



# Shareholder Circular

20 May 2021



# MEDSERV PLC

## Shareholder Circular

**20 May 2021**

This circular is being issued by Medserv p.l.c. (C28847) with registered office at Medserv, Malta Freeport, Port of Marsaxlokk, Birzebbugia, Malta (the “**Company**” or “**Medserv**”) pursuant to the requirements of the provisions of Chapter 6 of the Listing Rules in connection with

- a) the acquisition of the entire issued share capital of Regis Holdings Limited, a company under the laws of Mauritius with registration number 120300, and whose registered office is situated at 1st Floor, Block B, Ruisseau Creole, Complex, Black River 90625, Mauritius (“**Regis**”); and
- b) the authority to the board of directors to issue and allot ordinary shares to Docob Limited, a limited liability company registered under the laws of Mauritius with registration number 178883 (“**DOCOB**”), in consideration of the acquisition of the entire issued share capital of Regis;
- c) subject to the approval of the above, to
  - (i) change the name of the Company from Medserv plc to MedservRegis plc and to update the Memorandum and Articles of Association of the Company accordingly;
  - (ii) increase the number of directors on the board of directors of the Company from seven (7) to eight (8).

## IMPORTANT INFORMATION

**THIS IS AN IMPORTANT DOCUMENT AND SHAREHOLDERS WILL BE REQUESTED TO VOTE ON ALL OF THE ISSUES AND MATTERS DESCRIBED HEREIN AT THE AGM. IN THE EVENT THAT SHAREHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORT OF THIS DOCUMENT OR AS TO ANY ACTION REQUIRED OF THEM, THEY ARE URGED TO CONSULT THEIR INDEPENDENT ADVISERS.**

This circular contains information about the resolutions that are being proposed for adoption at the forthcoming annual general meeting of shareholders scheduled for the 11 June 2021 (the “**AGM**”). It is being dispatched to all shareholders entitled to attend and vote at that meeting (through the appointment of the Chairman of the AGM as their proxy) to enable them to understand better the nature of the resolutions that are to be considered at the AGM and to provide the necessary information about the resolutions to assist shareholders make a properly informed decision.

This circular is being dispatched in compliance with Listing Rules of the Listing Authority and particularly in compliance with the requirements for such a circular in terms of Listing Rules 6.1.1 (*allotment of Equity securities*), 6.1.7 (*amendments to the Issuer’s Memorandum and Articles of Association*), 6.1.9 (*a Class 2 transaction referred to in Listing Rule 5.149.2*) and 6.1.11 (*when notice of a meeting which includes any business, other than Ordinary Business at an annual general meeting, is sent to holders of Equity Securities*).

Where any or all of the securities of the Company have been sold or transferred by the addressee of this Circular, then the Circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Since this Circular is not exempt under the provisions of Listing Rule 6.4, the approval of the Listing Authority for the publication and circulation of this Circular has been sought and was duly obtained on 6 May 2021.

This circular is intended to explain to shareholders the import of the special business that is required to be addressed at the AGM and to provide them with sufficient explanation to enable them to make informed decisions.

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## PART I – GENERAL

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### 1 DEFINITIONS

For the purposes of this Circular, the following capitalised terms shall have the meaning attributed hereunder:

<b>Company</b>	Medserv p.l.c.
<b>Companies Act</b>	Companies Act, Cap 386 of the laws of Malta;
<b>Conditions</b>	The conditions set out in the SPA and described under Section 4 hereof;
<b>Circular</b>	This document in its entirety, together with all annexes thereto;
<b>€ or Euro</b>	The lawful currency of the European Union;
<b>Expert Report</b>	The expert report prepared by KPMG, Malta in accordance with Article 73 of the Companies Act, Cap 386 of the laws of Malta;
<b>IFRS</b>	means the International Financial Reporting Standards;
<b>Major Shareholders</b>	Anthony S. Diacono and Anthony J. Duncan (through Malampaya Investments Limited);
<b>Medserv Group</b>	the group of companies, of which the Company is the parent company;
<b>Medserv Shares</b>	47,893,229 ordinary shares in the issued share capital of the Company and having a nominal value of €0.10c per share and with a share premium of €0.58c per share;
<b>Regis</b>	Regis Holdings Limited, a company under the laws of Mauritius with registration number 120300, and whose registered office is situated at 1st Floor, Block B, Ruisseau Creole, Complex, Black River 90625, Mauritius
<b>Regis Group</b>	Regis Holdings Limited, as the parent company and each of the companies described in Section 7;
<b>Reinvestment Agreement</b>	The agreement entered into on the 12 April 2021 by and between the Company, the Trusts and DOCOB regulating the terms of issuance of the Medserv Shares to DOCOB, subject to the terms and conditions contained therein;
<b>Share for Share Exchange</b>	The transaction involving the transfer of the entire share capital in Regis by DOCOB to the Company, in consideration of which the Company will issue the Medserv Shares in favour of DOCOB;
<b>Share Purchase Agreement or SPA</b>	The agreement entered into on the 12 April 2021 by and between the Company, the Trusts and DOCOB pursuant to which the Company undertook to purchase the Regis

	Shares from DOCOB, in consideration of which the Company would issue the Medserv Shares to DOCOB, subject to the terms and conditions contained therein;
<b>Trusts</b>	Collectively: (1) Abacus (Seychelles) Limited acting as trustee and in representation of the Doc Trust, a trust created and existing under the laws of Seychelles, the named beneficiaries of which are Mr Dave O'Connor and Mr Olivier Bernard ( <b>DOC Trust</b> ); (2) Abacus (Seychelles) Limited acting as trustee and in representation of the Siger Trust, a trust created and existing under the laws of Seychelles, the appointed beneficiary of which is Mr Dave O'Connor and named beneficiaries are Mr Dave O'Connor's spouse and descendants ( <b>DOC Siger</b> ); (3) Safyr Utilis Corporate And Trust Services Ltd, acting as trustee and in representation of the Renaissance Trust, a trust created and validly created under the laws of Mauritius, the appointed beneficiary of which is Mr Olivier Bernard and the named beneficiaries of which are Mr Olivier Bernard's descendants ( <b>Renaissance Trust</b> ).

## 2 RESPONSIBILITY STATEMENT

All of the Directors of the Company, being Anthony S. Diacono, Anthony J. Duncan, Joseph Zammit Tabona, Laragh Cassar, Etienne Borg Cardona, Carmelo Bartolo and Kevin Rapinett accept responsibility for the information contained in this document. To the best of their knowledge and belief (after having taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

## 3 THE RESOLUTIONS

The AGM shall be considering the following resolutions with respect to special business for approval. This is set out in the notice convening the AGM (the "**Notice**"):

### **Resolution 1 - Ordinary Resolution**

*Subject to the completion of all conditions precedent as set out in the share purchase agreement dated 12 April 2021 entered into by and between:*

- a. *the Company,*
- b. *Abacus (Seychelles) Limited, acting as trustee and in representation of the Doc Trust, a trust created and existing under the laws of Seychelles,*
- c. *Abacus (Seychelles) Limited, acting as trustee and in representation of the Siger Trust, a trust created and existing under the laws of Seychelles,*

- d. *Safyr Utilis Corporate and Trust Services Ltd, acting as trustee and in representation of the Renaissance Trust, a trust created and validly created under the laws of Mauritius,*
- e. *Docob Limited, a company incorporated in Mauritius with company number 178883, with registered office at C/o Oak Management (Mauritius) Limited 1st Floor, Block B, Ruisseau Creole Complex La Mivoie, Black River 90625 Mauritius (“**DOCOB**”),*
- f. *David O’Connor and Olivier Bernard*

*to approve:*

- (i) *the acquisition by the Company of 77,090,000 shares (the **Regis Shares**) in the capital of Regis Holding Limited, a company incorporated in Mauritius with registration number 120300, and whose registered office is situated at 1st Floor, Block B, Ruisseau Creole, Complex, Black River 90625, Mauritius (**Regis**) (and constituting the entire issued share capital of Regis) from DOCOB; and*
- ii) *to approve the issuance and allotment (without first offering same to the existing shareholders in proportion to their current holdings) of 47,893,229 ordinary shares in the Company with a nominal value of €0.10c and with a share premium value of €0.58c per share (the **Medserv Shares**) in favour of DOCOB in consideration of the acquisition of the Regis Shares;*
- iii) *to authorise the Directors to carry out any transaction and execute any document required or advisable pursuant to the above, including the application for listing of the Medserv Shares with the Listing Authority.*

## **Resolution 2 - Extraordinary Resolution**

*Subject to the completion of all conditions precedent as set out in the share purchase agreement dated 12 April 2021 above described, to:*

- a) *change the name of the Company from Medserv plc to MedservRegis plc and to update the memorandum and articles of association of the Company accordingly;*
- b) *increase the number of directors on the board of directors of the Company from seven to eight and thus delete Clause 6 of the Memorandum of Association and replace it with the following:*  
*“6. The board of Directors of the Company shall consist of not less than two (2) and not more than eight (8) Directors, of which at least three (3) shall be non-executive directors.”*

