COMPANY ANNOUNCEMENT

MEDSERV P.L.C.
(THE **"COMPANY"**)

Half Yearly Report

Date of Announcement	28 August 2020
Reference	222/2020
Listing Rule	LR 5.16

QUOTE

The Board of Directors has today approved the half yearly report of the Company for the financial period 1 January 2020 to 30 June 2020, a copy of which is attached hereto and is available for public inspection in electronic form on the Company's website (http://www.medservenergy.com/medserv-plc-financial-statements).

UNQUOTE

Laragh Cassar
Company Secretary

Medserv P.l.c.
Malta Freeport
Port of Marsaxlokk
Birzebbugia BBG3011,
Malta

t +356 2220 2000
f +356 2220 2328
e info@medservenergy.com
w www.medservenergy.com
Co. Reg. C 28847

MEDSERV PLC

Interim Report

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AND DIRECTORS' REPORT

For the Period 1 January 2020 to 30 June 2020

Medserv p.l.c
Malta Freeport
Port of Marsaxlokk
Birzebbugia BBG3011
Malta

t +356 2220 2000
f +356 2220 2328
e info@medservenergy.com
w www.medservenergy.com
Co. Reg. No C28847

Medserv p.l.c.

Directors' Report pursuant to Listing Rule 5.75.2

For the Period 1 January 2020 to 30 June 2020

This report is published in terms of Chapter 5 of the Listing Rules of The Listing Authority, Malta Financial Services Authority and the Prevention of Financial Markets Abuse Act 2005.

The condensed consolidated interim financial statement figures have been extracted from the Group's unaudited accounts for the six months ended 30 June 2020 and for its comparative period in 2019 (unaudited). The comparative consolidated statement of financial position has been extracted from the audited financial statements as at 31 December 2019. These condensed consolidated interim financial statements have been prepared in accordance with accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34 - Interim Financial Reporting). These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2020. In terms of Listing Rule 5.75.5, the directors state that this half-yearly financial report has not been audited or reviewed by the Group's independent auditors.

Principal activities

The Group's principal activities consist of providing shore base logistics and engineering services to the offshore oil and gas industry and supply chain management for Oil Country Tubular Goods (OCTG) to support the onshore oil and gas industry. Shore base logistics is mainly provided from the Group's bases set up in Mediterranean rim countries and South America, supporting International Oil Companies (IOCs) in their offshore activities, ranging from exploration to development and production. Supply chain management for OCTG are mainly provided by Middle East Tubular Services Group of Companies (METS) from its facilities in the Middle East. The Group is continuously working to cross-sell its services within its Group's operating segments.

Review of performance

The financial performance of the Group for the half of 2020 was marked with the disruption brought about by the COVID-19 pandemic which caused a number of offshore exploration projects planned for the year to be delayed to next year. As a result, the Group's Integrated Logistics Support Services (ILSS) segment, particularly the operations in Malta and Cyprus were significantly impacted consequent to travel bans and closure of ports imposed by Governments. On the other hand, the impact on the performance of the OCTG segment, which is driven by onshore drilling activity in the Middle East, was minimal as the National Oil Companies in this region continue with their commitment to the approved projects as well as to increase their production capabilities.

In response to this situation, the Group has immediately taken action to adapt its cost base through lower operating costs and is continuing to take appropriate actions to conserve liquidity and mitigate losses, including government initiatives in relation to the COVID-19 pandemic.

Review of performance (continued)

The Group entities' operations remain ongoing through its business continuity plan across all the jurisdictions in which the Group is present.

The Group's turnover for the six-month period ended 30th June 2020 amounted to €18,506,681 compared to €29,863,692 registered in the comparative period up to 30th June 2019, representing a decrease in turnover of €11,357,011, equivalent to 62%. The Group's performance in the comparative period was improved with the Nearshore Drilling project in Suriname which started and ended in 2019. Revenue generated by the subsidiary in Suriname during the six-month period ended 30 June 2019 amounted to €11,709,338 which corresponds to the decrease in the Group's turnover registered in the first half of 2020, without considering the missed revenue of the rescheduled projects originally planned for 2020.

