



SECURED & GUARANTEED NOTE ISSUANCE PROGRAMME

DATED 12 AUGUST 2013

MEDSERV P.L.C.

a public limited liability company registered under the laws of Malta with company registration number C28847 and with registered office situated at Malta Freeport, Port of Marsaxlokk, Birzebbugia, BBG 3011 as Issuer of

€20,000,000 Secured & Guaranteed Note Issuance Programme

Application has been made to the Listing Authority in Malta which is the Maltese competent authority for the purposes of the Prospectus Directive for the approval of this Prospectus. Application will be also made to the MSE for each Series of the Notes issued under the Programme to be admitted to trading on the MSE's Regulated Market and to be listed on the Official List of the MSE.

For a description of the guarantee and the security in respect of the Notes, see the section entitled 'Status, Guarantee, Note Security' in Section 2 of the Terms and Conditions. Also, see 'Risk Factors' for a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes. This Prospectus has been filed with the Listing Authority and will be published in electronic form on the website of the Listing Authority and of the Issuer. A printed form of the Prospectus is also available, free of charge, from the registered office of the Issuer.

SPONSOR



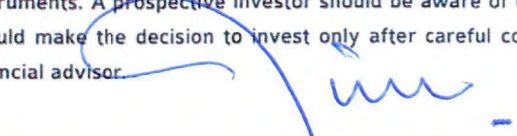
MANAGER, REGISTRAR & SECURITY TRUSTEE

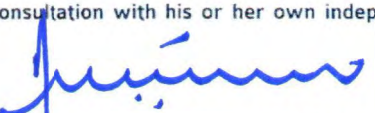


The Listing Authority has authorised the admissibility of these securities as a Listed Financial Instrument. This means that the said instruments are in compliance with the requirements and conditions set out in the Listing Rules. In providing this authorisation, the Listing Authority does not give any certification regarding the potential risks in investing in the said instrument, and such authorisation should not be deemed or be construed as a representation or warranty as to the safety of investing in such instrument.

The Listing Authority accepts no responsibility for the contents of the Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in relation upon the whole or any part of the contents of the Prospectus including any losses incurred by investing in these securities.

A prospective investor should always seek independent financial advice before deciding to invest in any listed financial instruments. A prospective investor should be aware of the potential risks in investing in the securities of an issuer and should make the decision to invest only after careful consideration and consultation with his or her own independent financial advisor.


ANTHONY S. DIACONO
FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS OF MEDSERV P.L.C.


ANTHONY J. DUNCAN
FOR AND ON BEHALF OF THE BOARD
OF DIRECTORS OF MEDSERV P.L.C.



MEDSERV MALTA BASE AT MALTA FREEPORT

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01 RESPONSIBILITY STATEMENT

The Board of Directors of the Issuer, with its registered office in Malta, is solely responsible for the information given in this Prospectus.

The said Directors hereby declare that, having taken reasonable care to ensure that such is the case, the information contained in this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Prospectus should be read and construed in conjunction with the Reference Documents. Full information on the Issuer and the Notes is only available on the basis of the Prospectus, as supplemented from time to time, together with the Reference Documents, and the applicable Final Terms.

The Issuer confirms that this Prospectus contains all information with respect to the Issuer and the Notes which is material in the context of the Programme and the issue and offering of the Notes thereunder; that the information contained herein in respect of the Issuer and the Notes is accurate in all material respects and is not misleading; that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts, the omission of which would make any statement, whether fact or opinion, in this Prospectus misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained herein.

No person has been authorised to give any information which is not contained or consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

None of the advisors or any person mentioned in this Prospectus, other than the Issuer, is responsible for the information contained in this Prospectus or any supplement thereof, or any Final Terms or any Reference Documents, and accordingly, to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility as to the accuracy and completeness of the information contained in any of these documents.

All the advisors to the Issuer have acted and are acting exclusively for the Issuer in relation to this public offer and have no contractual, fiduciary or other obligation towards any other person and will accordingly not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in the Prospectus.

This document constitutes a base prospectus ("**Prospectus**" or "**Base Prospectus**") for the purposes of the Prospectus Directive and relevant Maltese laws. This Prospectus is valid for 12 months from the date of publication and this Prospectus and any supplement hereto as well as any Final Terms reflect their status as at their respective dates of issue. The Prospectus and/or any Final Terms and the offering, sale or delivery of any Notes may not be taken as: (a) an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue; or (b) that there has been no adverse change in the financial condition of the Issuer since such dates; or (c) that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer undertakes to supplement the Prospectus or publish a new Prospectus at any time after submission of the Prospectus for approval to the Listing Authority, if and when, the information herein should become materially inaccurate or incomplete in the event of any new significant factor that is capable of affecting the assessment of the Notes by potential investors. **The Listing Authority is not required to approve any Final Terms issued by the Issuer pursuant to this Prospectus.**

The distribution of the Prospectus and any Final Terms and the offering, sale or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Additionally, the Notes will not be registered under the United States Securities Act of 1933, as amended. The Notes will not be offered, sold or delivered within the United States or to U.S. persons.

This Prospectus is drawn up in the English language. The English version shall prevail over any part of this Prospectus translated into any other language other than the Terms and Conditions in respect of the issue of any Tranche (as hereinafter defined) of Notes under the Programme where the prevailing language will be specified in the applicable Final Terms.

The Notes issued under the Programme may be listed on the Official List of the MSE and admitted to trading on the Regulated Market of the MSE. The MSE's Regulated Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC.

This Prospectus can only be used for the purposes for which it has been published.

This Prospectus and any Final Terms must not be used for the purpose of an offer or solicitation to subscribe for Notes by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

Subject to the restrictions and conditions set out in this Base Prospectus, the categories of potential investors to which the Securities are intended to be offered are retail and institutional investors in Malta. A percentage of any tranche may be reserved for specific retail and/or institutional investors, or categories of either, details of which shall be included in the Final Terms.

Consent

Certain tranches of Notes may, subject as provided below, be subsequently resold, placed or otherwise offered by financial intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Directive. Any such resale, placement or offer is referred to in this Base Prospectus as a **"Public Offer"**.

The Issuer consents to the use of this Base Prospectus and Final Terms (and accepts responsibility for the information contained in this Base Prospectus and Final Terms) with respect to any Public Offer of Notes which satisfies all of the following conditions:

- (i) the Public Offer is only made in respect of the tranche of Notes specified in the Final Terms;
- (ii) the Public Offer is only made in Malta;

- (iii) the Public Offer is only made during the offer period specified in the Final Terms (the “Offer Period”); and
- (iv) the Public Offer is made by an entity (a “Financial Intermediary”) which either:
 - (a) is expressly named as a financial intermediary in the Final Terms; or
 - (b) is a financial intermediary whose name and address is published on the Issuer’s website (www.medservmalta.com).

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

The Issuer may give consent to one or more additional Financial Intermediaries in respect of a Public Offer after the date of the Final Terms, discontinue or change the Offer Period, and/or remove or add conditions to consent and, if it does so, such information will be published at www.medservmalta.com. Any new information with respect to Financial Intermediaries unknown at the time of the approval of this Base Prospectus or the filing of the Final Terms will be published and can be found at www.medservmalta.com.

Neither the Issuer, the Sponsor or the Manager has any responsibility for any of the actions of any Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to an offer.

Other than as set out above, neither the Issuer, the Sponsor or the Manager has authorised (nor do they authorise or consent to the use of this Base Prospectus in connection with) the making of any public offer of the Notes by any person in any circumstances. Any such unauthorised offers are not made on behalf of the Issuer, the Manager, the Sponsor or any Financial Intermediary and none of the Issuer, the Sponsor, the Manager or Financial Intermediary has any responsibility or liability for the actions of any person making such offers. Investors should enquire whether an intermediary is considered to be a Financial Intermediary. If the investor is in doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Base Prospectus or any Final Terms. If given or made, it must not be relied upon as having been authorised by the Issuer, Sponsor or the Manager. The Issuer does not accept responsibility for any information not contained in this Base Prospectus or any Final Terms.

In the event of an offer being made by a Financial Intermediary, the Financial Intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made. Any offer or sale of Securities to an investor by a Financial Intermediary will be made in accordance with any terms and other arrangements in place between such Financial Intermediary and such investor including as to price, allocations and settlement arrangements. Where such information is not contained in the Base Prospectus or Final Terms, it will be the responsibility of the applicable Financial Intermediary at the time of such offer to provide the investor with that information and neither the Issuer, the Sponsor or the Manager or other Financial Intermediary has any responsibility or liability for such information.

Any Financial Intermediary using this Base Prospectus in connection with a Public Offer as set out above is required, for the duration of the relevant Offer Period, to publish on its website that it is using this Base Prospectus for such Public Offer in accordance with the consent of the Issuer and the conditions attached thereto.