## **4 OVERVIEW**

### *Resolution 1 – Regis Transaction*

Reference is made to company announcement 234/2021 issued on the 12 April 2021 pursuant to which it was announced that the Company entered into a share purchase agreement and reinvestment agreement with the Trusts, DOCOB and the Regis Shareholders pursuant to which the Company undertook to acquire the Regis Shares in consideration of which the Company undertook to issue and allot the Medserv Shares in favour of DOCOB, subject to the terms and conditions set out therein. Such obligations are subject to the satisfaction of the Conditions, being the following:

1. The approval of the acquisition of the Regis Shares and the issuance of the Medserv Shares in favour of DOCOB by the shareholders of Medserv at a general meeting convened for, *inter alia*, that purpose;
2. The delisting of Regis from the Mauritius Stock Exchange;
3. The Reorganisation, that is, the transfer out of the Regis Group of the following interests:
  - a. Worx Developments Limited, a company incorporated in Mauritius (C083005);
  - b. Bel Ombre Investments Ltd, a company incorporated in Seychelles (168312);
  - c. Reis Property Holdings (Australia) Pty Ltd, a company incorporated in Australia (603 412 451);
  - d. Thomson and Van Eck International Proprietary Limited, a company incorporated in South Africa (1969/016991/07);
  - e. Drill Stem Testing International Ltd, a company incorporated in Mauritius (C121552);
  - f. DST Australia (PTY) Limited, a company incorporated in Australia (103 675 752);
  - g. International Assurance Limited PCC, a company incorporated in Mauritius (C089050);
  - h. PSV Holdings Limited, a company incorporated in South Africa (1998/004365/06);
  - i. Capital Mineral Resource Investments Limited, a company incorporated in BVI (1823877);
  - j. OzProp Investment Trust (to the extent of the units held therein by the Company), a unit trust established in Queensland dated the 15th day of August 2013;
  - k. Regis Tanzania Limited, a company incorporated in Tanzania (112552).
4. Receipt by DOCOB and the Trusts of clearance from the Foreign Direct Investment Authority;
5. The acquisition by DOCOB of the Regis Shares from the Trusts;
6. The execution of a loan agreement and security between Regis as lender and Drill Stem Testing International Ltd (being one of the companies being extracted out of the Regis group prior to completion) as borrower regulating a loan provided by the Company prior to the transaction.

The Company, in accordance with its obligations under Article 73 of the Companies Act, Cap 386 of the laws of Malta, engaged KPMG Malta to provide an expert report pursuant to which KPMG Malta confirmed that, in their view, the value of the Regis Shares is at least equivalent to the nominal value and share premium of the Medserv Shares. A copy of the Expert Report shall be submitted for registration with the Registrar of Companies in Malta prior to the issuance of the Medserv Shares and is available for inspection at the registered office of the Company.

In the event that the shareholders vote in favour of the resolutions to be proposed during the AGM and all Conditions are completed, DOCOB will become the holder of 47,893,229 ordinary shares in Medserv, representing, prior to the transfer described in Section 10 below, 47.12% of the Company.

## 5 PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide specified information on Regis and the Regis Group to all shareholders in the Company to enable the same to reach a decision on whether to approve the Share for Share Exchange. Pursuant to Listing Rule 5.149.2, the acquisition by the Company of Regis is considered a Class 2 Transaction and therefore necessitates the approval of the shareholders of the Company in general meeting.

## 6 DIRECTORS' RECOMMENDATION

In view of the conflict presented by Anthony J. Duncan and Anthony S. Diacono to the board of directors of the Company resulting from the share transfer and call option entered into between them and DOCOB, Anthony S. Diacono and Anthony J. Duncan (described in Section 10 hereunder) have abstained from participating in any discussion, and voting in their capacity as directors of the Company, on any matter related to the acquisition by the Company of Regis.

Accordingly, it is the remaining directors of the Company, that is, Mr Joseph Zammit Tabona, Mr Etienne Borg Cardona, Mr Kevin Rapinett, Mr Carmelo Bartolo and Dr Laragh Cassar (the "**Non-Conflicted Directors**") that have led the process resulting in the submission of this Circular to shareholders.

The Non-Conflicted Directors make their unqualified recommendation to shareholders to vote in favour of the resolutions being submitted to their vote in the AGM, and in their opinion the transactions described in this document are in the best interests of the Company.

## **PART II – THE SHARE FOR SHARE EXCHANGE**

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### **7 THE REGIS GROUP BUSINESS**

Regis was incorporated in Mauritius on the 9<sup>th</sup> January 2014 and holds a category one Global Business Licence. It is the parent company of the Regis Group, which generally provides logistics, equipment, procurement and specialised services to a wide range of customers, including national and international energy companies, drilling and mining companies as well as product and equipment manufacturers and other heavy industry-related contractors in South Africa, Mozambique, Uganda, Tanzania and Angola. Regis Holdings Limited is a parent company, holding interests in its subsidiary and associated companies and holding investments in marketable securities.

As of completion of the Share for Share Exchange, the Regis Group, headed by Regis Holdings Limited, will comprise the following companies:

#### **Regis Management Services Limited**

Regis Management Services Limited has been servicing the Angola market since 2007 providing manpower, equipment and parts to SONILS (Sonangol Integrated Logistics Services) marine base logistics base in the Port of Luanda, Angola. The SONILS base is the largest Oil Service Centre ('OSC') in Africa with a total area of 200 hectares and a 2000-metre quayside.

SONILS services a large number of international oil majors and oilfield service providers among their clients, such as ENI, BP, ExxonMobil, Total, Schlumberger, Baker Hughes and Technip. Regis Management Services Limited remains a key partner, equipment and service provider, through a rolling multi-year contractual agreement.

#### **Regis Mozambique LDA**

Regis Mozambique LDA operates a fully-fledged logistics facility in Pemba, Mozambique. The size of this Logistics Service Centre is approximately 50,000 square metre. The Cabo Delgado province in Northern Mozambique has seen major discoveries of natural gas and graphite over the last numbers of years. Regis Mozambique is well located to serve these projects.

#### **Regis Uganda Limited**

Regis Uganda Limited is an early investment by Regis in Uganda, in anticipation of the construction of a 1,440 km crude oil pipeline from Uganda's Albertine region to Tanzanian seaport of Tanga.

Regis Uganda Limited is registered with multiple clients in Uganda and has imported initial equipment towards establishing a Logistic Service Centre to provide services to Oil and Gas industry, technical service providers, and to general heavy industry, an activity which is expected to increase significantly as a result of government and foreign investment.

#### **Regis Export Trading International (Pty) Ltd**

This subsidiary is engaged in the exportation of locally produced goods and operates principally in South Africa.

### **Thomson & Van Eck Limited**

Thomson & Van Eck Limited is the holding company of Thomson and Van Eck (Proprietary) Limited and TVE Uganda Limited. This is a small civil and industrial engineering design sub-group providing services for small projects in site infrastructure and agricultural works. The services are primarily executed in South Africa. Services have been scaled back commensurate with shrinkage in regional economy.

### **Regis Shipping Limited**

Regis Shipping Limited is the owner and operator of two vessels, a bulk vessel named MV Baltic Trader and a landing craft named MV Regis Kaskazi.

### **Associated Companies**

AvHold Limited is a 49% associate of the Regis Group. AV Hold Limited has a 70% shareholding in Skyway Aviation Mozambique, Limitada, a company holding a license to operate domestic flights in Mozambique.

Specialised Mechanical Technologies Limited (a 40% associate of the Regis Group) provides technical services and logistics to a Regis related company up in Angola, Sonimech Lda, which in turn provides lifting, maintenance and support services to energy companies in the port of Luanda

Enermech (Mauritius) Limited, (a 30% associate of the Regis Group) was setup primarily to hold a seventy per cent (70%) shareholding in Sonimech Lda, a subsidiary registered in Angola, for marketing and providing servicing offering of the Enermech group in the Angolian energy market.

Associated companies provided minimum contribution to the historic profits / (losses) attributable to the Regis Group.

## **8 STATEMENT OF SPECIAL TRADE FACTORS OR RISKS**

The following considerations should be taken into account by Shareholders before considering the resolutions set out above:

### **Operating in African Markets**

Regis Group operates in a number of emerging markets such as Mozambique, Angola, and Uganda. The exposure to such markets presents certain risks, such as exchange control regulations, risk of restrictions on remittance of funds, the risks of expropriation, nationalisation and/or confiscation of assets, war and instability and high levels of corruption. The ineffectiveness of the legal and judicial systems in some of the emerging markets may also pose difficulties in preserving legal rights. Furthermore, since the success of the Regis Group depends on management's understanding of the markets and countries in which it operates, an inability to monitor those countries closely raises the related risk to varying extents.