The Group's adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) for the six-month period ended 30th June 2020 amounted to €3,086,666, a decrease of 50% when compared with the amount of €6,176,653 for the first half of 2019. While the OCTG segment has maintained the overall improvement registered in 2019, registering an increase in EBITDA of 16% over the six-month period ended 30 June 2019, the ILSS segment registered a decrease in EBITDA of €3,361,044, of which €1 million is attributable to the project in Suriname and the rest as a result of project rescheduling and delays.

After recognising depreciation amounting to €3,804,792 (2019: €3,759,666) and amortisation amounting to €895,534 (2019: €895,534), the Group registered an operating loss amounting to €1,613,660 (2019: operating profit of €1,521,453). After deducting the net finance costs amounting to €2,362,840 (2019: €2,648,333), the Group registered a loss before tax of €3,976,500 (2019: €1,126,880). Loss after accounting for taxation amounted to €3,819,565 (2019: €982,454).

Reported in 'Other Comprehensive Income' are foreign currency translation differences arising from translating the financial results of the Company's subsidiaries to its reporting currency in Euro. This difference is mainly arising from METS and amounts to negative €4,928 (2019: positive €162,321). Netting this amount are changes in cash flow hedges amounting to positive €11,108 (2019: negative €60,395). The net effect for the reporting period amounts to positive €6,180 (2019: €101,926). This result is a reporting calculation and not a realised exchange difference.

Cash generation from operations remains stable across the entire Group and during the period under review amounted to €6,553,391 (2019: 3,436,381). This improvement is mainly as a result of working capital movements following the receipts from trade debtors in 2020 in relation to the amounts outstanding at the end of 2019 coupled with a lower receivable balance at the end of June 2020 in view of the reduced activity within the ILSS segment.

Review of performance (continued)

The Group's cash generation from operations enable the Group to sufficiently cover the cash flows related to financing activities, while cash flows expected to be used in investing activities are expected to amount to just under half a million euro on the basis of subdued operations during the year.

The Group's equity as at the financial reporting date stood at €10.3 million (2019: 14.1 million) as a result of the loss for the first six months of the year and other changes to reserves.

The Company remains confident that the current year forecast EBITDA published on 15 July 2020 will be achieved.

Outlook

Although the oil industry is going through a challenging period, an upside exists for those companies that will survive this challenge. Oil prices are expected to recover as oil demand rebounds on the back of anticipated global economic recovery.

The recovery is expected to be gradual. Various energy research firms are predicting the global oil demand to return to normal levels by end of year 2021, with oil prices rising from the average of $44 a barrel this year to an average of $50 per barrel in 2021. Looking further ahead, various forecasts predict oil prices to improve further within the next five years.

The ILSS segment which consists mainly of Malta for Libya, Egypt, Cyprus and Suriname services most of the offshore oil and gas projects in these respective countries. As explained, offshore drilling activity in Libya has been suspended. Meanwhile, on 23 March 2020, the Company signed a long-term agreement with Air Liquide, through its subsidiary Air Liquide Oil & Gas Services Ltd to install and operate a compressed gases filling plant to provide diving and welding gases to the offshore industry in Mediterranean. The required approvals have been received and the facility is currently in the process of being installed with the aim to commission the plant by fourth quarter of year 2020.

The subsidiary in Malta will be acting as the logistics base for the development of two new structures in the offshore Libyan gas field. Despite the ongoing political and hostile environment currently ensuing in Libya, management is confident that the Company will remain the shore base for all oil and gas operations offshore Libya.

