



COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE “COMPANY”)

Directors’ Interim Report

Date of Announcement	18 May 2016
Reference	136/2016
Listing Rule	LR5.16

The effect of the low price of oil continued to be experienced by the Company throughout the first quarter of 2016. This has inevitably led to increased demands for discounts for the Company’s services, though the Company remains very busy. In return the Company is continuing with its efforts to identify areas in which it can gain additional cost efficiencies and is reacting to the new market reality.

Total revenue for 2016 is forecast to exceed that of 2015 and profits to remain stable.

The Malta base continued to host a number of staff from IOCs and contractors working on the offshore contracts in which the Company is engaged. As a consequence, the Company’s offices, warehouses and open areas are almost fully utilised.

The Company has been awarded two contracts in respect of the replacement of an offshore storage facility permanently lying offshore Libya. The Company is delighted to be part of this major project for which the main contractors have their representatives housed at the Medserv base. Additionally, there are a number of contracts relating to other projects in the renewal or final negotiation stage. The Company expects exploration drilling to re-commence offshore Libya in July of this year.

Integration of the METS Group the purchase of which was completed on the 23rd February is proceeding well, and the senior staff of METS have visited Medserv in Malta as part of this process. As Medserv moves into the more technically advanced areas of essential engineering services it is pleasing to note that indications being received suggest a strengthening demand for METS core services of inspection, storage and repair of premium OCTG pipe.

METS business remains particularly strong in Oman and is expected to continue at these levels or improve during the year. METS Iraq and METS UAE have experienced a slowdown in the first quarter of this year, but the business pipeline is indicating an improvement in the second quarter of this year.



The activities of Medserv Cyprus remain at an extremely reduced level whilst the Company is awaiting the decisions of its main customer ENI on their future drilling programme offshore Cyprus. In the meantime, a bid has been submitted for a contract to be awarded by another IOC who intend to drill from the Port of Limassol as an alternative to the Port of Larnaca. The Government of Cyprus have announced a new bidding round for areas delineated for exploration drilling.

An international tender has been issued by a major IOC relating to the provision of a comprehensive supply base in Trinidad. The Company has bid for this business and has also tendered for a contract related to an exploration well offshore Portugal. Finally, the Company is continuing to study how it can enter the market in other parts of the world including Egypt and Iran.

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

Laragh Cassar
Company Secretary