03 DIRECTORY

Name and Registered Office of Issuer and Guarantor	Issuer: Medserv p.l.c. C 28847 Malta Freeport, Port of Marsaxlokk, Birżebbuġia, BBG 3011, Malta	Guarantor: Medserv Operations Limited C 2971 Port of Marsaxlokk, Birżebbuġia, BBG 3011, Malta
Board of Directors of Issuer and Guarantor	Anthony S. Diacono Anthony J. Duncan Joseph F.X. Zahra Johannes Jacobus van Leeuwen	
Sponsor	Rizzo, Farrugia & Co. (Stockbrokers) Ltd. Airways House, Third Floor, High Street, Sliema, SLM 1549, Malta	
Manager, Registrar & Security Trustee	HSBC Bank Malta p.l.c. 116, Archbishop Street, Valletta, VLT 1444, Malta	
Reporting Accountants & Auditors	KPMG Portico Building, Triq Marina, Pietà, PTA 9044, Malta	
Legal Advisors to the Issuer	Camilleri Preziosi Level 3, Valletta Buildings, South Street, Valletta, VLT 1103, Malta	

All terms not otherwise defined in this Prospectus shall have the meaning as set out in the '*Terms and Conditions*' of the Notes. In addition to the defined terms used in the section of this Prospectus entitled '*Terms and Conditions*', the following capitalised terms shall have the meaning attributed hereunder:-

Act	Companies Act, Cap. 386 of the laws of Malta;
CSD	the central securities depository of the MSE established pursuant to article 24 of the Financial Markets Act (Cap. 345 of the laws of Malta), and situated at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
Emphyteutical Deeds	collectively: a) the deed of temporary emphyteusis in the records of Notary Tonio Spiteri dated 29 May 1997; b) the deed of temporary emphyteusis in the records of Notary Tonio Spiteri dated 23 December 1999; and c) the deed of Title of Use and termination of part of a temporary emphyteusis in the records of Notary Pierre Attard of 22 June 2004 a description of which can be found under the heading ' <i>Material Contracts</i> ';
Euro or €	the lawful currency of the eurozone;
Final Terms	final terms issued by the Issuer from time to time in the form set out in this Prospectus;
Freeport Authority	the Freeport Authority originally constituted as the Malta Freeport Corporation Limited (a limited liability company (C9353) under the Commercial Partnerships Ordinance) subsequently deemed to have been constituted under the Freeport Act;
Freeport Act	Malta Freeports Act, Cap. 334 of the laws of Malta;
Guarantee	the joint and several suretyship granted by the Guarantor as security for the punctual performance of the Issuer's payment obligations under the Notes, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Note Holders by the Security Trustee;
Guarantor	Medserv Operations Limited, a limited liability company registered under the laws of Malta with company registration number C2971;
HSBC Security	means the hypothecary rights registered in favour of HSBC Bank Malta p.l.c. as security for the commercial banking facilities provided to the Guarantor, details of which are set out under section 2 of the Terms and Conditions under the heading ' <i>Note Security</i> ';
Jointly Controlled Entity	Medserv Italia s.r.l. (a limited liability company registered under the laws of Italy with Ministry of Economy number 121378);
Medserv Group or Group or Medserv	the Issuer and its Subsidiaries and the Jointly Controlled Entity;

Medserv Site	the immovable property situated at Kalafrana, limits of Birżebbuġia, Malta and within the confines of the Malta Freeport area, a description of which is contained in the Emphyteutical Deeds;
MSE	the Malta Stock Exchange;
Notes	the secured and guaranteed notes issued or to be issued in terms of the Programme;
Note Security	the Guarantee, the general hypothec and the special hypothec granted by the Guarantor over its emphyteutical rights over the Medserv Site as security for the punctual performance of the Issuer's payment obligations under the Notes, subject to the terms and conditions contained in the Security Trust Deed and as the same is held on trust for the benefit of the Note Holders by the Security Trustee;
Programme	the secured & guaranteed note issuance programme being made by the Issuer pursuant to this Prospectus;
Reference Documents	any supplement to the Prospectus, together with any document incorporated by reference;
Security Trust Deed	the trust deed entered into by the Issuer and the Security Trustee pursuant to which the Note Security is settled on trust in favour of the Note Holders as security for the punctual performance of the Issuer's obligations under the Notes (details of the trust deed are contained in the section entitled ' <i>Material Contracts</i> ');
Security Trustee	HSBC Bank Malta p.l.c. and any other successor in such capacity appointed for that purpose in terms of the Security Trust Deed;
Series	one or more Tranches, which are expressed to be consolidated and forming a single series and identical in all respects, except for issue dates, interest commencement dates and/or issue prices;
Subsidiaries	each of: <ul style="list-style-type: none"> a) the Guarantor; b) Medserv East Africa Ltd (a limited liability company registered under the laws of Malta with company registration number C 57749); c) Medserv Eastern Mediterranean Limited (a limited liability company registered under the laws of Malta with company registration number C 50453); d) Medserv International p.l.c. (a limited liability company registered under the laws of Malta with company registration number C 44846); e) Medserv Italy Limited, (a limited liability company registered under the laws of Malta with company registration number C 50987); f) Medserv Libya Limited, (a limited liability company registered under the laws of Malta with company registration number C 55898); g) Medserv Misurata FZC, (a company incorporated under the laws of Libya with company registration number 2007/ع-1/1); and h) Medserv (Cyprus) Limited, (a limited liability company registered under the laws of Cyprus with company registration number 296580);
"Terms and Conditions" or "Conditions"	the terms and conditions contained in section 10 of this Prospectus; and
Tranche	each tranche of Notes identical in all respects, except for issue dates, interest commencement dates and/or Issue Prices, issued in accordance with the provisions of this Prospectus as may be amended, supplemented and updated from time to time and the applicable Final Terms.

Summaries are made up of disclosure requirements known as 'elements'. These elements are numbered in sections A – E (A.1 – E.7).

This Summary contains all the elements required to be included in a summary for these types of securities and issuer. Because some elements are not required to be addressed, there may be gaps in the numbering sequence of the elements.

Even though an element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the element. In this case, a short description of the element is included in the summary after the words 'not applicable'.

SECTION A – INTRODUCTION & WARNINGS

A.1 Introduction & Warnings

This Summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole, including any information incorporated by reference, and read together with the Final Terms.

Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff might, under the national legislation of the relevant Member State of the European Economic Area, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

No civil liability shall attach to any responsible person solely on the basis of this Summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes.

A.2	Consent by the Issuer to the use of prospectus in subsequent resale or final placement of Securities, indication of offer period and conditions to consent for subsequent resale or final placement, and warning	<p>The Issuer may provide its consent to the use of the Base Prospectus and Final Terms for subsequent resale or final placement of Notes by financial intermediaries, provided that the subsequent resale or final placement of Notes by such financial intermediaries is made during the offer period specified in the Final Terms. Such consent may be subject to conditions which are relevant for the use of the Base Prospectus.</p> <p>The Issuer consents to the use of the Base Prospectus and these Final Terms with respect to the subsequent resale or final placement of Notes (a “Public Offer”) which satisfies all of the following conditions:</p> <p>(a) the Public Offer is only made in Malta;</p> <p>(b) the Public Offer is only made during the period from and including [•], to, but excluding, [•] (the “Offer Period”); [and]</p> <p>(c) the Public Offer is only made by [each financial intermediary whose name is published on the Issuer’s website (www.medservmalta.com) or identified as a financial intermediary for these Notes] [the following financial [intermediary] [intermediaries]: [•];and]</p> <p>(d) [•]</p> <p>The consent referred to above relates to Offer Periods (if any) ending no later than the date falling 12 months from the date of the approval of the Base Prospectus by the Listing Authority in Malta.</p> <p>Information on the terms and conditions of an offer by any Financial Intermediary is to be provided at the time of that offer by the Financial Intermediary.</p>
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SECTION B – ISSUER & GUARANTOR

B.1	Legal & Commercial Name of Issuer & Guarantor	<p>Issuer:</p> <p>Medserv p.l.c.</p> <p>Guarantor:</p> <p>Medserv Operations Limited</p>
B.2	Domicile and legal form of the Issuer & Guarantor, legislation under which the Issuer & Guarantor operates and country of incorporation of the Issuer & Guarantor	<p>The Issuer and the Guarantor are domiciled in Malta and lawfully incorporated, existing and registered in terms of the Companies Act, Cap. 386 of the laws of Malta.</p> <p>The Issuer is a public limited liability company whereas the Guarantor is a private limited liability company.</p>
B.4(b)	Known trends affecting the Issuer and industries in which the Issuer operates	<p>The Group’s business and the industry in general is impacted positively by the increased demand for oil and gas and improved technology required for the exploration and extraction of oil and gas. Political conflicts and environmental disasters may negatively affect the oil and gas industry.</p>

B.5	Description of the group and the Issuer's position within the group	<p>The Issuer is the parent company of the Medserv Group. It holds more than 50% of the issued share capital of the following subsidiary companies:</p> <ul style="list-style-type: none"> a) the Guarantor; b) Medserv East Africa Ltd (a limited liability company registered under the laws of Malta with company registration number C 57749); c) Medserv Eastern Mediterranean Limited (a limited liability company registered under the laws of Malta with company registration number C 50453); d) Medserv International p.l.c. (a limited liability company registered under the laws of Malta with company registration number C 44846); e) Medserv Italy Limited, (a limited liability company registered under the laws of Malta with company registration number C 50987); f) Medserv Libya Limited, (a limited liability company registered under the laws of Malta with company registration number C 55898); g) Medserv Misurata FZC, (a company incorporated under the laws of Libya with company registration number 2007/ع-1/1); and h) Medserv (Cyprus) Limited, (a limited liability company registered under the laws of Cyprus with company registration number 296580). <p>Also part of the Group is the Jointly Controlled Entity, Medserv Italia s.r.l., (a limited liability company registered under the laws of Italy with Ministry of Economy number 121378), of which Medserv p.l.c. holds 50% through Medserv Italy Limited.</p>
B.9	Profit Forecast or estimate	Not Applicable: the Issuer has chosen not to include a profit forecast or estimate.
B.10	Nature of any qualifications in audit report on historical financial information	Not Applicable: the audit report on the historical financial information of the Issuer and the Guarantor contains no such qualifications.
B.12	Selected key financial information; no material adverse change and no significant change statements:	

Selected Key Financial Information:

The historical financial information of the Issuer is set out in the audited consolidated financial statements for each of the financial years ended 31 December 2008 to 2012. Set out below are summarised extracts from the consolidated financial statements of the Issuer for the years ended 31 December 2008 to 2012.