Outlook (continued)

The planned drilling projects offshore Cyprus were postponed to 2021 as a result of the travel bans and closure of ports imposed by Governments. The earnings from the drilling campaign in Suriname were originally forecasted to be recovered from the drilling projects in Cyprus that were scheduled to commence at the end of the first quarter of 2020. Despite the Suriname drilling campaign terminating at the end of 2019, the Company is committed to maintain its presence in South America and the Caribbean region and has therefore resized its setup to minimise its operating costs. The large finds in Guyana, Trinidad and Tobago, as well as the recent discovery and future planned activity in Suriname makes this region an exciting area for exploration in the oil and gas industry.

Drilling and project development in Egypt remain ongoing and expected to be maintained at current levels. Following the successful ongoing performance in Egypt, the Company is scouting for tenders in Egypt to be rolled out by other IOCs within the Company's core competencies. The Company is keen to increase its participation in this significant growing energy market especially given its proven in-country track record to date.

The supply chain management of OCTG segment has continued to improve further. Oman remains the overall consistent contributor to date within the Group while the other business units are showing a healthy pipeline of projects which include the provision of both Supply Chain Management and machine shop services. Further growth is expected in this segment in year 2021.

The Company still enjoys a strong business pipeline across its core markets, being North Africa, Eastern Mediterranean and the Middle East. As travel restrictions are lifted, the long-term energy projects for which the Group is already contracted will resume. The cost of commercialising these projects is relatively low as the investment in the required infrastructure has already been made by the IOCs. Furthermore, such projects are located close to the market or are needed for national consumption.

Additionally, the Company is awaiting adjudication of several tenders including ILSS services to an IOC operating offshore Egypt and Supply Chain Management for OCTG contracts in the United Arab Emirates.

The Company's projections indicate that the project offshore exploratory drilling and development in the Company's operating markets will resume in the second quarter of next year, paving the way for the Company to return to the pre-COVID-19 trading levels.

Outlook (continued)

The Company remains focused on delivering its strategy of value growth by continuing to build on its business pipeline. The Company's geographical reach, core competencies within a niche market and discipline in quality are the successful factors in achieving its sustainable growth and commitment to shareholder value. This will allow the Company to deliver positive results enabling resumption of dividend payment, the reduction in structural debt and the free cashflows to meet investment requirements.

Related party transactions

Transactions with each category of related parties and the balances outstanding at the end of the reporting periods are set out in note 12 to the condensed consolidated interim financial statements.

Dividends

No interim dividends are being recommended.

Approved by the Board of Directors on 28 August 2020 and signed on its behalf by:

Anthony J Duncan
Director

Anthony S Diacono
Director

Medserv p.l.c.

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2020

	Note	At 30.06.20	At 31.12.19
		€	€
ASSETS			
Property, plant and equipment	9	**30,152,368**	31,472,005
Intangible assets and goodwill		**11,018,329**	11,751,165
Contract costs		**159,039**	368,245
Equity-accounted investees		**300**	300
Right-of-use assets		**70,442,026**	75,847,997
Deferred tax assets		**8,824,181**	8,303,235
		----------------	----------------
Non-current assets		**120,596,243**	127,742,947
		----------------	----------------
Inventories		**1,338,060**	1,382,852
Current tax assets		**149,086**	106,952
Trade and other receivables		**13,318,718**	17,783,902
Contract costs		**318,080**	318,080
Contract assets		**9,953**	1,607,674
Cash at bank and in hand		**6,244,841**	5,742,979
		----------------	----------------
Current assets		**21,378,738**	26,942,439
Total assets		**141,974,981**	154,685,386
EQUITY			
Share capital		**5,374,441**	5,374,441
Share premium		**12,003,829**	12,003,829
Accumulated losses		**(16,275,828)**	(12,438,608)
Other reserves		**9,987,561**	9,828,570
		----------------	----------------
Equity attributable to owners of the Company		**11,090,003**	14,768,232
Non-controlling interests		**(813,093)**	(680,015)
Total equity		**10,276,910**	14,088,217

Medserv p.l.c.