In addition, the recent insurgency in Northern Mozambique has had a negative impact on Regis' operations in Mozambique – the continuation or increase of the said insurgency could worsen the financial and operational impact on the Regis Group.

### **Regulatory and Compliance Risk**

The risk of non-compliance with legal and regulatory requirements as well as supervisory expectations which may result in administrative or disciplinary sanctions, or of material financial loss, due to failure to comply with the provisions governing the Regis Group's activities.

### **Operational Risk**

Regis Group is subject to risk of losses arising from defects or failures in its internal processes, people, systems or external events. Operational risk is inherent in all products, activities, processes and systems and is generated in all business and support areas.

### **Market Risk**

Regis Group holds investments in marketable securities which are subject to the changes in market factors that affect the value of positions.

### **Credit Risk**

The Regis Group is exposed to credit risk as a result of a customer or counterparty to a financial instrument fails to meet its contractual obligations. Also given the market in which it operates clients may have the inability to pay due to lack of foreign exchange funds resulting in delay or default of payment.

### **Foreign Exchange Risk**

The Regis Group derives a significant portion of its revenue from international operations and is exposed to foreign exchange risk, which may negatively affect results of operations and other comprehensive income and which may not necessarily be adequately hedged.

### **Client Base**

The success of the future growth of the Regis Group depends, *inter alia*, on it being able to retain and increase their client base. If this does not result at the level anticipated by the Directors, the financial and operating results of the Regis Group business may be materially adversely affected. The exact scope of increased competition and any adverse effect on the Regis Group results of operations will depend on a variety of factors, including business strategies, operational capabilities and financial resources of potential competitors.

### **Integration Risk**

The integration of the Regis Group business with the Company's business is key to the future growth of the combined businesses. Successful integration is dependent on

management's ability to effect any necessary changes in operations or personnel. The business of the Company may thus be exposed to a number of associated risks, including difficulties in integrating and operating businesses in geographies that are new to the Company, difficulties integrating the businesses in a cost-effective manner, potential disruptions to the Company's on-going business and the failure to meet the expectations or business plans.

### Dependence on Key Personnel

The performance of the Regis Group business is, to a certain extent, dependent upon the efforts and abilities of a number of key individuals including those identified below. If one or more of such key individuals were in future to be unable or unwilling to continue in his present position and a replacement not be found in the short term, the financial performance of the business could be negatively impacted.

## 9 DETAILS OF THE TRANSACTIONS

<b>Date of Agreement</b>	12 April 2021
<b>Parties</b>	<b>Sellers:</b> The DOC Trust; The Siger Trust; The Renaissance Trust. DOCOB
	<b>Purchaser:</b> Medserv plc
	<b>Guarantors</b> Dave O'Connor and Olivier Bernard (the <b>Regis Shareholders</b> )
<b>Sale</b>	As a result of the share purchase agreement, the Sellers have agreed to sell, and the Company has agreed to acquire, the entire issued capital of Regis Holdings Limited, in consideration of which the Company will issue ordinary shares (see below section 'Consideration') to DOCOB, subject to the terms and conditions set out therein.
<b>Consideration and how it is being satisfied</b>	The purchase price of the acquisition is the issuance by the Company of 47,893,229 ordinary shares of a nominal value of €0.10c per share and a share premium of €0.58c per share in favour of DOCOB, subject, <i>inter alia</i> , to Medserv shareholder approval (see below section 'Conditions Precedent').
<b>Conditions Precedent</b>	The acquisition of Regis is subject to the following conditions precedent: <ul style="list-style-type: none"> <li>a) the approval by the shareholders of Medserv plc of <ul style="list-style-type: none"> <li>i) the acquisition of the entire issued share capital of Regis;</li> <li>ii) the issuance of shares in favour of the Regis Shareholders' and</li> <li>iii) the change in name of Medserv plc to MedservRegis plc;</li> </ul> </li> <li>b) the delisting of Regis from the Stock Exchange of Mauritius;</li> <li>c) the transfer out of the Regis Group of the shareholding in the following entities (representing non-core businesses): <ul style="list-style-type: none"> <li>(i) Worx Developments Limited;</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>(ii) Bel Ombre Investments Ltd;</li> <li>(iii) Regis Property Holdings (Australia) Pty Ltd;</li> <li>(iv) Thomson and Van Eck International Proprietary Limited;</li> <li>(v) Drill Stem Testing International Ltd;</li> <li>(vi) DST Australia (PTY) Limited;</li> <li>(vii) International Assurance Limited PCC;</li> <li>(viii) PSV Holdings Limited;</li> <li>(ix) Capital Mineral Resource Investments Limited;</li> <li>(x) units held by Regis in OzProp Investment Trust;</li> <li>(xi) Regis Tanzania Limited;</li> </ul> <p>(the <b>Reorganisation</b>).</p> <ul style="list-style-type: none"> <li>(xii) The transfer by the DOC Trust, the Renaissance Trust and the Siger Trust to DOCOB of the shareholding in Regis (which will then act as seller to Medserv of the shareholding in Regis);</li> <li>(xiii) the receipt by the Sellers of the Foreign Direct Investment Clearance;</li> <li>(xiv) the execution of a loan agreement in the amount of USD 6,675,093 (and the provision of security) between Regis and Drill Stem Testing International Limited (a company that will be extracted from the Regis Group following the reorganization above described), for the purpose of ensuring that the Medserv group is adequately protected from any liability resulting from the said reorganisation.</li> </ul>
<b>Closing</b>	Subject to the satisfaction of all conditions precedent, completion of the transaction is required to take place by the 31 July 2021, unless otherwise agreed between the parties.
<b>Gross assets of Regis Group</b>	<p>On the basis of the audited consolidated financial statements of Regis for the financial year ended 31 December 2020, the gross assets of Regis were USD57,211,776, which figure includes the entities being extracted out of the Regis Group as a result of the Reorganisation. The gross assets of the said extracted entities as at 31 December 2020 which materially contributed to the gross assets of Regis were as follows:</p> <ul style="list-style-type: none"> <li>(i) Worx Developments Limited – USD 4,083,771</li> <li>(ii) Bel Ombre Investments Ltd – USD 1,515,999</li> <li>(iii) Regis Property Holdings (Australia) Pty Ltd – USD 2,734,340</li> <li>(iv) Thomson and Van Eck International Proprietary Limited – USD 885,152</li> <li>(v) Drill Stem Testing International Ltd – USD 1,817</li> <li>(vi) DST Australia (PTY) Limited – USD 700,280</li> <li>(vii) International Assurance Limited PCC – USD 692,403</li> <li>(viii) units held in OzProp Investment Trust – USD 7,706,845.</li> </ul>
<b>Profits / (losses) attributable to Regis Group</b>	<p>On the basis of the audited consolidated financial statements of Regis for the financial years ended 31 December 2020, the losses of Regis were USD (11,325,370), which figure includes the entities being extracted out of the Regis Group as a result of the Reorganisation. The profits/(losses) of the said extracted entities as at 31 December 2020 which materially contributed to the profits/(losses) of Regis were as follows:</p> <ul style="list-style-type: none"> <li>(i) Worx Developments Limited – USD (545,709)</li> <li>(ii) Bel Ombre Investments Ltd – USD (16,314)</li> <li>(iii) Regis Property Holdings (Australia) Pty Ltd – USD 211,519</li> <li>(iv) Thomson and Van Eck International Proprietary Limited – USD (66,019)</li> </ul>

	<p>(v) Drill Stem Testing International Ltd – USD (979,380)</p> <p>(vi) DST Australia (PTY) Limited – USD (453,300)</p> <p>(vii) International Assurance Limited PCC – USD 581,001</p> <p>(viii) units held in OzProp Investment Trust – USD 1,216,504</p>
<b>Key Persons</b>	<p>The Sellers have identified the following persons as being important to the Regis group:</p> <p>a) Dave O’Connor, Chief Executive Officer; and</p> <p>b) Olivier Bernard, Chief Operating Officer</p> <p>Dave O’ Connor – Dave is the founder and the Chief Executive Officer of the Regis Group. Before that, he gained experience in the civil engineering trade, specialising in explosives and air compressors. Later he moved to the steel trade and became involved with export sales to all southern African countries. He capitalised on that experience to launch Regis Trading International in 1992. From this trading platform, supplying the Non-Governmental Organisations and the oil industry, he went on to create Regis Holdings Limited.</p> <p>Olivier Bernard - Olivier is currently the Chief Operating Officer of the Regis Group. In the past he worked for SONILS (SONANGOL group) in Angola, BJ Services (BAKER) in the UK and for Schlumberger in various locations in Africa and Europe.</p>
<b>Agreement between Anthony S. Diacono &amp; Anthony J Duncan</b>	<p>The decision to enter into the share purchase agreement was taken by unanimous vote of the directors, with the exception of Anthony S. Diacono and Anthony J Duncan (the <b>Conflicted Directors</b>) who declared a conflict due to a private agreement reached with the Regis Shareholders for the acquisition by the Regis Shareholders of 1,470,588 shares in Medserv (in the case of Anthony S. Diacono) and 1,450,000 shares in Medserv (in the case of Anthony J. Duncan).</p> <p>Additionally, the Conflicted Directors, in their capacity as shareholders have informed the Company that they have entered into a call option agreement with the Regis Shareholders (acting through the holding company to be incorporated) pursuant to which the latter have been given the right (for three years) to acquire additional shares in the Company at a discounted price. In the event of an exercise of the call option, the Regis Shareholders will become bound to launch a mandatory bid to all shareholders in the Company in line with the provisions of Chapter 11 of the Listing Rules on Takeover Bids.</p> <p>The Company is informed that the above share transfer and call option are conditional upon completion of the share purchase agreement between the Sellers, the Regis Shareholders and Medserv.</p> <p>The Company will issue the required notification to the market upon being notified by the Conflicted Directors that the transfer and call option have become effective.</p>