Medserv p.l.c. - Condensed Consolidated Statements of Comprehensive Income

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Revenue	6,709	9,204	11,716	17,528	15,565
Results from operating activities	(987)	1,097	125	3,256	1,065
(Loss)/profit for the year	(378)	817	115	2,808	1,299
(Loss)/earnings per share	(2c5)	7c6	1c2	23c3	11c3

Medserv p.l.c. – Condensed Consolidated Statements of Financial Position

As at 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Total assets	13,243	13,217	13,380	16,892	14,814
Total equity	7,951	8,624	8,108	9,583	7,345
Total liabilities	5,292	4,593	5,272	7,309	7,469
Total equity & liabilities	13,243	13,217	13,380	16,892	14,814

The interim unaudited financial results of the Issuer for the six months ended 30 June 2012 and 2013 are set out below.

Medserv p.l.c. – Condensed Consolidated Statements of Comprehensive Income

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Revenue	3,703	2,546
Results from operating activities	643	(618)
Profit for the period	504	10
Earnings per share	5c1	0c3

Medserv p.l.c. – Condensed Consolidated Statements of Financial Position

As at	30 June 2013	31 December 2012
	€'000	€'000
Total assets	12,892	13,243
Total equity	8,455	7,951
Total liabilities	4,437	5,292
Total equity & liabilities	12,892	13,243

The historical financial information of the Guarantor is set out in the audited financial statements for each of the financial years ended 31 December 2008 to 2012. Set out below are summarised extracts from the financial statements of the Guarantor for the years ended 31 December 2008 to 2012.

Medserv Operations Limited – Condensed Statements of Comprehensive Income

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Revenue	6,284	8,617	7,904	11,601	10,974
Results from operating activities	(637)	1,280	362	2,230	970
(Loss)/profit for the year	(12)	886	292	1,750	1,212

Medserv Operations Limited – Condensed Statements of Financial Position

As at 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Total assets	11,794	11,131	10,762	12,408	11,221
Total equity	4,135	4,147	3,873	4,191	4,242
Total liabilities	7,659	6,984	6,889	8,217	6,979
Total equity & liabilities	11,794	11,131	10,762	12,408	11,221

The interim unaudited financial results of the Guarantor for the six months ended 30 June 2012 and 2013 are set out below.

Medserv Operations Limited – Condensed Statements of Comprehensive Income

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Revenue	3,528	2,238
Results from operating activities	694	(479)
Profit for the period	553	136

Medserv Operations Limited - Condensed Statements of Financial Position

As at	30 June 2013	31 December 2012
	€'000	€'000
Total assets	11,749	11,794
Total equity	4,688	4,135
Total liabilities	7,061	7,659
Total equity & liabilities	11,749	11,794

Material Adverse Change:

There has been no material adverse change in the prospects of the Issuer and the Guarantor since 31 December 2012, being the date of its last published audited financial statements.

Significant Change:

There has been no significant change in the financial or trading position of the Medserv Group or the Guarantor which has occurred since 30 June 2013, being the date of the last published unaudited interim financial information.

B.13	Recent events particular to the Issuer or the Guarantor which are materially relevant to the evaluation of Issuer's solvency	Not Applicable: there are no recent events particular to the Issuer or the Guarantor which are materially relevant to the evaluation of Issuer's solvency.
B.14	Dependency of the Issuer on other entities within the group	The financial position of the Issuer is dependent on the financial position of its subsidiary undertakings.
B.15	Description of the Issuer's "principal activities"	<p>The Medserv Group is principally involved in the provision of integrated logistic services to the oil and gas industry and of specialised dedicated onshore facilities designed for the offshore exploration/production, including the use of:</p> <ul style="list-style-type: none"> • a dedicated quay; • specifically designed, built and managed warehouses; • engineering shops; • a mud mixing plant; • oil storage vats; • a training centre for specialised courses; • specialised offshore containers; and • an open area storage.
B.16	Description of whether the Issuer & Guarantor is directly or indirectly owned or controlled and by whom and nature of such control	<p>Not Applicable: the Issuer is not controlled by any one single entity.</p> <p>The Guarantor is wholly owned by the Issuer, which is the ultimate holding company of the Medserv Group.</p>

B.17	Credit ratings assigned to the Issuer, Guarantor or their debt securities	Not Applicable: there are no credit ratings assigned to the Issuer, Guarantor or their debt securities.
B.18	Nature and Scope of Guarantee	The Guarantor has agreed to stand surety jointly and severally with the Issuer thus guaranteeing the payment obligations of the Issuer under the Notes. Thus, Note Holders are entitled to request the Guarantor to pay the full amounts due under the Notes if the Issuer fails to pay itself. The Guarantee also entitles the Note Holders to take action against the Guarantor without having to first take action against the Issuer.

Section C – Securities

C.1	Type and class of Securities being offered and/or admitted to trading	<p>Up to €20,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time pursuant to the Secured & Guaranteed Note Issuance Programme (the Programme).</p> <p>Notes will be issued in Tranches, each Tranche consisting of Notes which are identical in all respects except for issue dates, interest commencement dates and/or issue prices. One or more Tranches, which are expressed to be consolidated and forming a single Series and identical in all respects, except for issue dates, interest commencement dates and/or issue prices may form a Series of Notes. Further Notes may be issued as part of an existing Series.</p> <p>Notes shall be issued in fully registered and dematerialised form without interest coupons and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer.</p> <p>Notes will be issued in such denominations as may be determined by the Issuer and as indicated in the applicable Final Terms.</p> <p>The Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.</p> <p>Notes will be issued bearing a fixed rate of interest throughout the entire term of the Notes and will be payable on that basis (as specified in the applicable Final Terms). Notes may be issued at an Issue Price which is at par or at a discount to, or a premium over, par.</p> <p>The Issuer's payment obligations under the Notes shall be guaranteed by the Guarantor, which guarantee shall be secured by virtue of a general hypothec and special hypothec granted by the Guarantor over its emphyteutical rights over the Medserv Site. The said Guarantee, general hypothec and special hypothec shall be held by the Security Trustee for the benefit of the Note Holders.</p> <p>Application will be made to list each Series of the Notes on the Official List of the MSE and to be admitted to trading on the Regulated Market of the MSE.</p>
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The Notes will be governed by the laws of Malta.

Issue Specific Summary

The Notes are *[specify currency of Notes being issued]* *[specify fixed interest rate of Notes being issued]* per cent, due *[•]*.

Series: *[•]*

Tranche: *[•]*

Aggregate Nominal Amount: *[•]*

ISIN Code: *[•]*

Issue Price: *[•]*

Specified Denomination: *[•]*

C.2	Currency	The Notes may be issued in any currency.
		Issue Specific Summary The currency of the Notes is: <i>[•]</i> .
C.5	Description of restrictions on free transferability	There is no restriction on the free transferability of the Notes.
C.8	Description of rights attached to the Securities and limitations to those rights; ranking of the Securities	<p>There are no special rights attached to the Notes other than the right of the Note Holders to payment of capital and interest and in accordance with the below described ranking.</p> <p>Ranking: The Notes are debt obligations of the Issuer secured by a guarantee and general hypothec granted by the Guarantor and also by a special hypothec granted by the Guarantor over the emphyteutical grant it holds in respect of the Medserv Site. The Issuer has not granted any security over its own assets and therefore its obligations in regards to the Notes are unsecured obligations ranking equally with all the Issuer's other present and future unsecured obligations. Because of the security granted, the Guarantor's obligations in regards to the Notes rank equally between them and save for the HSBC Security, the Freeport Authority's privilege and other prior ranking security arising by operation of the law, the Guarantor's obligations rank before its other present and future obligations. This means that if the Guarantor is insolvent, then its assets will be used to pay such other prior ranking debts before paying those in respect of the Notes.</p> <p>The Issuer has undertaken to obtain the cancellation or postponement of the HSBC Security through the repayment of the respective secured facilities with HSBC through the issuance of the first Note Series. The funds from the first Note Series will only be released by the Security Trustee if simultaneously with the release the HSBC Security is cancelled or postponed.</p>
C.9	Interest/Redemption	<p>The length of the interest periods for the Notes and the applicable interest rate will be set out in the relevant Final Terms.</p> <p>Fixed interest will be payable in arrears on each Interest Payment Date.</p> <p>The maturity date of the Notes will be set out in the relevant Final Terms.</p> <p>The Final Terms issued in respect of each issue of the Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and, if so, the terms applicable to such redemption.</p>

The Final Terms issued in respect of each issue of Notes will set out an indication of the yield of the Notes.