Condensed Consolidated Interim Statement of Financial Position (continued)

As at 30 June 2020

	Note	At 30.06.20 €	At 31.12.19 €
LIABILITIES			
Loans and borrowings		**52,182,600**	52,792,390
Employee benefits		**1,032,713**	959,789
Deferred income		**30,681,765**	31,071,722
Lease liabilities		**24,593,964**	29,171,115
Trade and other payables		**1,871,846**	1,859,910
Deferred tax liabilities		**6,585,670**	6,222,821
Total non-current liabilities		**116,948,558**	122,077,747
Bank overdraft		**3,945,738**	5,117,977
Employee benefits		**16,777**	15,915
Current tax liabilities		**6,346**	11,682
Loans and borrowings		**2,340,545**	2,145,528
Trade and other payables		**6,522,355**	9,078,996
Deferred income		**775,533**	775,533
Lease liabilities		**1,142,219**	1,373,791
Total current liabilities		**14,749,513**	18,519,422
Total liabilities		**131,698,071**	140,597,169
Total equity and liabilities		**141,974,981**	154,685,386

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements set out on pages 5 to 19 were approved by the Board of Directors on 28 August 2020 and were signed by:

Anthony J Duncan
Director

Anthony S Diacono
Director

Medserv p.l.c.

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the Period 1 January 2020 to 30 June 2020

	Note	6 months ended 30.06.20 €	6 months ended 30.06.19 €
Continuing operations			
Revenue		18,506,681	29,863,692
Cost of sales		(17,024,251)	(26,100,786)
Gross profit		1,482,430	3,762,906
Other income		663,197	708,080
Administrative expenses		(3,644,909)	(2,928,129)
Impairment of financial assets		(114,378)	24,255
Other expenses		-	(45,659)
Results from operating activities		(1,613,660)	1,521,453
Finance income		-	48,205
Finance costs		(2,362,840)	(2,696,538)
Loss before income tax		(3,976,500)	(1,126,880)
Tax income		156,935	144,426
Loss for the period		(3,819,565)	(982,454)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations		(4,928)	162,321
Net loss on hedge of net investment in a foreign operation		11,108	(60,395)
Other comprehensive income		6,180	101,926
Total comprehensive income		(3,813,385)	(880,528)
Loss attributable to:			
Owners of the Company		(3,684,409)	(1,380,768)
Non-controlling interests		(135,156)	398,314
Loss for the period		(3,819,565)	(982,454)
Total comprehensive income attributable to:			
Owners of the Company		(3,680,307)	(872,189)
Non-controlling interest		(133,078)	(8,339)
Total comprehensive income for the period		(3,813,385)	(880,528)
Earnings per share			
Basic earnings per share	6	(6c9)	(2c6)
Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)	7	3,086,666	6,176,653

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

Medserv p.l.c.

Condensed Consolidated Interim Statement of Changes in Equity

For the Period 1 January 2020 to 30 June 2020

	Share capital	Share premium	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€	€	€	€	€	€	€	€	€
Balance at 1 January 2019	5,374,441	12,003,829	(443,533)	10,763,556	(133,133)	(8,215,519)	19,349,641	(652,926)	18,696,715
Total comprehensive income									
Loss	-	-	-	-	-	(1,380,768)	(1,380,768)	398,314	(982,454)
Other comprehensive income	-	-	568,974	-	(60,395)	-	508,579	(406,653)	101,926
Total comprehensive income	-	-	568,974	-	(60,395)	(1,380,768)	(872,189)	(8,339)	(880,528)
Transactions with owners of the Company									
Transfers between reserves	-	-	-	(129,492)	-	129,492	-	-	-
Total transactions with owners of the Company	-	-	-	(129,492)	-	129,492	-	-	-
Balance at 30 June 2019	**5,374,441**	**12,003,829**	**125,441**	**10,634,064**	**(193,528)**	**(9,466,795)**	**18,477,452**	**(661,265)**	**17,816,187**

Medserv p.l.c.