## **10 AGREEMENTS BETWEEN MAJOR SHAREHOLDERS AND DOCOB**

The Major Shareholders entered into agreements, conditional upon Completion of the Share for Share Exchange, pursuant to which:

- a) a call option was granted by the Major Shareholder in favour of DOCOB over 1,167,182 shares (in the case of Anthony S. Diacono) and 1,373,759 shares (in the case of Anthony J. Duncan, through Malampaya Investments Limited). The number of shares which are the subject of the call option may be reduced in certain circumstances. The exercise price for the acquisition of these shares is set at a 25% discount to the 'Equitable Price', as determined in accordance with the Listing Rules. This call option is in place for a period of three (3) years.
- b) a transfer shareholding by the Major Shareholders to DOCOB, in the case of Anthony S. Diacono in the amount of 1,470,588 Shares and in the case of Anthony J. Duncan, through Malampaya Investments Limited in the amount of 1,450,000 Shares. The price agreed between the parties is set at €0.68c per share.

In the event the call option is exercised by DOCOB, DOCOB will be bound to launch a mandatory offer to all shareholders in Medserv (including the Major Shareholders), in line with the provisions of Chapter 11 of the Listing Rules on Takeover Bids.

## **11 EFFECT ON EARNINGS, ASSETS, LIABILITIES & TRADING PROSPECTS**

The Share for Share Exchange presents various opportunities to the Medserv Group, including:

- a) allowing it to present a full services logistics solution to its customers in the Sub-Saharan region;
- b) enabling it to offer its oil and gas customers mill to well supply chain management in new jurisdictions;
- c) allowing it to participate in the significant upcoming logistics projects in Africa;
- d) presenting it with cross selling opportunities in new countries as well as market the Regis Group services to markets currently serviced by the Medserv Group;
- e) increasing the Medserv Group's geographical, product and client spread reducing its concentration risk;
- f) introducing servicing non-Oil and Gas clients, bring a new client base for Medserv which in turn opens up new opportunities and reduces its reliance on oil and gas projects;
- g) as a result of diversification, reducing fluctuations in earnings of the Medserv Group;
- h) strengthening Medserv's equity base and hence its financial position and value growth rate; and
- i) contributing and improving the Medserv Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and profitability.

Synergies are therefore expected to be achieved by combining the two groups.

## 12 INTEGRATION

The Company is in the process of setting out an integration plan, pending completion of the transaction, which plan will set out a time frame for full integration, will identify key integration risks factors and formulate contingency plans to minimize risk.

The management team of the Medserv Group will consist of key persons of the Company and the Regis Group. Dave O'Connor is expected to take on the role of Chief Executive Officer whilst Olivier Bernard and Carmelo Bartolo will occupy the position of deputy CEOs, with distinctive lines of responsibility reporting to the CEO. Further details on the composition of the senior management of the Company will be announced to the market, following completion of the transaction.

## 13 PROSPECTIVE FINANCIAL INFORMATION

With the intention of allowing shareholders to make a more informed decision, the Company has prepared prospective financial information setting out the forecast consolidated statement of financial position as at the date of acquisition and the forecast statement of comprehensive income for the years ending 31 December 2021 and 2022 (Annex 1). The said forecasts have not been audited however the Company has obtained an independent accountant report by KPMG, Malta as required in terms of Chapter 6 of the Listing Rules (Annex 2). Extracts from the said prospective financial information are set out hereunder.

<b>Medserv Group</b>	
<b>Forecast consolidated statement of financial position</b>	
<b>in EUR '000</b>	<b>Forecast</b>
<b>As at</b>	<b>30-Jun-21</b>
<b>Assets</b>	
Non-Current Assets	131,501
Current Assets	38,514
<b>Total Assets</b>	<b>170,015</b>
<b>Equity</b>	
Equity	71,737
<b>Liabilities</b>	
Non-current Liabilities	85,919
Current Liabilities	12,360
<b>Total Liabilities</b>	<b>98,278</b>
<b>Total Equity and Liabilities</b>	<b>170,015</b>

<b>Medserv Group</b>		
<b>Forecast consolidated statements of comprehensive income</b>		
<b>For the year ending on</b>	<b>31-Dec-21</b>	<b>31-Dec-22</b>
	<b>€'000</b>	<b>€'000</b>
<b>Revenue</b>	<b>44,595</b>	<b>66,238</b>
EBITDA	10,692	18,259
Profit before tax	(4,019)	3,631
<b>Profit / (loss) for the year</b>	<b>(4,166)</b>	<b>2,238</b>

## 14 SELECTED FINANCIAL INFORMATION

The Regis Group compiles annual consolidated financial statements in accordance with International Financial Standards and are presented in United States Dollars and audited in accordance with International Standards of Auditing.

Extracts from the audited financial statements of the Regis Group for the financial years 2018 to 2020 are set out below.

<b>Regis</b>		<b>Group</b>		
<b>Extracts from the consolidated statements of comprehensive income</b>				
<b>For the year ended 31 December</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>	
<b>Revenue</b>	<b>19,988</b>	<b>20,884</b>	<b>13,323</b>	
EBITDA	9,849	(4,364)	(7,815)	
Profit before tax	7,407	(5,988)	(10,274)	
<b>Profit/(Loss) for the year</b>	<b>6,803</b>	<b>(6,482)</b>	<b>(11,325)</b>	

<b>Regis Group</b>			
<b>Extracts from the consolidated statements of financial position</b>			
<b>As at 31 December</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
<b>Assets</b>			
Non-Current Assets	35,486	33,817	28,552
Current Assets	54,302	33,997	28,659
<b>Total Assets</b>	<b>89,788</b>	<b>67,815</b>	<b>57,212</b>
<b>Equity</b>	<b>66,774</b>	<b>59,860</b>	<b>53,230</b>
<b>Liabilities</b>			
Non-current Liabilities	1,382	1,788	1,806
Current Liabilities	21,631	6,167	2,176
<b>Total Liabilities</b>	<b>23,013</b>	<b>7,955</b>	<b>3,982</b>
<b>Total Equity and Liabilities</b>	<b>89,788</b>	<b>67,815</b>	<b>57,212</b>

<b>Regis Group</b>			
<b>Extracts from the consolidated statements of cash flow</b>			
<b>For the year ended 31 December</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>USD '000</b>	<b>USD '000</b>	<b>USD '000</b>
Net cash generated from operating activities	4,895	4,634	8,099
Net cash used in investing activities	(6,314)	(4,596)	(6,585)
Net cash from / (used in) financing activities	(2,116)	(309)	(225)
Net movement in cash and cash equivalents	(3,570)	(282)	1,070
Cash and cash equivalents at the beginning of the year	13,375	9,804	9,523
<b>Cash and cash equivalents at the end of the year</b>	<b>9,804</b>	<b>9,523</b>	<b>10,593</b>

The above extracts from the consolidated financial statements of the Regis Group include the following entities which shall be extracted out of the Regis Group as a result of the Reorganisation (the **Extracted Companies**):

	% ownership by Regis prior to Reorganisation
Worx Developments Limited	100%
Bel Ombre Investments Ltd	100%
Regis Property Holdings (Australia) Pty Ltd	100%
Thomson and Van Eck International Proprietary Limited	100%
Drill Stem Testing International Ltd	100%
DST Australia (PTY) Limited	100%
International Assurance Limited PCC	40%
units held in OzProp Investment Trust	n/a

Extracts from the audited financial statements of each of the Extracted Companies for the financial years ended 31 December 2018 to 31 December 2020 are set out in Annex 3. In the case of Regis Property Holdings (Australia) Pty and International Assurance Limited PCC the results for year 2020 were extracted from the management accounts of the respective companies. The relevant extracts of the Units held by the Regis Group in OzProp Investment Trust also set out in Annex 3 have been extracted from the holding statement of OzProp Investment Trust.

## 15 LITIGATION

To the best of the Company's knowledge, there are no legal or arbitration proceedings involving Regis (including any pending or threatened proceedings) which may have a significant effect on the Company and the Medserv Group.