Issue Specific Summary

Rate of Interest:	[•]% per annum
Interest Commencement Date:	[•] <i>[Specify / Issue Date / Not Applicable]</i>
Maturity Date:	<i>[specify date]</i>
Early Redemption Option:	<i>[Applicable (give details) / Not Applicable]</i>
Yield:	[•]

C.10	Explanation of any derivative component in the interest payment	Not Applicable.
C.11	Listing and admission to trading	[Application has been made for the Notes to be admitted to trading on [•] with effect from [•] / [Not Applicable].

[The Notes have already been admitted to trading on [•] with effect from [•] / [Not Applicable].

Issue Specific Summary

[Application has been made for the Notes to be admitted to trading on [•] with effect from [•] / [Not Applicable]. / [The Notes have already been admitted to trading on [•] with effect from [•]. / [Not Applicable].

SECTION D – RISKS

D.2	Key information on the key risks that are specific to the Issuer & Guarantor	<p>There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.</p> <p>Issuer's Reliance on Guarantor: The Issuer is dependent on the business prospects of the Guarantor.</p> <p>Risks Relating to the Industry: Medserv is exposed to the risks associated with the trends and future outlook of the oil and gas industry as a whole.</p> <p>Risks Relating to the Market: The demand for Medserv's services is dependant on the construction of new drilling and product facilities and indirectly on the demand for oil and gas and their price.</p> <p>Risks Relating to Emerging Markets: The Group's operations are dependent on emerging markets. These markets present economic and political conditions which may result in less social, political and economic stability. Therefore, the Group's business may be negatively impacted by political and economic instability, exchange controls, risk of nationalisation and changes in Government policies.</p> <p>Limited IOCs in Industry: The oil and gas industry, particularly in the Mediterranean region, is dominated by a very limited number of international oil companies (IOCs). Medserv's performance will depend on it being able to maintain and increase its relationship with these IOCs.</p>
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Dependence on Key Personnel: The growth of the Group has been, in part, attributed to the capabilities of the members of the executive management team. Their continued contribution to the Group is essential to the continued growth of the Group.

Forward-Looking Statements: Forward-looking statements can be identified by the use of terms such as “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should”. These forward-looking statements relate to matters that are not historical facts. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this Prospectus.

D.3	Key information on the key risks that are specific to the Securities	<p>There are certain factors which are material for the purpose of assessing the market risks associated with the Notes, including the following:</p> <p>No Assurance of Active Secondary Market: A liquid market depends, amongst others, on the presence of willing buyers and sellers. The Issuer cannot guarantee that such a liquid market will develop for the Notes and that the Notes may be traded at above their issue price.</p> <p>Security Trust Deed: Investors ought to read the description of the Security Trust Deed contained in Section 9.16 since, upon the acquisition of Notes, an investor shall be bound by the terms thereof. The trust deed regulates a number of matters which investors should be aware of, namely, the instances when the trustee is not liable for certain acts, the requirement to hold Note Holder meetings and that the trustee may decide not to enforce the security unless 75% in value of the Note Holders require him to do so.</p> <p>Value of the Notes: The value of the Notes may increase or decrease and past performance is not necessarily indicative of future performance.</p> <p>Suitability: An investment in the Notes may not be suitable for all recipients of this Prospectus. Investors should discuss a decision to invest in the Notes with their licensed investment advisors.</p> <p>Fixed Rate Notes: Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.</p> <p>Ranking: The Notes are guaranteed by the Guarantor and are secured by the Guarantor granting a general hypothec and a special hypothec over its emphyteutical rights on the Medserv Site. The Issuer has not granted any security over its own assets and therefore its obligations in regards to the Notes are unsecured obligations ranking equally with all other present and future unsecured obligations. Because of the security granted, the Guarantor’s obligations in regards to the Notes rank equally between them and save for the HSBC Security, the Freeport Authority’s privilege and other prior ranking security arising by operation of the law, the Guarantor’s obligations rank before its other present and future obligations.</p>
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Until such time as the HSBC Security is cancelled or postponed in favour of the Security Trustee, the Guarantor's obligations and the Note Security will rank junior to the HSBC Security. The Note Security will at all times rank junior to the special privilege granted to the Freeport Authority and also to any prior ranking security interest arising by operation of law. This means that if the Guarantor is insolvent, then its assets will be used to pay such other prior ranking debts before paying those in respect of the Notes.

The Issuer has undertaken to obtain the cancellation or postponement of the HSBC Security by the time the funds from the first issue of Notes are released by the Security Trustee in favour of the Issuer.

Guarantee: The amount that can be recovered by the Note Holders from the Guarantor depends on the Guarantor's financial strength. If the Guarantor goes insolvent, the amount that can be recovered will also be dependent on the existence or otherwise of any prior ranking claims on the assets of the Guarantor.

SECTION E - OFFER

E.2(b)	Reasons for offer and use of proceeds when different from making profit and/or hedging certain risks	<p>Issue Specific Summary</p> <p>[The net proceeds of the issue of the Notes will be used by the Issuer for (<i>specify</i>).]</p>										
E.3	Description of the terms and conditions of the offer	<p>Notes may be offered to the public in Malta. Other than as set out in section A.2 above, the Issuer has not authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use the Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer and the Issuer has no responsibility or liability for the actions of any person making such offers.</p> <p>Issue specific summary</p> <table><tr><td>Offer Period:</td><td>[•]</td></tr><tr><td>Conditions to which the Offer is subject:</td><td>[Not Applicable]/[•]</td></tr><tr><td>Description of application process:</td><td>[Not Applicable]/[•]</td></tr><tr><td>Details of the minimum and/or maximum amount of application:</td><td>[Not Applicable]/[•]</td></tr><tr><td>Manner in and date on which results of the Offer are to be made public:</td><td>[Not Applicable]/[•]</td></tr></table>	Offer Period:	[•]	Conditions to which the Offer is subject:	[Not Applicable]/[•]	Description of application process:	[Not Applicable]/[•]	Details of the minimum and/or maximum amount of application:	[Not Applicable]/[•]	Manner in and date on which results of the Offer are to be made public:	[Not Applicable]/[•]
Offer Period:	[•]											
Conditions to which the Offer is subject:	[Not Applicable]/[•]											
Description of application process:	[Not Applicable]/[•]											
Details of the minimum and/or maximum amount of application:	[Not Applicable]/[•]											
Manner in and date on which results of the Offer are to be made public:	[Not Applicable]/[•]											

E.4	Description of any interest material to the issue/offer, including conflicting interests	<p>The relevant Final Terms will specify any interest of natural and legal persons involved in the issue of the Notes.</p> <p><i>Issue specific summary</i></p> <p><i>[Not Applicable: So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] [Save for any fees payable to the Manager and the Sponsor in connection with the Issue of Notes and save for any fees payable to the Manager in its capacity as Security Trustee, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]</i></p>
E.7	Estimated expenses charged to investor by issuer/offeror	<p>The relevant Final Terms will specify the estimated expenses applicable to any Tranche of the Notes.</p> <p><i>Issue specific summary</i></p> <p>The estimated expenses are expected to be in the region of €[•].</p>

06 RISK FACTORS

An investment in the Issuer and the Notes involves certain risks. The following risks are those identified by the Issuer as at the date of the Prospectus. Prospective investors should carefully consider, with their own independent financial and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus and Reference Documents before deciding to make an investment in the Issuer and the Notes.

Some of these risks are subject to contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingencies occurring. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

If any of the risks described below were to materialise, they could have a serious effect on the Issuer's financial results and trading prospects and the ability of the Issuer to fulfil its obligations under the Notes.

The risks and uncertainties discussed below may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those which the Directors of the Issuer are not currently aware of, may well result in a material impact on the financial condition and operational performance of the Issuer. Accordingly, prospective investors should make their own independent evaluation of all risk factors, and should consider all other sections in the Prospectus before investing in the Notes. In addition, prospective investors ought to be aware that risk may be amplified due to a combination of risk factors.

6.1

RISKS RELATING TO THE GROUP, IN PARTICULAR, THE GUARANTOR

6.1.1 Issuer's Reliance on the Guarantor

The Issuer is mainly dependent on the business prospects of the Guarantor and, therefore, the operating results of the Guarantor have a direct effect on the Issuer's financial position.

6.1.2 Industry Sector

The Group's business activities consist in supporting and servicing the oil and gas industry. Inevitably therefore the Group is exposed, to a certain extent, to the risks associated with the trends and future outlook of that industry as a whole. There can be no certainty that the demand and/or supply for oil and gas will continue to increase.

