ongoing with both clients and local authorities on the future of shore base services.

The operation in Portugal is also in mothball mode and drilling operations are now expected to commence in the first quarter of 2017.

The Company is very active in development work in new markets. A Trinidad office has been set up to develop business in the Caribbean region. The Company is participating in a tender bid for business offshore Trinidad and the outcome of this competitive bid should be known by the year end. The Company has also been accepted on the vendor list of a further two companies with operations offshore Trinidad which will allow the Company to participate in tenders expected to be issued in 2017.

Medserv Egypt is up and running with the office set up in Cairo. Medserv Egypt has been accepted on the vendor list of two IOCs operating offshore Egypt and the first tender which the Company may participate in is expected to be issued in November 2016.

Business development in our industry has particularly long realisation time frames. The Company considers both the Trinidad and Egypt marketing effort as being well advanced and able to offer our services to clients in these markets too.

The Company is constantly seeking to expand its business in markets that will offer good opportunities to increase turnover and profit, as well as to help spread market risk. Medserv is following its main International Oil Companies by starting to investigate the opportunities the Iranian market offers. The Company is conscious that no business can be done out of Iran until the international sanctions still in force are completely removed.

The initiatives taken by the Company to date have not only reduced the shortfall in performance but also placed the Company in a position to perform strongly next year.

## **Unquote**

A handwritten signature in blue ink, appearing to read "Laragh Cassar".

**Laragh Cassar**  
Company Secretary