## 16 SIGNIFICANT CHANGE

There has been no significant change in the Company's, and to the extent known, Regis, financial or trading position since the 31 December 2020 (representing the end of the last financial year for which audited financial statements have been published).

## 17 PERSONS OWNING MORE THAN 5%

As a result of the Share for Share Exchange and the transfer to be made by the Major Shareholders with DOCOB,

- a. DOCOB will own 49.99% of the issued share capital of the Company;
- b. Anthony S. Diacono will own 14.21% of the issued share capital of the Company;
- c. Anthony J. Duncan will own 16.72% of the issued share capital of the Company

As at the date of this Circular, the Company is informed that Rizzo Farrugia & Co (Stockbrokers) Ltd hold in excess of 10% of the issued share capital of the Company. Following the Share for Share Exchange (and assuming that their shareholding

remains unchanged), Rizzo Farrugia & Co (Stockbrokers) Ltd's shareholding would be reduced to below 10% but over 5% of the issued share capital of the Company.

Other than the foregoing, the Company is not aware of any person who, directly or indirectly, currently owns, or will as a result of the transaction own, five per cent (5%) or more of the Company's capital.

## **18 DIRECTORS' EMOLUMENTS**

To the extent known by the present Directors of the Company, the total emoluments receivable by the Directors of the Company will not be varied as a result of the Share for Share Exchange. There will however be an increase in fees receivable by the directors (in respect of their directors' fees) as a direct result of the increase in the maximum number of directors on the board of directors of the Company (see Section Part IV hereunder).

## **PART III - ISSUANCE OF MEDSERV SHARES TO DOCOB**

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In order for the Share for Share Exchange to take effect, the Company will be required to issue the Medserv Shares to DOCOB.

The Medserv Shares, as and when issued, shall rank *pari passu* with the existing ordinary issued share capital of the Company with respect to voting, dividends and other distributions whether on winding up or otherwise.

The Medserv Shares shall be issued in uncertificated form and shall be maintained in book-entry form at the Central Securities Depository of the Malta Stock Exchange ("CSD") and will accordingly be evidenced by a book-entry in the register of shareholders held by the CSD. The Medserv Shares would be expected to be issued by the 16 July 2021.

The Directors will be seeking authorisation from the Listing Authority for the Medserv Shares to be considered admissible to listing and trading on a regulated market. In addition, application will also be made to the Malta Stock Exchange, as a regulated market, for the Medserv Shares to be admitted to the Official List of the Malta Stock Exchange upon allotment thereof in favour of DOCOB. None of the Medserv Shares will be issued to the public.

The increase in capital *per se* should not present any particular risks other than the dilution effect on the shareholders and other than those risks identified in connection with the Share for Share Exchange.

## **PART IV – CHANGES TO THE MEMORANDUM & ARTICLES OF ASSOCIATION**

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In conjunction with but conditional upon the completion of the Share for Share Exchange, it is proposed that the Company changes its name to MedservRegis plc, with a view to maintaining continuity relating to the Medserv and Regis brands. There are no particular risks identified by the Directors in respect of this resolution.

Additionally, the proposed amendment to Clause 6 of the Memorandum of Association of the Company has the intended purpose of increasing the capacity of the board such that an additional director can be appointed from time to time and thus increasing the capacity of the board from seven (7) directors to eight (8) directors, particularly within the context of the increasing size of the Company.

It is the view of the Board that eight directors as the maximum number should serve the interests of the Company better.

## **PART V - EXPERTS**

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KPMG Malta have given their written consent (and have not withdrawn) to the reference to their name being included in the form and context in which it appears in this Circular. Furthermore, KPMG Malta have consented to make their Expert Report available to the shareholders at the registered office of the Company.

## **PART VI- DOCUMENTS AVAILABLE FOR INSPECTION**

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Certified copies of the following documents will be available for inspection at the Company's registered office for a period of fourteen (14) days from the date of publication of this Circular:

- a) the constitutional documents of Regis and each of the companies forming part of the Regis Group;
- b) the Memorandum and Articles of Association of the Company;
- c) the Expert Report prepared by KPMG Malta pursuant to Article 73 of the Companies Act, Cap 386 of the laws of Malta;
- d) the audited consolidated financial statements of Regis Group for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020;
- e) the audited annual financial statements of the Company for the period ended 31 December 2020 and the unaudited half yearly report of the Company for the period ended 30 June 2020;
- f) the prospective financial information setting out the forecast consolidated statement of financial position as at the date of acquisition and the forecast statement of comprehensive income for the years ending 31 December 2021 and 2022 and the accountants report thereon;
- g) this Circular.

## ANNEX 1 – PROSPECTIVE FINANCIAL INFORMATION

### Consolidated statement of financial position & Consolidated income statement (New Group)

#### *Summary of significant assumptions and accounting policies*

#### **Introduction**

The Projected Condensed Consolidated Statement of Financial Position of Medserv p.l.c. as at 30 June 2021 following the completion of the transaction, the Profit Forecast for the Medserv Group for the six months ending 30 June 2021, and the Profit Forecast for the New Group for the six months ending 31 December 2021 and the year ending 31 December 2022, hereinafter collectively referred to as ‘the Projections’, are set out in this Annex 1. The Projections and the underlying assumptions set out below are the sole responsibility of the Directors of Medserv p.l.c.

The Projections are based on stated assumptions which the Directors believe to be reasonable. These assumptions have been based on the nature and size of the intended level of operations and reflect current economic conditions and price levels adjusted where applicable to take into account the projected level of inflation. The Directors have exercised due care and diligence in adopting these assumptions.

Attention is drawn to the risk factors set out in Section 8 that describe the principal risks associated with the business to which the Projections relate.

The Projections are dated 30 April 2021 and the stated assumptions are judgements made at that date. The assumptions disclosed herein are those that the Directors believe are most significant to the Projections.

Actual results are likely to be different from those indicated in the Projections because events and circumstances frequently do not occur as expected and those differences may be material.

#### **The Group**

The Projections cover the current activities of the Medserv Group, of which Medserv p.l.c. is the ultimate parent. The entities forming part of the Medserv Group following the Regis acquisition are listed below:

<b>Entity Name</b>	<b>Country of incorporation</b>	<b>% Holding by parent</b>	<b>Functional Currency</b>
Medserv p.l.c.	Malta	Parent entity	EUR
Medserv International Limited	Malta	99.99%	EUR
Medserv Eastern Mediterranean Limited	Malta	99.99%	EUR
Medserv Africa Limited ( <i>formerly Medserv Western Mediterranean Limited</i> )	Malta	99.99%	EUR
Medserv Libya Limited	Malta	99.99%	EUR
Medserv M.E. Limited	Malta	99.99%	EUR
Medserv Operations Limited	Malta	99.99%	EUR
Medserv (Cyprus) Limited	Cyprus	80.00%	EUR

InMedco Limited ( <i>formerly Medserv Italy Limited</i> )	Malta	50.00%	EUR
FES Libya Limited	Malta	25.00%	EUR
Medserv Energy TT Limited	Trinidad and Tobago	100%	TTD <sup>1</sup>
Medserv Egypt Oil & Gas Services JSC	Egypt	60.00%	USD
Middle East Tubular Services Holdings Limited	British Virgin Islands	100%	USD
Middle East Tubular Services Limited	British Virgin Islands	100%	USD
Middle East Tubular Services Uganda SMC Limited	Uganda	100%	UGX <sup>2</sup>
Middle East Tubular Services LLC (FZC)	Oman	100%	OMR <sup>3</sup>
Middle East Tubular Services (Iraq) Limited	British Virgin Islands	100%	USD
Middle East Comprehensive Tubular Services (DUQM) L.L.C	Sultanate of Oman	100%	OMR
Middle East Tubular Services (Gulf) Limited	British Virgin Islands	100%	USD
<b>Regis entities:</b>			
Regis Holdings Limited	Mauritius	Parent entity	USD
Regis Export Trading International Pty Ltd	South Africa	100%	ZAR <sup>4</sup>
Thomson & Van Eck Limited	Mauritius	100%	USD
Thomson & Van Eck Pty Ltd	South Africa	100%	ZAR
Regis Management Services Ltd	Mauritius	100%	USD
Regis Shipping Ltd	Seychelles	100%	USD
Regis Mozambique Lda	Mozambique	100%	MZN <sup>5</sup>
Regis Uganda Ltd	Uganda	100%	UGX
Avhold Ltd	Mauritius	49%	USD
Specialist Mechanic Services Ltd	Mauritius	40%	USD
Enermech Mauritius Ltd	Mauritius	30%	USD

The Medserv Group provides integrated shore-based logistics to the offshore oil and gas industry as well as engineering and supply chain management for Oil Country Tubular Goods (OCTG) to support the offshore and onshore oil and gas industry. The Medserv Group also owns and operates a Photo Voltaic (PV) Farm in Malta.

