



Medserv p.l.c.
Malta Freeport
Port of Marsaxlokk,
Birzebbugia BBG07, Malta
Tel: (00356) 2220 2000
Fax: (00356) 2220 2328
Email: info@medservmalta.com

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 www.medservmalta.com.

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

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2009

Statement of financial position

	2009 €	2008 €
Assets		
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		
Share capital	2,329,370	2,329,370
Reserves	3,673,693	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.

Preliminary Statement of Group Results and State of Affairs

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	111,532	6,074
Administrative expenses	(1,632,450)	(1,771,349)
Other expenses	(4,086)	(288,252)
Results from operating activities	3,255,843	1,064,821
Finance income	15,685	43,203
Finance expenses	(88,424)	(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	2,327,322	1,134,148
Non-controlling interest	480,343	165,321
Profit for the year	2,807,665	1,299,469
Earnings per share	23c3	11c3

Preliminary Statement of Group Results and State of Affairs

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	2,329,370	-	3,524,604	-	5,853,974	191,542	6,045,516
Total comprehensive income for the period							
Profit or loss	-	-	-	1,134,148	1,134,148	165,321	1,299,469
Other comprehensive income net of income tax							
Transfer from retained earnings:							
Unrealised gain recognised	-	-	317,084	(317,084)	-	-	-
Legal reserve	-	60,000	-	(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	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 or loss	-	-	-	2,327,322	2,327,322	480,343	2,807,665
Other comprehensive income net of income tax							
Transfer to retained earnings	-	-	(227,995)	227,995	-	-	-
Contributions by and distributions to owners							
Dividends to equity holders	-	-	-	(390,000)	(390,000)	(180,000)	(570,000)
Balance at 31 December 2009	2,329,370	60,000	3,613,693	2,922,381	8,925,444	657,206	9,582,650

Preliminary Statement of Group Results and State of Affairs

For the Year Ended 31 December 2009

Statement of cash flows

	2009 €	2008 €
Cash flows from operating activities		
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	(69,129)	-
Tax refund	37,056	4,426
Termination benefits paid	-	(9,019)
Net cash from operating activities	2,594,540	1,107,152
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,030,105)	(803,411)
Receipt from disposal of machinery	-	9,908
Interest received	986	4,224
Payment of expenses on behalf of directors	-	(177,230)
Advances to directors	(11,000)	(11,079)
Repayment of payments on behalf of directors	-	258,986
Net cash used in investing activities	(1,040,119)	(718,602)
Cash flow from financing activities		
Loan advanced by bank	420,000	-
Loan advanced by shareholder	-	420,000
Repayment of bank loan	(509,298)	(556,787)
Repayment of loan advanced by shareholder	(420,000)	-
Interest paid on bank loan	(46,158)	(113,852)
Interest paid on loan advanced by shareholder	(24,935)	-
Dividends paid	(390,000)	-
Net cash used in financing activities	(970,391)	(250,639)
Net increase in cash and cash equivalents	584,030	137,911
Cash and cash equivalents at 1 January	(193,326)	(363,496)
Effect of exchange rate fluctuations on cash held	14,699	32,259
Cash pledged as guarantee	(142,562)	-
Cash and cash equivalents at 31 December	262,841	(193,326)



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 €3,183,104 (2008: €975,421). The Group achieved EBITDA of €3,923,037 representing an EBITDA margin of 22%. Comparative figures provide an EBITA of €1,585,811, representing an EBITDA margin of 10%. This is a result of increase in Group revenue by €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.

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 €16,892,189 (2008: €14,813,902). The Group continued to invest in its logistic support and service bases such that capital expenditure for the year amounted to €1,292,790 (2008: €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.

A handwritten signature in black ink, appearing to read "L. De Gabriele".

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

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