6.1.3 Market

The level of demand for the Group's services may be dependent to a certain extent on the level of economic activity within the oil and gas industry. The Directors are of the view that this level of demand for the Group's services is dependent on the level of construction of new drilling and products facilities in various regions around the world. The level of production activity by oil and gas producers is, in turn, largely based on the demand for oil and gas and accordingly, to a certain extent, on the price of oil and gas.

6.1.4 Emerging Markets

Although the Group's revenue is primarily generated through its relationship with international and renowned oil and gas companies, the Group's operations are dependent on emerging markets. Emerging markets present economic and political conditions which differ from those of the more developed markets, thereby possibly resulting in less social, political and economic stability. Businesses in emerging markets may not be operating in a market-oriented economy as is generally associated with developed markets.

The Group's operations may be affected by uncertainties, such as political and diplomatic developments, social and economic instability, changes in government policies, taxation, high inflation, interest rates, exchange controls and other restrictions on the repatriation of capital, as well as other developments in the laws or regulations of such countries and, in particular, the risks of expropriation, nationalisation and/or confiscation of assets. This risk has been experienced by the Group as a result of the conflict in Libya. The conflict and the aftermath thereof, including internationally imposed sanctions, has negatively affected the Group's operations in Libya however the impact was limited and partly offset by the diversion of business to Malta and increased diversification of operations. There can be no guarantee that lost business in Libya will be brought back to pre-conflict levels.

6.1.5 Limited Operators in the Oil and Gas Industry

The oil and gas offshore exploration industry is dominated by a limited number of International Oil Companies (IOCs), the majority of which have an ongoing business relationship with the Medserv Group. In particular, the Mediterranean region is dominated by one major IOC, in respect of which the Medserv Group generates substantial business. Furthermore, it is common practice in the industry that such relationships are formalised on the basis of contracts of a relatively short term nature. The non-renewal of such relationships, in particular with respect to the dominant IOC present in the Mediterranean region, will have a negative effect on the Group.

6.1.6 Dependence on Key Personnel

Medserv believes that its growth since inception is partially attributable to the efforts and abilities of the members of its executive management team and other key personnel. If one or more of the members of this team were unable or unwilling to continue in their present position, the Group might not be able to replace them within the short term.

6.1.7 Health and Safety

The nature of the Medserv Group's business necessitates that adequate importance is given to maintaining compliance with international health and safety standards. The failure to comply with such standards could expose the Group to third party claims which could in turn have a material adverse effect on the Group's business and profitability.

6.1.8 The Group's Insurance Policies

Historically, the Group has maintained insurance at levels determined by the Group to be appropriate in the light of the cost of cover and the risk profiles of the business in which the Group operates. With respect to losses for which the Group is covered by its policies, it may be difficult and may take time to recover such losses from insurers. In addition, the Group may not be able to recover the full amount from the insurer. No assurance can be given that the Group's current insurance coverage would be sufficient to cover all potential losses, regardless of the cause, nor can any assurance be given that an appropriate coverage would always be available at acceptable commercial rates.

6.1.9 Increased Competition

Some of the Group's current and potential competitors may have longer operating histories, greater name recognition, larger customer bases and greater financial and other resources than the Group. Significant competition and changes in economic and market conditions could adversely affect the Group's business and operating results.

6.1.10 Foreign Exchange Risk

The Group's revenues are predominantly generated in Euro however in view of the continued efforts for the internationalisation of the Group's operations, a foreign currency risk may increase in regards to the Group's operating and reporting currency and the currency of certain costs and revenues. The Group's financial risk committee is vested with the responsibility of monitoring the Group's currency risk.

6.1.11 Property Valuations

The valuation referred to in the Prospectus is prepared by an independent qualified architect in accordance with the valuation standards published by the Royal Institution of Chartered Surveyors (RICS). In providing a market value of the property, the independent architect has made certain assumptions which ultimately may cause the actual value to be materially different from any future value that may be expressed or implied by such forward-looking statements as reality may not match the assumptions. There can be no assurance that such valuation will reflect actual market value.

6.1.12 Risks Relating To Taxation

The amount of taxation charged on the Issuer's activities is subject to changes in tax laws and their practical application.

6.1.13 Forward-Looking Statements

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Issuer and/or the Directors concerning, amongst other things, the Issuer's strategy and business plans, results of operations, financial condition, liquidity, prospects and dividend policy of the Issuer and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer's actual results of operations, financial condition, liquidity, dividend policy and the development of its strategy may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Issuer are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions, legislative and regulatory developments, changes in taxation regimes and the availability of suitable financing.

Potential investors are advised to read this Prospectus in its entirety and, in particular, the "Risk Factors" section hereof, for a further discussion of the factors that could affect the Issuer's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur. All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

6.2

RISKS RELATING TO THE NOTES

6.2.1 No Assurance of Active Secondary Market in the Notes

The existence of an orderly and liquid market for the Notes depends on a number of factors, including the presence of willing buyers and sellers of the Issuer's Notes at any given time. Such presence is dependent upon the individual decisions of investors over which the Issuer has no control. Accordingly, there can be no assurance that an active secondary market for the Notes will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that Note Holders will be able to sell the Notes at or above the price at which the Issuer issued the Notes or at all.

6.2.2 Security Trust Deed

By acquiring the Notes, the Note Holder is considered to be bound by the terms of the Security Trust Deed as if he had been a party to it. The Security Trust Deed contains a number of provisions which the investors ought to be aware of prior to acquiring the Notes and therefore investors ought to read the description of the Security Trust Deed contained in section 9.16 under the heading '*Material Contracts*' before acquiring any of the Notes.

For instance, in terms of the Security Trust Deed, a) the Security Trustee is not liable for any default or breach of duty or trust committed by it or for any loss of profits unless such default or breach is caused by the fraud, wilful misconduct or gross negligence of the Security Trustee or if it is not entitled to an indemnity under Maltese law; b) the Security Trustee is not bound to take any such steps or proceedings to enforce the Note Security unless requested to do so in writing by not less than 75% in value of the Note Holders; and c) the Note Holders are entitled to require the Security Trustee to convene a meeting of the Note Holders provided that such request is made by at least 10% in value of the Note Holders at that time. The Security Trust Deed contains additional provisions which the prospective investors should be aware of. The material elements of the Security Trust Deed are contained in section 9.16 under the heading '*Material Contracts*'.

6.2.3 Early Redemption

The Issuer may reserve the option to redeem the Notes, in whole or in part, prior to their final maturity. This optional redemption feature may condition the market value of the Notes.

6.2.4 Additional Indebtedness and Security

The Issuer and the Guarantor may incur further borrowings or indebtedness and may create or permit to subsist other security interests upon the whole or any part of its present or future undertakings, assets or revenues (including uncalled capital) provided that the Guarantor shall be prohibited from, throughout the term of any Note, creating or permitting to subsist any prior ranking charges over its assets other than those arising by operation of law, those arising in favour of the Malta Freeport in respect of the payment of the ground rent on the Medserv Site and, until such time as the HSBC Security is cancelled through the issuance of the first Note Series, the HSBC Security.

6.2.5 Effect of Future Public Offerings/Takeover/Merger Activity

No prediction can be made about the effect which any future public offerings of the Issuer's securities, or any takeover or merger activity involving the Issuer, will have on the market price of any of the Notes prevailing from time to time.

6.2.6 Fixed Rate Notes

The Issuer is entitled to issue Notes bearing a fixed rate of interest. Investment in such fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the market value of the said Notes. Investors should also be aware that the price of the fixed rate Notes moves adversely to changes in interest rates. When prevailing market interest rates are rising, the price of fixed rate Notes decline. Conversely, if market interest rates are declining, the price of fixed rate Notes rises. This is called market risk since it arises only if a Note Holder decides to sell the Notes before maturity on the secondary market.

6.2.7 No prior market for the Notes

There has been no prior market for the Notes within or outside Malta. Due to the absence of any prior market for the Notes, there can be no assurance that the price at which the Notes are issued will correspond to the price at which the Notes will trade in the market. The market price of the Notes could be subject to significant fluctuations in response to numerous factors, including the Issuer's operating results and political and economic developments in or outside Malta.

6.2.8 Reinvestment Risk

After redemption of the Notes, the investor may only be able to reinvest the redemption proceeds at significant adverse conditions.

6.2.9 Discontinuation of Listing

Even after the Notes are admitted to trade on the MSE, the Issuer is required to remain in compliance with certain requirements relating *inter alia* to the free transferability, clearance and settlement of the Notes in order to remain a listed company in good standing. Moreover, the Listing Authority has the authority to suspend trading or listing of the Notes if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or the integrity or reputation of the market. The Listing Authority may discontinue the listing of the Notes on the MSE. Any such trading suspensions or listing revocations/discontinuations described above could have a material adverse effect on the liquidity and value of the Notes.

6.2.10 Value of the Notes

The value of investments can rise or fall, and past performance is not necessarily indicative of future performance.