Medserv has bases in the Mediterranean, namely Malta for offshore Libya, Cyprus, and Egypt. Furthermore, Medserv also provides engineering and supply chain management for OCTG through its METS bases in UAE, Iraq and Oman. Medserv has been providing services to the oil and gas industry for over forty years and is also a member of the International Association of Drilling Contractors and all facilities are ISO certified and ISPS compliant.

Following the completion of the Regis Group acquisition, the Medserv Group will also operate a base in Mozambique, has a presence in Uganda, and provides services to the Angolan oil and gas market.

<sup>1</sup> TTD - Trinidad and Tobago Dollar

<sup>2</sup> UGX - Ugandan Shilling

<sup>3</sup> OMR - Omani Rial

<sup>4</sup> ZAR - South African Rand

<sup>5</sup> MZN - Mozambique Metical

In addition, as part of the acquisition of the Regis Group, Medserv will acquire Regis Export Trading International Pty Ltd. a South African entity that carries out international trade in locally produced goods and commodities mostly involving agricultural products such as seeds, spices and staple foods.

### **Assumed Effective date**

The Projections have been prepared on the assumption that the acquisition of the Regis Group by Medserv p.l.c. will be completed on 30 June 2021.

### **Bases of preparation**

The general assumptions relating to the environment in which Medserv p.l.c. operates and which underpin the Projections are the following:

#### **a) *Factors which the Directors can influence:***

- The Projections include the forecast results of all the subsidiary companies presently controlled by Medserv p.l.c. and its interest in the jointly controlled entity as well as the entities to be acquired as part of the Regis transaction. It does not reflect any further acquisitions that could materialise.
- The Group will continue to enjoy the confidence of its customers, suppliers and its bankers throughout the period under consideration.
- The Group will enjoy good relations with its employees and their representatives throughout the period under consideration.
- The Group will continue to recruit the required appropriate personnel at the projected cost levels.
- The Medserv Group will successfully complete the acquisition of the Regis Group and will successfully integrate the newly acquired Group with its existing business in line with the Group's plans.
- There will be no impairment losses on the Group's financial and non-financial assets.
- There will not be any material changes in yields throughout the period under consideration other for those taken into account in preparing the projections.

#### **b) *Factors exclusively outside the influence of the Directors:***

- There will be no material external events, including but not limited to changes in the level of economic activity in the countries in which the Group will operate that will adversely impact the activities of the Group, either directly or indirectly.
- The negative impact of the COVID-19 pandemic will be alleviated towards the end of 2021 or beginning of 2022 as the rate of infections will be reduced significantly as a result of the respective national vaccination programmes.
- The bases and rates of taxation, both direct and indirect, will not change materially during the period under consideration.
- The rate of inflation throughout the period under consideration will broadly be in line with that experienced in the last few years.
- The bases on which the Group's bankers determine the rate of interest charged on facilities made available will not change materially throughout the period covered by the Projections.
- Any changes in exchange rates will not adversely affect the Group's operations.

### **Reverse Acquisition accounting**

Following the completion of the Share for Share Exchange, DOCOB will hold just under 50% of the shares of Medserv p.l.c. As a result, DOCOB will hold significantly more voting rights than any other shareholder or organised group of shareholders.

This, together with the potential voting rights emanating out of the call option referred to in Section 10, and given that the remaining shareholders are sufficiently dispersed, results in DOCOB effectively obtaining accounting control over the combined group following the completion of the transactions. For this reason, the proposed business combination is treated as a 'reverse acquisition', where the legal acquirer (Medserv p.l.c.) becomes the acquiree for accounting purposes, and the legal acquiree (Regis Holdings Limited) becomes the acquirer.

Consolidated financial statements prepared following a reverse acquisition are legally those of the legal acquirer (Medserv p.l.c.) but are described in the notes as a continuation of the amounts from the (consolidated) financial statements of the legal acquiree (Regis Holdings Limited). In applying acquisition accounting to a reverse acquisition, it is the identifiable assets and liabilities of Medserv p.l.c. (accounting acquiree) that are measured at fair value.

In this reverse acquisition, Medserv p.l.c. (accounting acquiree) shall issue its equity shares to the owners of Regis Holdings Limited (accounting acquirer). Accordingly, the acquisition-date fair value of the consideration transferred by Regis Holdings Limited for its interest in Medserv p.l.c. is based on the number of shares the legal subsidiary (Regis Holdings Limited) would have had to issue to give the owners of the legal parent (Medserv p.l.c.) the same percentage shareholding in the combined entity that results from the reverse acquisition. The fair value of the number of shares calculated in that way is used as the fair value of the consideration transferred in exchange for Medserv p.l.c.

To implement the above a detailed Purchase Price Allocation exercise would need to be undertaken to allocate the purchase consideration to the fair value of all identifiable net assets acquired as at the date of acquisition with the residual being goodwill. As pointed out above, this will necessitate the determination of the fair value of the identifiable assets and liabilities of Medserv p.l.c. (accounting acquiree), as well as, any identifiable intangible assets (such as contracts in place, brand value etc.) arising in connection with the reverse acquisition. The latter would then be amortised over the remaining useful life of such assets whilst any goodwill would need to be tested for impairment at least annually. In preparing the Profit Forecast no account has been taken of any amortisation of intangible assets.

### **Significant Accounting Policies**

The significant accounting policies for the Medserv Group are set out in the audited consolidated financial statements of Medserv p.l.c. for the year ended 31 December 2020. The directors of Medserv p.l.c. do not expect any changes to the Group accounting policies following the acquisition of Regis Holdings Limited.

Where applicable, in so far as they relate to recognition and measurement criteria, these accounting policies have been consistently applied in the preparation of the Projections.

### **Summary of Other Significant Assumptions**

#### ***a) Presentation currency of the consolidated Projections***

The underlying Projections of each entity forming part of the Medserv Group has been prepared using the functional currency for each respective entity as set out in the table above under the heading 'The Group'. The projected results of those entities that have a functional currency other than EURO have been converted to EURO at the assumed

exchange rate over the period covered by the projections. For this purpose, the most relevant currency other than EURO is the USD and it has been assumed that a rate of USD1.18 to €1 will apply throughout this period.

The Projections for the entities forming part of the Regis Group have been prepared using the USD (the presentation currency of Regis Holdings Limited) and converted into EURO using the same rate of USD1.18 to €1.

#### **b) Exchange fluctuations**

The Projections do not provide for any gains or losses arising out of any possible exchange fluctuations through the period under consideration.

#### **c) Revenue**

Revenue represents the income projected from the operations of the Group and is stated after the deduction of sales rebates and indirect taxes.

As set out in the table below, during the two years 2021 and 2022, the Group is forecasting to earn most of its revenue from the provision of Integrated Logistics Support Services (ILSS) in the Mediterranean region and East Africa region following the acquisition of Regis Holdings Limited in the second half of 2021.

The table below shows the projected revenue by region:

Medserv Group															
Overview of revenue by category and region															
In EUR '000	Integrated Logistics Support Services (ILSS)			Oil Country Tubular Goods (OCTG)			PV Farm			Trading activity			Total		
	6m	6m	12m	6m	6m	12m	6m	6m	12m	6m	6m	12m	6m	6m	12m
For the period ending on	30-Jun-21	31-Dec-21	2022	30-Jun-21	31-Dec-21	2022	30-Jun-21	31-Dec-21	2022	30-Jun-21	31-Dec-21	2022	30-Jun-21	31-Dec-21	2022
Mediterranean	10,303	10,303	30,846	--	--	--	243	243	473	--	--	--	10,546	10,546	31,319
Middle East	--	--	--	7,721	7,721	16,151	--	--	--	--	--	--	7,721	7,721	16,151
Sub-Saharan & East Africa	366	6,181	15,966	--	--	--	--	--	--	--	1,516	2,803	366	7,697	18,768
<b>Total revenue</b>	<b>10,668</b>	<b>16,483</b>	<b>46,811</b>	<b>7,721</b>	<b>7,721</b>	<b>16,151</b>	<b>243</b>	<b>243</b>	<b>473</b>	<b>--</b>	<b>1,516</b>	<b>2,803</b>	<b>18,632</b>	<b>25,963</b>	<b>66,238</b>

#### **d) Cost of sales**

Cost of sales comprises direct costs and directly attributable operating costs. Direct costs, which comprise supplies, transport, waste treatment, freight, equipment rental and maritime fees, have been projected based on the historical average percentage of direct costs to revenue adjusted where applicable for any known events which are not expected to recur while taking into account the effect of circumstances which are expected to occur only during the projected periods.

Projected operating costs, which are principally fixed in nature, are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate.

#### **e) Administrative expenses**

Administrative expenses are based on the nature and size of future expected operations and, where applicable, on the cost levels experienced in the past, adjusted for inflation as appropriate.

#### **f) Taxation**

The income tax expense comprises current and deferred tax. Current tax has been forecasted at the tax rates applicable in the countries in which the Group will operate.