Condensed Consolidated Interim Statement of Changes in Equity (continued)

For the Period 1 January 2020 to 30 June 2020

	Share capital	Share premium	Translation reserve	Revaluation reserve	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total equity
	€	€	€	€	€	€	€	€	€
Balance at 1 January 2020	5,374,441	12,003,829	(382,592)	10,504,573	(293,411)	(12,438,608)	14,768,232	(680,015)	14,088,217
Total comprehensive income									
Loss	-	-	-	-	-	(3,684,409)	(3,684,409)	(135,156)	(3,819,565)
Other comprehensive income	-	-	(4,928)	-	11,108	-	6,180	2,078	8,258
Total comprehensive income	-	-	(4,928)	-	11,108	(3,684,409)	(3,678,229)	(133,078)	(3,811,307)
Transactions with owners of the Company									
Transfers between reserves	-	-	-	(129,492)	-	129,492	-	-	-
Total transactions with owners of the Company	-	-	-	(129,492)	-	129,492	-	-	-
Balance at 30 June 2020	**5,374,441**	**12,003,829**	**(387,520)**	**10,375,081**	**(282,303)**	**(15,993,525)**	**11,090,003**	**(813,093)**	**10,276,910**

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

Medserv p.l.c.

Condensed Consolidated Interim Statement of Cash Flows

For the Period 1 January 2020 to 30 June 2020

	6 months ended 30.06.20 €	6 months ended 30.06.19 €
Cash flows from operating activities		
Loss for the period	(3,819,565)	(982,454)
Adjustments for:		
Depreciation	3,804,792	3,759,666
Tax income	(156,935)	(144,426)
Impairment/(reversal of) loss on financial assets	114,378	(24,255)
Amortisation of intangible assets	736,494	736,494
Amortisation of contract costs	159,040	159,040
Exchange differences	(109,186)	(106,834)
Provision for gratuity payments	1,342	-
Net finance costs	2,362,840	2,648,333
Loss on disposal of property, plant and equipment	(10,000)	(11,887)
Reversal of deferred income	(162,465)	(500,985)
Gain on lease modification	(387,767)	-
	2,532,968	5,532,692
Changes in:		
Inventories	44,792	(52,591)
Trade and other receivables	4,465,184	(6,572,571)
Change in contract costs	209,206	155,719
Change in contract assets	1,597,721	67,775
Trade and other payables	(2,556,880)	1,766,846
Deferred income	-	2,538,089
Provisions and employee benefits	73,786	61,921
Cash generated from operating activities	6,366,777	3,497,880
Bank interest paid	187,785	(61,499)
Taxation paid	(1,171)	-
Net cash from operating activities carried forward	**6,553,391**	3,436,381

Medserv p.l.c.

Condensed Consolidated Interim Statement of Cash Flows (continued)

For the Period 1 January 2020 to 30 June 2020

	6 months ended 30.06.20 €	6 months ended 30.06.19 €
Net cash from operating activities brought forward	**6,553,391**	3,436,381
Cash flows from investing activities		
Acquisition of property, plant and equipment	(327,179)	(776,314)
Receipts from disposal of property, plant and equipment	10,000	15,551
Net cash used in investing activities	**(317,179)**	(760,763)
Cash flows from financing activities		
Payment of lease liabilities	(2,177,772)	(1,855,665)
Loan advanced by bank	-	454,561
Repayments of bank loans	(462,048)	(1,387,204)
Interest paid on bank loans	(187,785)	(298,862)
Interest paid on notes	(1,387,535)	(1,325,248)
Net cash used in financing activities	**(4,215,140)**	(4,412,418)
Net increase/(decrease) in cash and cash equivalents	2,021,072	(1,736,800)
Cash and cash equivalents at beginning of period	625,002	2,407,013
Effect of exchange rate fluctuations on cash held	(320,077)	321,631
ECL allowance on cash at bank	(26,894)	-
Cash and cash equivalents at end of period	**2,299,103**	991,844

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

1 Reporting company

Medserv p.l.c. (the "Company") is a public liability company domiciled and incorporated in Malta. The principal activities of the Company are those of a holding company. These condensed consolidated interim financial statements ("interim financial statements") as at and for the six-months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually "Group entities").