6.2.11 Suitability

An investment in the Issuer may not be suitable for all recipients of this Prospectus and investors are urged to consult a licensed stockbroker or an investment advisor licensed under the Investment Services Act (Cap. 370 of the laws of Malta) as to the suitability or otherwise of an investment in any of the Notes before making an investment decision. An informed investment decision can only be made by investors after they have read and fully understood the risk factors associated with an investment in the Notes and the inherent risks associated with the Issuer's business. In the event that an investor in the Notes does not seek professional advice and/or does not read and fully understand the provisions of this Prospectus, there is a risk that such investor may acquire an investment which is not suitable for his or her profile.

6.2.12 Note Holder's Currency of Reference

A Note Holder will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Notes and the Note Holder's currency of reference, if different.

6.2.13 Ranking of Notes and Security

The Notes are guaranteed by the Guarantor and secured by a general hypothec and a special hypothec over the Medserv Site, both granted by the Guarantor. The Issuer has not granted any security over any of its assets and therefore, the Issuer's obligations under the Notes are unsecured obligations ranking equally with its other present and future unsecured obligations. However, in view of the Note Security, if the Issuer had to default on its obligations and an Acceleration Event occurs, Note Holders may use the Guarantor's assets and its rights on the Medserv Site to settle the amounts due under the Notes. The Guarantor's obligations shall at all times rank equally between them and save for the HSBC Security, the Freeport Authority special privilege and other prior ranking security arising by operation of the law, the Guarantor's obligations shall rank senior over all other present and future obligations of the Guarantor.

Until such time as the HSBC Security is cancelled or postponed in favour of the Security Trustee, the Guarantor's obligations and the Note Security shall rank junior to the HSBC Security. The Note Security will at all times rank junior to the special privilege granted to the Freeport Authority and also to any prior ranking security interest arising by operation of law. Having prior ranking security means that in the event of insolvency of the Guarantor, the Guarantor's assets or proceeds from a sale thereof will be used to settle the prior ranking debts before settling the amounts due under the Notes.

The Issuer has agreed to obtain the cancellation or postponement of the HSBC Security in favour of the Security Trustee within 7 Business Days after the Issue Date of the first Note Series. The intended use of the proceeds received from the first Note Series shall include the repayment of the Guarantor's facilities secured by the HSBC Security. Thus, the Issuer shall be in a position to ensure the cancellation or postponement of the HSBC Security.

In the event that the Issuer does not fulfil this obligation, each Note Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Redemption Value, together with accrued interest, if any, to the date of repayment. The proceeds of the First Note issuance shall be held by the Security Trustee and shall only be released simultaneously with the cancellation or postponement of the HSBC Security.

6.2.14 Guarantee

The Notes are being guaranteed by the Guarantor and therefore, Note Holders are entitled to request the Guarantor to pay the full amounts due under the Notes if the Issuer fails to meet any amount. The guarantee also entitles the Note Holders to take action against the Guarantor without having to first take action against the Issuer. The level of recoverability by the Note Holders of any amounts due under any of the Notes from the Guarantor is dependent upon the financial strength of the Guarantor and in the case of insolvency of the Guarantor, such level of recoverability is further dependent upon the existence or otherwise of any prior ranking claims in respect of the assets of the Guarantor.

6.2.15 Terms and Conditions

The Terms and Conditions of the Notes are based on Maltese law in effect as at the date of the Prospectus. A change in Maltese law or administrative practice or a judicial decision may have an effect on the terms and conditions of the Notes. No assurance can be given as to the impact thereof after the date of this Prospectus.

The following Reference Documents are incorporated by reference into this Prospectus and are available in the English language:

- a) The Memorandum and Articles of Association of the Issuer and the Guarantor;
- b) The audited consolidated annual financial statements of the Medserv Group for each of the financial years ended 31 December 2008 to 2012;
- c) The audited financial statements of each of the Subsidiaries (including the Guarantor) for each of the financial years ended 31 December 2008 to 2012; and
- d) The unaudited consolidated interim financial statements of the Medserv Group for the six months ended 30 June 2012 and 2013.

The following documents are available for inspection at the registered office of the Issuer for the lifetime of this Prospectus:

- a) The documents above described as being Reference Documents;
- b) The unaudited interim financial statements of the Guarantor for the six months ended 30 June 2012 and 2013;
- c) The Security Trust Deed;
- d) The Guarantee and the public deeds creating the Note Security in favour of the Security Trustee;
- e) Land Registry searches dated 19 June 2013 and Official Public Registry Searches on privileges and hypothecs carried out up to 29 July 2013 in respect of the Guarantor;
- f) The contracts described under the section '*Material Contracts*';
- g) The Valuation dated 30 June 2013 and issued by TBA Periti and site plans referred to therein and consent by TBA Periti for reference to such valuation;
- h) The Prospectus and each set of Final Terms issued thereunder; and
- i) The letter of confirmation issued by KPMG in terms of the Listing Authority Policies dated 5 March 2013.

The audited consolidated annual financial statements and the unaudited consolidated interim financial statements of the Medserv Group may also be inspected on the Issuer's website: www.medservmalta.com.

08

GENERAL DESCRIPTION OF THE PROGRAMME

Under this €20,000,000 Secured & Guaranteed Note Issuance Programme, the Issuer may from time to time issue Notes. The maximum aggregate principal amount of the Notes from time to time outstanding under the Programme will not exceed €20,000,000 (or its equivalent in any other currency).

The Notes may be issued on a continuing basis and may be distributed by way of public or private placements. The method of distribution of each Tranche will be stated in the applicable Final Terms.

Subject to the restrictions and conditions set out in this Base Prospectus, the categories of potential investors to which the Securities are intended to be offered are retail and institutional investors in Malta. A percentage of any Tranche may be reserved for specific retail and/or institutional investors, or categories of either, details of which shall be included in the Final Terms.

Notes will be issued in Tranches, each Tranche consisting of Notes which are identical in all respects except for issue dates, interest commencement dates and/or issue prices. One or more Tranches, which are expressed to be consolidated and forming a single Series and identical in all respects, except for issue dates, interest commencement dates and/or issue prices may form a Series of Notes. Further Notes may be issued as part of an existing Series. The specific terms governing each Tranche will be set forth in the applicable Final Terms.

The Issuer shall notify the public of the method of publication of the Final Terms by means of electronic publication on the website of the Malta Stock Exchange (www.borzamalta.com.mt), or, in addition, and at the option of the Issuer, on the website of the Issuer (www.medservmalta.com). Any notice so given will be deemed to have been validly given on the date of such publication.

Notes will be issued in such denominations as may be determined by the Issuer and as indicated in the applicable Final Terms.

Notes will be issued bearing a fixed rate of interest throughout the entire term of the Notes and will be payable on that basis (as specified in the applicable Final Terms). Notes may be issued at an Issue Price which is at par or at a discount to, or a premium over, par.

The Issuer's payment obligations under the Notes shall be **guaranteed** by the Guarantor, which guarantee shall be **secured** by virtue of a general hypothec and special hypothec granted by the Guarantor over its emphyteutical rights over the Medserv Site. The said Guarantee, general hypothec and special hypothec shall be held by the Security Trustee for the benefit of the Note Holders. Other than the provision by the Guarantor of the aforementioned security, it has not put in place any specific arrangements intended to ensure that the guaranteed payments will be duly serviced by the Guarantor. For a description of the said security and its ranking at law, refer to section 2 of the '*Terms and Conditions*' entitled '*Status, Guarantee, Note Security*'.

Application will be made to list each Series of the Notes on the Official List of the MSE and to be admitted to trading on the Regulated Market of the MSE. The Notes shall be issued in terms of applicable Maltese law, including the Companies Act, Cap 386 of the laws of Malta.

9.1 STATUTORY AUDITORS

The Issuer's consolidated audited financial statements and the Guarantor's audited financial statements for the financial years ended 31 December 2008 to 2012 have been audited by KPMG of Portico Building, Triq Marina, Pietà, PTA 9044, Malta. KPMG is a firm of certified public accountants holding a warrant to practice the profession of accountant in terms of the Accountancy Profession Act (Cap. 281 of the laws of Malta).

9.2 DEPENDENCE OF THE ISSUER ON THE GUARANTOR

The Issuer is the parent company of the Medserv Group and the Guarantor is one of the Issuer's subsidiaries (refer: 9.7 '*Organisational Structure*'). The Issuer is dependent on the financial performance, business prospects and outlook of the Guarantor and accordingly, the risks factors identified under the section entitled '*Risk Factors*' are risks common to the Guarantor and the Issuer. The same principle applies to the description of the Group's and the Guarantor's principal activities and principal markets under the section entitled '*Principal Activities & Markets*'. The dependence of the Issuer on the Guarantor is largely the result of a combination of factors, namely, the fact that the know-how and experience of the business and the industry is and has been concentrated within the persons employed by the Guarantor, the entitlement to the rights on the Medserv Site (including the structures and quays) is held by the Guarantor and furthermore, a substantial portion of the Group's revenue has been generated by the Guarantor's business – suffice to say that with respect to the financial years ended 31 December 2008 to 2012, the Guarantor's revenue contributed to over 60% of the Group's revenue.