Non-operating companies are expected to make minimal annual losses with no tax income/expense.

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied on temporary differences when they reverse.

A deferred tax asset is recognised for unutilised tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

**g) Non-controlling interests**

This principally represents the non-controlling interest's share of net assets with respect to the Medserv's Group's 60% shareholding in the subsidiary Medserv Egypt Oil & Gas Services JSC and Medserv's Group's 80% shareholding in the subsidiary Medserv (Cyprus) Limited.

**Conclusion**

The Directors believe that the assumptions on which the Projections are based are reasonable.

Approved by the Board of Directors and signed on its behalf by:



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Anthony S. Diacono  
Director  
Medserv p.l.c.



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Anthony J. Duncan  
Director  
Medserv p.l.c.

30 April 2021

<b>Medserv Group</b>			
<b>Forecast consolidated statement of comprehensive income</b>			
	<b>Six months ending on 30-Jun-21 €'000</b>	<b>Six months ending on 31-Dec-21 €'000</b>	<b>Year ending on 31-Dec-22 €'000</b>
Revenue	18,632	25,963	66,238
Cost of sales	(11,660)	(15,813)	(39,238)
<b>Gross profit</b>	<b>6,972</b>	<b>10,150</b>	<b>27,000</b>
Other income	511	511	1,032
Administrative and other expenses	(2,639)	(4,813)	(9,774)
<b>EBITDA</b>	<b>4,844</b>	<b>5,848</b>	<b>18,259</b>
Depreciation	(4,780)	(5,807)	(11,213)
<b>EBIT</b>	<b>63</b>	<b>41</b>	<b>7,046</b>
Finance income	--	87	59
Finance expenses	(2,106)	(2,106)	(3,474)
<b>Profit before tax</b>	<b>(2,042)</b>	<b>(1,977)</b>	<b>3,631</b>
Taxation	(73)	(73)	(1,393)
<b>Profit / (loss) for the period</b>	<b>(2,115)</b>	<b>(2,051)</b>	<b>2,238</b>

*Note (1): the profit forecast for the six months ending on 30-Jun-21 relates to results of the Medserv Group as constituted prior to the completion of the transaction.*

*Note (2): the profit forecast for the six months ending on 31-Dec-21 relates to results of the Group following the completion of the transaction.*

<b>Medserv Group</b>	
<b>Consolidated statement of financial position</b>	
<b>in EUR '000</b>	<b>Forecast</b>
<b>As at</b>	<b>30-Jun-21</b>
<b>Assets</b>	
Property, plant and equipment	35,765
Intangible assets and goodwill	12,733
Loans receivable	4,990
Investments in associates	0
Investments at FVTPL	3,578
Right of use assets	65,750
Deferred tax assets	8,685
<b>Total non-current assets</b>	<b>131,501</b>
Inventories	1,491
Trade and other receivables	19,928
Contract assets	350
Current tax assets	183
Cash and cash equivalents	16,560
<b>Total current assets</b>	<b>38,514</b>
<b>Total assets</b>	<b>170,015</b>
<b>Equity</b>	
Share capital and share premium	38,352
Reserves	2,776
Retained earnings	31,398
Equity attributable to owners of the company	72,526
Non-controlling interest	(789)
<b>Total equity</b>	<b>71,737</b>
<b>Liabilities</b>	
Loans and borrowings	54,172
Employee end-of-service benefits	799
Amounts due to other related parties	2,120
Lease liabilities	22,794
Deferred income	--
Deferred tax liabilities	6,033
<b>Total non-current liabilities</b>	<b>85,919</b>
Bank overdraft	2,615
Loans and borrowings	1,831
Trade and other payables	6,810
Dividends payable	--
Current tax liabilities	6
Lease liabilities	1,098
Deferred income	--
<b>Total current liabilities</b>	<b>12,360</b>
<b>Total equity and liabilities</b>	<b>170,015</b>

## ANNEX 2 - ACCOUNTANTS' REPORT ON PROSPECTIVE FINANCIAL INFORMATION

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### **Private and confidential**

The Directors  
Medserv p.l.c.  
Malta Freeport  
Port of Marsaxlokk  
Birzebbugia, BBG 3011  
Malta

19 May 2021

Dear Sirs,

### **Accountant's Report on the Consolidated Profit Forecast of Medserv p.l.c.**

We report on the Projected Condensed Consolidated Statement of Financial Position as at 30 June 2021 and the Profit Forecast for Medserv p.l.c. for the six months ending 30 June 2021, and the Profit Forecast for the Group following the completion of the transaction for the six months ending 31 December 2021 and for the year ending 31 December 2022, hereinafter collectively referred to as 'the Projections'. The Projections are dated 30 April 2021 and are set out in Annex 1 of Medserv p.l.c.'s Circular that is to be issued on 20 May 2021.

### **Directors' Responsibility**

It is the Directors' responsibility to prepare the Projections, together with the material assumptions on which they are based, in accordance with the requirements of the Listing Rules issued by the Listing Authority of the Malta Financial Services Authority and EU Regulation EU 2019/980 of 14 March 2019, as subsequently amended.

### **Accountants' Responsibility**

It is our responsibility to provide the opinion required by Listing Rule 5.40.2. Since the Projections, and the assumptions on which they are based, relate to the future they may be affected by unforeseen events. The variation between forecast and actual results may be material. We are not required to express, nor do we express, any opinion on the possibility of achievement of the results set out in the Projections or on the underlying assumptions.



Save for any responsibility that we may have to those persons to whom this report is expressly addressed, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in connection with this report.

### **Work Performed**

We have carried out our work in accordance with ISAE 3000, "Assurance Engagement other than Audits or Reviews of Historical Financial Information".

Our work included an evaluation of the procedures undertaken by the Directors in compiling the Projections and the consistency of the Projections with the accounting policies adopted by Medserv p.l.c.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with reasonable assurance that the Projections have been properly compiled on the basis of the underlying stated assumptions.

### **Opinion**

In our opinion:

- a) the Projections have been properly compiled on the basis of the underlying stated assumptions; and
- b) the basis of accounting is consistent with the accounting policies of Medserv p.l.c.

Without qualifying our opinion, we draw attention to the fact that the Projections are not intended to, and do not, provide all the information and disclosures necessary and do not purport to give a true and fair view of the results of the operations and the financial position of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

This opinion is solely intended to be relied upon by you for the purposes of the Circular that is to be issued on the 20 May 2021. Readers are cautioned that these Projections may not be appropriate for purposes other than that described above.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tonio Zarb'.

Tonio Zarb (Partner) for and on behalf of

**KPMG**

Certified Public Accountants

## ANNEX 3 - EXTRACTS FROM AUDITED FINANCIAL STATEMENTS OF EXTRACTED COMPANIES

### Financial year ended 31 December 2018

Regis Group									
Extracts from the consolidated statements of comprehensive income									
For the year ended 31 December 2018	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	--	555,339	160,423	75,604	--	140,523	--	497,156	
Regis' share of profit / (loss)	--	--	--	--	--	--	222,966	--	
EBITDA	17,295	177,761	133,261	(41,725)	(38,341)	(299,523)	222,966	497,156	
Profit / (loss) before tax	(50,350)	142,828	(396,805)	(84,929)	(71,898)	(585,409)	222,966	497,156	
Profit / (loss) for the year	(50,350)	142,828	(396,805)	(61,149)	(71,898)	(585,409)	222,966	497,156	

Regis Group									
Extracts from the consolidated statements of financial position									
As at 31 December 2018	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Assets</b>									
Non-Current Assets	2,116,267	1,508,550	2,069,440	804,793	924,033	763,739	459,470	7,031,060	
Current Assets	57,583	20,600	284,023	149,538	8,192	309,322	--	--	
<b>Total Assets</b>	<b>2,173,851</b>	<b>1,529,150</b>	<b>2,353,463</b>	<b>954,331</b>	<b>932,225</b>	<b>1,073,061</b>	<b>459,470</b>	<b>7,031,060</b>	
<b>Equity</b>	<b>(15,858)</b>	<b>1,045,324</b>	<b>(402,090)</b>	<b>464,614</b>	<b>234,153</b>	<b>(276,551)</b>	<b>459,470</b>	<b>7,031,060</b>	
<b>Liabilities</b>									
Non-current Liabilities	2,168,890	462,226	2,722,792	465,701	695,372	1,045,019	--	--	
Current Liabilities	20,819	21,600	32,761	24,016	2,700	304,592	--	--	
<b>Total Liabilities</b>	<b>2,189,709</b>	<b>483,826</b>	<b>2,755,553</b>	<b>489,717</b>	<b>698,072</b>	<b>1,349,612</b>	<b>--</b>	<b>--</b>	
<b>Total Equity and Liabilities</b>	<b>2,173,851</b>	<b>1,529,150</b>	<b>2,353,463</b>	<b>954,331</b>	<b>932,225</b>	<b>1,073,061</b>	<b>459,470</b>	<b>7,031,060</b>	