The Group is primarily involved in providing integrated shore base logistics to the offshore oil and gas market operating mainly in the Mediterranean basin and South America and integrated OCTG services to the onshore oil and gas market operating in the Middle East.

The subsidiaries consist of Medserv Operations Limited, Medserv Eastern Mediterranean Limited, Medserv (Cyprus) Limited, Medserv Egypt Oil & Gas Services J.S.C., Medserv Western Mediterranean Limited, Medserv Libya Limited, Medserv International Limited, Medserv Energy TT Limited, Medserv M.E. Limited, Middle East Tubular Services Holdings Limited, Middle East Tubular Services (Gulf) Limited, Middle East Tubular Services Limited (Sharjah Branch), Middle East Tubular Services LLC (FZC), Middle East Comprehensive Tubular Services (Duqm) LLC and Middle East Tubular Services (Iraq) Limited. The Company has joint control and a 50% ownership interest in InMedco Limited and a 25% interest in FES Libya Limited.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available upon request from the Company's registered office at Port of Marsaxlokk, Birzebbugia, BBG3011, Malta. They are also available for viewing on its website at www.medservenergy.com.

2 Basis of preparation

2.1 Statement of compliance

These interim financial statements as at and for the six-months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

2 Basis of preparation (continued)

2.2 Going concern

Although the Group sustained a loss for the period amounting to €3.8 million (2019: €1 million), it reported a positive adjusted EBITDA (note 8) of €3.1 million (2019: €6.2 million) and generated operating cash inflows of €6.6 million (2019: €3.4 million). The Group's net asset value amounted to €10.3 million (31 December 2019: €14.1 million) and it had positive working capital amounting to €6.6 million (31 December 2019: €8.4 million).

The impact of the COVID-19 pandemic has disrupted the global economy, which in turn negatively impacted the performance of the Group's operations. At the same time, since the start of 2020, the oil and gas industry has been significantly affected by the macro-economic uncertainty with regards to prices and demand levels for hydrocarbons as a result of the COVID-19 pandemic.

Despite the operational challenges presented by COVID-19, the Group entities remain operational and continue to service their customers. As mentioned in the Directors' report and in Note 2.1 in the last annual financial statements, no projects undertaken by the Group's customers have been cancelled. Nonetheless, a number of such projects were postponed. In addition, it is expected that the Company's customers would be impacted by the macro-economic uncertainty in the oil and gas industry.

The scale and duration of the COVID-19 pandemic and its impact on the Group remains uncertain; however, this is expected to negatively impact the Group entities' earnings and cash flows until the situation returns to normal.

During this period, the Group intends to continue to take appropriate measures to preserve liquidity and reduce its losses, with a view of continuing to register positive EBITDA and positive operating cash inflows across all territories. In this respect, management has prepared profit and cash flow forecasts under stressed COVID-19 scenarios covering the period up to December 2023 to assess the Group's liquidity position on a monthly basis across all components of the Group. In preparing these projections, management has applied reasonably possible significant haircuts to contracted and pipeline revenue; and has also assumed postponement in the timing of delivery of services provided as a result of customers delays. The following mitigating actions have been built into management's profit and cash flow forecasts:

- The management team is taking actions to ensure that its Group entities' operations remain ongoing, with the lowest possible disruptions, through its business continuity plan across all the jurisdictions in which the Group is present;
- Immediate measures are being adopted across the Group to reduce costs. The Company has taken action to adapt its cost base through lower operating costs. This considering that a significant element of the Group's cost base relates to wages and salaries;