9.3

SELECTED FINANCIAL INFORMATION - ISSUER

The historical financial information of the Issuer is set out in the audited consolidated financial statements for each of the financial years ended 31 December 2008 to 2012. Set out below are summarised extracts from the consolidated financial statements of the Issuer for the years ended 31 December 2008 to 2012.

9.3.1 Medserv p.l.c. – Condensed Consolidated Statements of Comprehensive Income

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Revenue	6,709	9,204	11,716	17,528	15,565
Cost of sales	(6,002)	(6,910)	(10,057)	(12,747)	(12,447)
Gross profit	707	2,294	1,659	4,781	3,118
Other income	21	140	270	112	6
Administrative expenses	(1,677)	(1,203)	(1,585)	(1,633)	(1,771)
Other expenses	(38)	(134)	(219)	(4)	(288)
Results from operating activities	(987)	1,097	125	3,256	1,065
Finance income	0	0	4	16	43
Finance costs	(165)	(86)	(97)	(89)	(133)
Net finance costs	(165)	(86)	(93)	(73)	(90)
Share of loss of jointly-controlled entity (net of tax)	(1)	(3)	–	–	–
(Loss)/profit before income tax	(1,153)	1,008	32	3,183	975
Tax income/(expense)	775	(191)	83	(375)	324
(Loss)/profit for the year	(378)	817	115	2,808	1,299
(Loss)/profit attributable to:					
Owners of the Issuer	(250)	762	119	2,328	1,134
Non-controlling interest	(128)	55	(4)	480	165
(Loss)/profit for the year	(378)	817	115	2,808	1,299
(Loss)/earnings per share	(2c5)	7c6	1c2	23c3	11c3

9.3.2 Medserv p.l.c. – Condensed Consolidated Statements of Financial Position

As at 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Assets					
Non-current assets	9,380	7,884	8,298	8,406	8,120
Current assets	3,863	5,333	5,082	8,486	6,694
Total assets	13,243	13,217	13,380	16,892	14,814
Equity					
Total equity	7,951	8,624	8,108	9,583	7,345
Liabilities					
Non-current liabilities	980	676	862	920	915
Current liabilities	4,312	3,917	4,410	6,389	6,554
Total liabilities	5,292	4,593	5,272	7,309	7,469
Total equity and liabilities	13,243	13,217	13,380	16,892	14,814

9.3.3 Medserv p.l.c. – Condensed Consolidated Statements of Cash Flows

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Net cash from/(used in) operating activities	533	(246)	2,237	2,594	1,204
Net cash used in investing activities	(1,233)	(208)	(424)	(1,040)	(815)
Net cash from/(used in) financing activities	10	(363)	(2,009)	(970)	(251)
Net (decrease) / increase in cash and cash equivalents	(690)	(817)	(196)	584	138
Cash and cash equivalents at 1 January*	(585)	118	334	(193)	(363)
Effects of exchange rate fluctuations on cash held	(2)	111	(220)	15	32
Cash pledged as guarantee	(39)	–	207	(143)	–
Cash and cash equivalents at 31 December	(1,316)	(588)	125	263	(193)

*Cash and cash equivalents at the beginning of a period are restated to reflect the effect of changes in exchange rates on opening amounts held in foreign currency. These are reported at end of period exchange rates, resulting in a difference between opening cash and cash equivalents and the prior year closing cash and cash equivalents.

The table below analyses the revenues generated by the Group's two key reporting segments.

Medserv p.l.c. – Analysis of consolidated revenues from two key reporting segments					
For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Malta operation	6,284	8,545	7,741	11,337	10,974
Libya operation	425	659	3,975	6,191	4,591
Total revenue	6,709	9,204	11,716	17,528	15,565

Malta operation: Includes the provision of comprehensive logistical support services for the offshore oil and gas industry from the Medserv Site;

Libya operation: Includes the provision of comprehensive logistical support services for the onshore and offshore oil and gas industry from a base in Misurata, Libya.

During 2008 and 2009, the Group experienced positive results due to the commencement of offshore projects, mainly of an exploratory nature, in the Mediterranean region. As a result, the Group generated a turnover of €15.6 million in 2008 (representing an increase of 235% over 2007), with a further 13% increase in 2009 resulting in revenues of €17.5 million. This reflects the Group's ability to capitalise on business arising from offshore oil and gas activity within the Mediterranean rim countries.

In 2008 the world economy witnessed the worst financial crisis since the Great Depression of the 1929-30s. During this year, demand for oil plunged rapidly as consumption diminished drastically. These negative effects of the global recession persisted in 2009 with oil prices contracting further. This in effect pushed the price for fossil fuel down to levels that made exploration not financially viable and as a result, exploration projects were postponed or even cancelled. The above has had direct implications on Medserv's operations although this was partly mitigated by the fact that the exploration costs and the quality of the crude oil in Medserv's main market still made the Central Mediterranean region one of the most competitive areas for oil companies to operate in. In fact, the Medserv Group achieved remarkable results in 2009.

On the other hand, the Group's efforts to break into new markets especially Egypt and Sicily although not put on hold, were significantly hampered by the international economic slowdown.

In the first quarter of 2010, the Group continued to sustain the levels of 2009, until the BP incident in the Gulf of Mexico. This event resulted in all offshore exploration ceasing, not only in the Americas but throughout the world, including the Mediterranean. This had a direct effect on the Group as all offshore operations, which were of an exploratory nature and were due to commence in the second quarter of 2010 from the Misurata and Malta base, were delayed. Despite the difficulties encountered during the said year, the Group strived to maximise use of its facilities by attracting heavy equipment and barges passing through the Mediterranean and managed to generate revenues of €11.7 million (-33% over 2009). This revenue was also supported by servicing current production platforms as well as managing the transport, treatment and disposal of waste for international oil companies operating in North Africa.

In the first half of 2011, Medserv saw its operations in Misurata come to a halt as the civil war in Libya negatively affected the Group's key market. While the Misurata warehouse was damaged, no client material and/or equipment stored therein was damaged or stolen. Throughout the conflict, the Group made available its Malta base on a *pro bono* basis to be used in conjunction with the humanitarian

lifeline provided to the Libyan people. In the second half of the year, Medserv was awarded contracts in connection with the restarting of oil and gas production in Libya that were halted during the uprising. These were administered through the Malta base and positively affected earnings in the last few months of 2011 resulting in revenue for the year being €9.2 million. This presented a new revenue opportunity for the Group in 2011, which was further capitalised by providing additional services of a maintenance nature.

In 2012, the Libyan market was still in a state of recovery following the unrest seen in the previous year. The Group's base in Misurata witnessed no activity apart from customers renewing their contracts to store their equipment with existing fee income supporting the day-to-day expenditure. During 2012 production levels of oil and gas in the Libyan market from existing fields reached pre-war levels, though Medserv continued to observe an absence of oil exploration activities offshore Libya. As a result, the Group generated revenues of €6.7 million (a decrease of 27% over 2011). However, it is to be noted that 62% of this total revenue was generated in the second half of 2012, indicating an upturn in business. This upturn was driven by logistical work being carried out in anticipation of major oil and gas projects, a trend which continued after year end.

Gross profitability improved in 2009 to 27% (2008: 20%) as the Group not only increased turnover but also bettered the mix by reducing the component of low margin business. This improvement was made notwithstanding a reclassification of certain wage costs from administrative into direct as from 2009. Medserv's significant fixed operating cost base led to a marked dip in gross margin in 2010 as a result of the revenue decrease described above. The resultant 14% margin was also the product of an increased element of low margin business such as bunkering during the year. Medserv managed to generate a healthy margin in 2011 of 25%, driven by the Group earning higher returns while providing support in a more complex and risky operating environment together with cost cutting measures introduced. The loss of such premium margins in 2012 coupled with a further decrease in turnover arising from the fluid situation in the region resulted in the overall margin for 2012 being of 11%. This was also impacted by an increase in its cost base as a result of the Group's intention to position itself to capitalise on the expected upturn in business.

Major line items within the administrative expenses category include wages and salaries, directors' remuneration, professional fees and travelling expenses. In 2009, the classification between operating, administrative and managerial employee expenses was revisited leading to a sizeable shift from wages and salaries classified under administrative expenses to those classified under cost of sales. Noting the challenging environment, in 2011 the Group managed to contain administrative expenses by taking drastic cost cutting measures reducing such costs by 24% over the previous year. In 2012, although Medserv was not experiencing the pre-war level of business, the Group maintained a level of operations in order to position itself to meet the expected upturn in demand. In addition, given the downward trend in revenue earned from the North African region noted in 2010 through to late 2012, the Group strengthened its efforts to diversify both product and market. These were the main drivers of additional administrative expenditure in 2012.

In 2012 the Group sustained its only loss of the five year period under consideration, amounting to €0.4 million. Despite the results the Group continued with its significant capital investment program, strengthened its management team and increased its marketing budget. The Group anticipates that the short term outflow of funds will render a long term benefit to Medserv.

During the period under consideration the Group implemented an investment programme covering facilities in Misurata (in 2008), an additional warehouse in the Malta base (in 2009) and significant improvements in the Malta base yard equipment (in 2012) apart from ongoing annual maintenance. As at 31 December 2012 the Group held a deferred tax asset of €4.3 million mainly consisting of investment tax credits and unutilised tax losses and unabsorbed capital allowances.