Regis Group									
Extracts from the consolidated statements of cash flow									
For the year ended 31 December 2018	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Net cash generated from / (used in) operating activities	(83,932)	144,116	(60,719)	(3,976)	(72,123)	(200,814)	--	497,156	
Net cash from / (used in) investing activities	(479,173)	372,900	--	--	--	9,284	412,512	(305,883)	
Net cash from / (used in) financing activities	554,786	(515,004)	40,970	(47,039)	33,433	172,952	--	--	
Net movement in cash and cash equivalents	(8,318)	2,012	(19,749)	(51,015)	(38,690)	(18,579)	--	191,273	
Cash and cash equivalents at the beginning of the year	17,919	18,276	20,158	55,024	46,007	24,479	--	--	
<b>Cash and cash equivalents at the end of the year</b>	<b>9,601</b>	<b>20,288</b>	<b>409</b>	<b>4,009</b>	<b>7,313</b>	<b>5,901</b>	<b>--</b>	<b>191,273</b>	

The following rates of exchange have been applied for conversion of foreign currencies in the financial statements set out above:

USD: ZAR (South African Rand)	Average 2018 rate 0.0746	Spot rate as at 31-Dec-18 0.0692
USD: MUR (Mauritian Rupee)	0.0297	0.0285
USD: AUD (Australian Dollar)	0.7427	0.7032

## Financial year ended 31 December 2019

Regis Group									
Extracts from the consolidated statements of comprehensive income									
For the year ended 31 December 2019	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	--	--	149,131	38,029	--	46,094	--	494,924	
Regis' share of profit / (loss)	--	--	--	--	--	--	118,492	--	
EBITDA	11,701	16,750	120,681	18,148	(24,658)	(379,205)	118,492	368,637	
Profit / (loss) before tax	(41,937)	(8,003)	(105,773)	(20,613)	(63,372)	(554,561)	118,492	368,637	
Profit / (loss) for the year	(41,937)	(8,003)	(105,773)	(14,841)	(63,372)	(554,561)	118,492	368,637	

Regis Group									
Extracts from the consolidated statements of financial position									
As at 31 December 2019	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Assets</b>									
Non-Current Assets	3,472,416	--	2,013,730	837,576	924,033	657,654	577,962	6,904,773	
Current Assets	415,279	1,513,800	398,761	119,241	3,986	288,511	--	--	
<b>Total Assets</b>	<b>3,887,695</b>	<b>1,513,800</b>	<b>2,412,491</b>	<b>956,817</b>	<b>928,019</b>	<b>946,165</b>	<b>577,962</b>	<b>6,904,773</b>	
<b>Equity</b>	<b>(56,295)</b>	<b>1,037,321</b>	<b>(505,893)</b>	<b>461,687</b>	<b>170,781</b>	<b>(834,893)</b>	<b>577,962</b>	<b>6,904,773</b>	
<b>Liabilities</b>									
Non-current Liabilities	3,778,010	474,979	2,876,021	489,174	754,629	1,367,173	--	--	
Current Liabilities	165,981	1,500	42,362	5,957	2,609	413,886	--	--	
<b>Total Liabilities</b>	<b>3,943,990</b>	<b>476,479</b>	<b>2,918,384</b>	<b>495,131</b>	<b>757,238</b>	<b>1,781,058</b>	<b>--</b>	<b>--</b>	
<b>Total Equity and Liabilities</b>	<b>3,887,695</b>	<b>1,513,800</b>	<b>2,412,491</b>	<b>956,817</b>	<b>928,019</b>	<b>946,165</b>	<b>577,962</b>	<b>6,904,773</b>	

Regis Group									
Extracts from the consolidated statements of cash flow									
For the year ended 31 December 2019	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Net cash generated from / (used in) operating activities	(269,382)	(28,103)	392	(14,597)	(63,725)	(235,139)	--	494,924	
Net cash from / (used in) investing activities	(1,472,950)	--	--	(4,307)	--	--	--	--	
Net cash from / (used in) financing activities	1,733,348	12,753	--	25,580	59,257	250,818	--	--	
Net movement in cash and cash equivalents	(8,984)	(15,350)	392	6,676	(4,468)	15,678	--	494,924	
Cash and cash equivalents at the beginning of the year	9,020	20,288	380	3,711	7,313	5,485	--	--	
<b>Cash and cash equivalents at the end of the year</b>	<b>35</b>	<b>4,938</b>	<b>773</b>	<b>10,387</b>	<b>2,849</b>	<b>21,164</b>	<b>--</b>	<b>494,924</b>	

The following rates of exchange have been applied for conversion of foreign currencies in the financial statements set out above:

	Average 2019 rate	Spot rate as at 31-Dec-19
USD: ZAR (South African Rand)	0.0691	0.0710
USD: MUR (Mauritian Rupee)	0.0279	0.0273
USD: AUD (Australian Dollar)	0.6904	0.6978

## Financial year ended 31 December 2020

Regis Group									
Extracts from the consolidated statements of comprehensive income									
For the year ended 31 December 2020	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Revenue	--	--	148,380	29,201	--	75,068	--	414,432	
Regis' share of profit / (loss)	--	--	--	--	--	--	581,001	--	
EBITDA	(469,346)	579	352,906	(29,316)	(951,988)	(449,931)	581,001	1,216,504	
Profit / (loss) before tax	(550,779)	(16,314)	211,519	(61,849)	(979,380)	(453,300)	581,001	1,216,504	
<b>Profit / (loss) for the year</b>	<b>(545,709)</b>	<b>(16,314)</b>	<b>211,519</b>	<b>(66,019)</b>	<b>(979,380)</b>	<b>(453,300)</b>	<b>581,001</b>	<b>1,216,504</b>	

Regis Group									
Extracts from the consolidated statements of financial position									
As at 31 December 2020	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>Assets</b>									
Non-Current Assets	3,979,956	--	2,163,081	783,857	--	603,489	692,403	7,706,845	
Current Assets	103,815	1,515,999	571,260	101,295	1,817	96,791	--	--	
<b>Total Assets</b>	<b>4,083,771</b>	<b>1,515,999</b>	<b>2,734,340</b>	<b>885,152</b>	<b>1,817</b>	<b>700,280</b>	<b>692,403</b>	<b>7,706,845</b>	
<b>Equity</b>	<b>(594,400)</b>	<b>1,021,007</b>	<b>(318,921)</b>	<b>369,913</b>	<b>(808,599)</b>	<b>(1,419,447)</b>	<b>692,403</b>	<b>7,706,845</b>	
<b>Liabilities</b>									
Non-current Liabilities	4,619,515	491,872	2,988,665	509,585	801,521	1,538,370	--	--	
Current Liabilities	58,655	3,120	64,596	5,654	8,895	581,357	--	--	
<b>Total Liabilities</b>	<b>4,678,170</b>	<b>494,992</b>	<b>3,053,261</b>	<b>515,239</b>	<b>810,416</b>	<b>2,119,727</b>	<b>--</b>	<b>--</b>	
<b>Total Equity and Liabilities</b>	<b>4,083,771</b>	<b>1,515,999</b>	<b>2,734,340</b>	<b>885,152</b>	<b>1,817</b>	<b>700,280</b>	<b>692,403</b>	<b>7,706,845</b>	

Regis Group									
Extracts from the consolidated statements of cash flow									
For the year ended 31 December 2020	Worx Developments Limited	Bel Ombre Investments Ltd	Regis Property Holdings (Australia) Pty Ltd	TVE International Proprietary Limited	Drill Stem Testing International Ltd	DST Australia (PTY) Limited	International Assurance Limited PCC	OzProp Investment Trust	
	USD	USD	USD	USD	USD	USD	USD	USD	USD
Net cash generated from / (used in) operating activities	(134,355)	1,987	2,015	(26,822)	(21,507)	(139,313)	--	1,216,504	
Net cash from / (used in) investing activities	(299,037)	--	--	4,565	--	--	--	--	
Net cash from / (used in) financing activities	536,514	--	(1,197)	17,400	19,500	122,302	--	--	
Net movement in cash and cash equivalents	103,122	1,987	817	(4,857)	(2,007)	(17,011)	--	1,216,504	
Cash and cash equivalents at the beginning of the year	32	4,939	537	9,155	2,849	21,057	--	--	
<b>Cash and cash equivalents at the end of the year</b>	<b>103,155</b>	<b>6,925</b>	<b>1,498</b>	<b>4,298</b>	<b>842</b>	<b>4,046</b>	<b>--</b>	<b>1,216,504</b>	

The following rates of exchange have been applied for conversion of foreign currencies in the financial statements set out above:

	Average 2020 rate	Spot rate as at 31-Dec-20
USD: ZAR (South African Rand)	0.0609	0.0683
USD: MUR (Mauritian Rupee)	0.0254	0.0253
USD: AUD (Australian Dollar)	0.6869	0.7646









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