2 Basis of preparation (continued)

2.2 Going concern

- The Group is, since May 2020, availing itself from a six-month moratorium on its bank loans. Additionally, the Group renegotiated favourable terms with a number of its major suppliers. In the meantime, the Group has stepped up its credit management actions to shore up liquidity;

- The Group's ability to continue as a going concern is also dependent on management's ability to identify additional sources of financing sufficient to fund ongoing operating expenses and commitments. As at the date of authorisation for issue of these financial statements, the Group's cash reserves, unutilised bank overdraft facilities and undrawn bank loans totalled to approximately €6.8 million. There are no restrictions on the ability of the parent entity to move cash around the Group.

In the event that customers do not settle their dues in a timely fashion and/or projects undertaken by customers are unduly delayed due to COVID-19 pandemic, the Group may be unable to secure the required additional financing. These circumstances represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to realise its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that could result should such scenario materialise.

On the basis of its projections, management determined that the Group should have sufficient liquidity throughout the period covered by the forecasts. Based on this scenario, but fully cognisant of the risks emanating from the COVID-19 pandemic outlined in this Note, and also considering the mitigating measures being taken by management as described above, the directors believe that it remains appropriate to prepare the interim financial statements on a going concern basis.

3 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's last annual financial statements. Certain comparatives have been reclassified to conform with the current year's presentation.

A number of new standards are effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

4 Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted. However, the Group has not early adopted any of the forthcoming new or amended standards in preparing these interim financial statements.

5 Significant accounting estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

6 Operating segments

6.1 The Group has three reportable segments, as described below, which represent the Group's strategic divisions:

Integrated logistics support services	Includes the provision of comprehensive logistical support services to the offshore oil and gas industry from the Group's bases in Malta, Cyprus, Egypt and Suriname (South America).
Oil country tubular goods	Includes the provision of an integrated approach to OCTG handling, inspection, repairs and other ancillary services based in three Middle East locations, namely U.A.E., Southern Iraq and Sultanate of Oman.
Photovoltaic farm	Involves the generation of electricity which is sold into the national grid for a twenty-year period at a price secured under the tariff scheme regulated by subsidiary legislation S.L. 423.46 in Malta.

During the period under review, there have been no changes to the classification or measurement of operating segments as a result of COVID-19. As disclosed in the Directors' Report, the ILSS segment has suffered from project delays while the other two operating segments have maintained their normal levels of operations.

Information regarding the results of each reportable segment is included below.

6 Operating segments

6.1 Information about reportable segments

	Integrated logistics support services		Oil country tubular goods		Photovoltaic farm		Total	
	6mths to 30.06.20	6mths to 30.06.19	**6mths to 30.06.20**	6mths to 30.06.19	**6mths to 30.06.20**	6mths to 30.06.19	**6mths to 30.06.20**	6mths to 30.06.19
	€	€	**€**	€	**€**	€	**€**	€
External revenues	**9,552,665**	22,371,419	**8,690,169**	7,220,714	**263,847**	271,559	**18,506,681**	29,863,692
Inter-segment revenue	**-**	482,475	**-**	35,595	**-**	-	**-**	518,070
Segment (loss)/ profit before tax	**(3,916,327)**	1,124,354	**(3,037)**	(2,218,395)	**(57,136)**	(32,839)	**(3,976,500)**	(1,126,880)
	========	========	========	========	========	========	========	========
Adjusted EBITDA	**769,969**	4,131,013	**2,066,725**	1,774,081	**249,972**	271,559	**3,086,666**	6,176,653
	========	=========	========	========	========	========	========	========

	Integrated logistics support services		Oil country tubular goods		Photovoltaic farm		Total	
	30.06.2020	31.12.2019	**30.06.2020**	31.12.2019	**30.06.2020**	31.12.2019	**30.06.2020**	31.12.2019
	€	€	**€**	€	**€**	€	**€**	€
Reportable segment assets	**98,738,969**	110,733,248	**37,810,664**	38,413,506	**2,753,949**	2,870,888	**139,303,582**	152,017,642
	========	========	========	========	========	========	========	========
Reportable segment liabilities	**107,732,125**	113,528,781	**17,623,136**	20,748,143	**6,342,810**	6,320,245	**131,698,071**	140,597,169
	========	========	========	========	========	========	========	========

6 Operating segments (continued)

6.2 Reconciliation of reportable segment profit or loss

	6 months ended 30.06.20 €	6 months ended 30.06.19 €
Loss before tax for reportable segments	**(3,976,500)**	(1,126,880)
	------------	------------
Consolidated loss before income tax	**(3,976,500)**	(1,126,880)
	=======	=======

7 Earnings per share

The calculation of the basic earnings per share of the Group is based on the loss attributable to ordinary shareholders of the Company as shown in the condensed consolidated statement of profit or loss and other comprehensive income, divided by the weighted average number of ordinary shares outstanding during the period of 53,744,405 shares. There were no dilutive potential ordinary shares during the current and comparative year.

8 Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

The Directors of the Group have presented the performance measure adjusted EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation, amortisation and net impairment losses on property, plant and equipment.

Adjusted EBITDA is not a defined performance measure in IFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

8 Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA) (continued)

Reconciliation of adjusted EBITDA to loss from continuing operations

	6 months ended 30.06.20	6 months ended 30.06.19
	€	€
Loss from continuing operations	**(3,819,565)**	(982,454)
Tax income	**(156,935)**	(144,426)
	---------------	---------------
Loss before tax	**(3,976,500)**	(1,126,880)
Adjustments for:		
- Net finance costs	**2,362,840**	2,648,333
- Depreciation	**3,804,792**	3,759,666
- Amortisation of intangible assets	**736,494**	736,494
- Amortisation of contract costs	**159,040**	159,040
	---------------	---------------
Adjusted EBITDA	**3,086,666**	6,176,653
	========	========

9 Property, plant and equipment

During the six months ended 30 June 2020, the Group acquired assets with a cost of €327,179 (six months ended 30 June 2019: €776,314).

10 Contingencies

There were no major changes in the contingencies of the Group from those disclosed in the consolidated financial statements of the Group for the year ended 31 December 2019.

11 Subsequent events

There were no material events which occurred subsequent to the date of the condensed consolidated interim statement of financial position.

12 Related parties

12.1 Significant shareholders

Two of the Company's directors, namely Mr Anthony S Diacono and Mr Anthony J Duncan hold 29.61% and 34.33% (2019: 31.17% and 34.33%) respectively of the issued share capital of the Company either directly or indirectly.

12.2 Related parties transactions

Consistent with the disclosures in the last annual financial statements, the Group has a related party relationship with its directors, shareholders and immediate relatives of a director ("other related parties"). All transactions entered into with group companies have been eliminated in the preparation of these financial statements.

In addition to transactions disclosed in the statements of changes in equity and cash flows, the following transactions were conducted during the period:

	Transactions' value 6 months ended	
	30.06.20	30.06.19
	€	€
Other related parties		
Services rendered by	**66,896**	17,785
	=====	=====

	Balance Outstanding	
	30.06.20	31.12.19
	€	€
Amounts due to		
Shareholders	**89,484**	60,876
	======	======

Medserv p.l.c.

Statement pursuant to Listing Rule 5.75.3 issued by the Listing Authority

We confirm that to the best of our knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial position of the Group as at 30 June 2020, as well as of the financial performance and cash flows for the six-month period then ended, fully in compliance with the accounting standards adopted for use in the EU for interim financial statements (EU adopted IAS 34, *Interim Financial Reporting*); and

- the Interim Directors' report includes a fair review of the information required in terms of Listing Rules 5.81 to 5.84.

Anthony J Duncan
Director

Anthony S Diacono
Director

28 August 2020