During the period under consideration the Group paid out dividends of circa €2.3 million to its shareholders. In addition during the said period the Group effected a drawdown of circa €1.3 million and effected repayments of circa €1.9 million out of its bank facilities.

9.3.4 Issuer Interim Financial Results

The interim unaudited financial results of the Issuer for the six months ended 30 June 2012 and 2013 are set out below:

Medserv p.l.c. – Condensed Consolidated Statements of Comprehensive Income		
For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Revenue	3,703	2,546
Cost of sales	(2,169)	(2,416)
Gross profit	1,534	130
Other income	10	17
Administrative expenses	(898)	(753)
Other expenses	(3)	(12)
Results from operating activities	643	(618)
Finance income	1	–
Finance costs	(77)	(62)
Net finance costs	(76)	(62)
Share of loss of jointly-controlled entity (net of tax)	(1)	(0)
Profit/(loss) before income tax	566	(680)
Tax (expense)/income	(62)	690
Profit for the period	504	10
Profit attributable to:		
Owners of the Issuer	509	32
Non-controlling interest	(5)	(22)
Profit for the period	504	10
Earnings per share	5c1	0c3

Medserv p.l.c. – Condensed Consolidated Statements of Financial Position		
As at	30 June 2013	31 December 2012
	€'000	€'000
Assets		
Non-current assets	9,394	9,380
Current assets	3,498	3,863
Total assets	12,892	13,243
Equity		
Total equity	8,455	7,951
Liabilities		
Non-current liabilities	802	980
Current liabilities	3,635	4,312
Total liabilities	4,437	5,292
Total equity and liabilities	12,892	13,243

Medserv p.l.c. – Condensed Consolidated Statements of Cash Flows

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Net cash from/(used in) operating activities	239	(131)
Net cash used in investing activities	(341)	(1,048)
Net cash (used in)/ from financing activities	(375)	290
Net decrease in cash and cash equivalents	(477)	(889)
Cash and cash equivalents at beginning of period*	(1,316)	(572)
Effects of exchange rate fluctuations on cash held	30	(10)
Cash and cash equivalents at end of period	(1,763)	(1,471)

*Cash and cash equivalents at the beginning of a period are restated to reflect the effect of changes in exchange rates on opening amounts held in foreign currency. These are reported at end of period exchange rates, resulting in a difference between opening cash and cash equivalents and the prior period closing cash and cash equivalents.

The table below analyses the revenues generated by the Group's two key reporting segments:

Medserv p.l.c. – Analysis of consolidated revenues from two key reporting segments

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Malta operation	3,528	2,238
Libya operation	175	308
Total revenue	3,703	2,546

In the first half of 2013 the Group registered a 45% increase in turnover compared with that generated during the first six months of 2012. This reflects the continued strengthening in the Group's performance which had commenced in the second half of 2012. In particular, the significant improvement in turnover was the result of a new maintenance unit established by the Group in the latter part of 2012. This unit completed its second major maintenance contract in Libya in the first half of 2013. The unit is run by a specialised procurement team and there has been a notable uptake in demand for this service. However the level of activity in relation to exploratory wells remained relatively low in the six month period ending 30 June 2013.

Throughout the initial half of 2013 the Malta base has continued to be the Group's main revenue generator. The base has undertaken a number of new types of engineering operations in addition to the routine activities carried out. Within this period the base has witnessed ongoing preparations in relation to upcoming projects in the Mediterranean, in particular those offshore Libya.

Medserv Misurata FZC continues to show signs of returning to operations and has tendered for an offshore drilling project by a French company from which a response is currently being awaited. The Group believes that although not too much weight can be placed on this potential project, market interest in the area by International Oil Companies has once again been noted and with the goodwill of the Libyan population there is the possibility of launching a full scale drilling operation from the base in the near future.

The Group's gross profit increased to over €1.5 million (January to June 2012: €129,781) benefitting primarily from a significant improvement in margins to 41% compared to 5% for the previous period. This is a result of an increase in revenue which had a direct impact on the gross profit margin because of the significant fixed cost base of the business.

Compared to the prior year's six month period, the Group incurred higher administrative expenses in the first half of 2013, mainly due to increases in wages, professional fees and telecommunication costs. In addition, rental expenses were incurred during the first six months of 2013, as a result of the Tripoli office which had been opened in the latter part of 2012 and in connection with the new Cyprus base, in tandem with the Group's growth strategy.

The prior year's first half results for the Group included tax income recognised mainly in view of operating losses sustained by the Group as well as investment tax credits availed of under the Business Promotion Act driven by improvements in the Malta base yard equipment.

During the six months ended 30 June 2013, the Group thus achieved a profit after tax of €504,450 compared to a profit of €9,765 in the same period last year.

During the six months ended 30 June 2013, the Group acquired assets with a cost of €341,297 (six months ended 30 June 2012: €1,048,013). This mainly consisted of the acquisition of €200,000 worth of equipment towards the 2MWp PV farm, as well as other ongoing capital expenditure.

9.4

SELECTED FINANCIAL INFORMATION - GUARANTOR

The historical financial information of the Guarantor is set out in the audited financial statements for each of the financial years ended 31 December 2008 to 2012.

Set out below are summarised extracts from the financial statements of the Guarantor for the years ended 31 December 2008 to 2012.

9.4.1 Medserv Operations Limited - Condensed Statements of Comprehensive Income

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Revenue	6,284	8,617	7,904	11,601	10,974
Cost of sales	(5,533)	(6,424)	(6,759)	(8,244)	(8,556)
Gross profit	751	2,193	1,145	3,357	2,418
Other income	20	24	23	14	10
Administrative expenses	(1,405)	(911)	(802)	(1,137)	(1,363)
Other expenses	(3)	(26)	(4)	(4)	(95)
Results from operating activities	(637)	1,280	362	2,230	970
Finance income	-	-	3	0	39
Finance expenses	(165)	(87)	(97)	(127)	(133)
Net finance costs	(165)	(87)	(94)	(127)	(94)
(Loss)/profit before income tax	(802)	1,193	268	2,103	876
Tax income	790	(307)	24	(353)	336
(Loss)/profit for the year	(12)	886	292	1,750	1,212

9.4.2 Medserv Operations Limited - Condensed Statements of Financial Position

As at 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Assets					
Total non-current assets	8,527	6,820	7,143	7,221	6,996
Total current assets	3,267	4,311	3,619	5,187	4,225
Total assets	11,794	11,131	10,762	12,408	11,221
Equity					
Total equity	4,135	4,147	3,873	4,191	4,242
Liabilities					
Total non-current liabilities	2,980	2,676	862	920	915
Total current liabilities	4,679	4,308	6,027	7,297	6,064
Total liabilities	7,659	6,984	6,889	8,217	6,979
Total equity and liabilities	11,794	11,131	10,762	12,408	11,221

9.4.3 Medserv Operations Limited - Condensed Statements of Cash Flows

For the year ended 31 December	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Net cash (used in) / generated from operating activities	(36)	281	760	1,051	375
Net cash used in investing activities	(1,303)	(169)	(134)	(307)	(214)
Net cash generated/(used in) financing activities	464	(359)	(945)	(580)	(250)
Net (decrease)/increase in cash and cash equivalents	(875)	(247)	(319)	164	(89)
Cash and cash equivalents at 1 January*	(912)	(680)	(421)	(557)	(488)
Effects of exchange rate fluctuations on cash held	(3)	15	(6)	(40)	20
Cash pledged as guarantee	–	–	65	–	–
Cash and cash equivalents at 31 December	(1,790)	(912)	(681)	(433)	(557)

*Cash and cash equivalents at the beginning of a period are restated to reflect the effect of changes in exchange rates on opening amounts held in foreign currency. These are reported at end of period exchange rates, resulting in a difference between opening cash and cash equivalents and the prior year closing cash and cash equivalents.

Medserv Operations Limited, being the key operating entity within the Group has witnessed similar trends as a result of the same key events and Group initiatives described in the preceding section relating to the financial performance of the Issuer. In addition the Malta base's resilience during the Libyan unrest is reflective of the safe harbour it offered during the conflict period.

During the period under review Medserv Operations Limited paid dividends of over €1 million to its parent, availed of circa €1.3 million in bank facilities, while effecting circa €1.9 million in repayments on bank facilities.

9.4.4 Interim Financial Results

The interim unaudited financial results of the Guarantor for the six months ended 30 June 2012 and 2013 are set out below.

Medserv Operations Limited - Condensed Statements of Comprehensive Income

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Revenue	3,528	2,238
Cost of sales	(2,091)	(2,117)
Gross profit	1,437	121
Other income	7	13
Administrative expenses	(747)	(605)
Other expenses	(3)	(8)
Results from operating activities	694	(479)
Finance income	—	—
Finance costs	(77)	(62)
Net finance costs	(77)	(62)
Profit/(loss) before income tax	617	(541)
Tax (expense)/income	(64)	677
Profit for the period	553	136

Medserv Operations Limited - Condensed Statements of Financial Position

As at	30 June 2013	31 December 2012
	€'000	€'000
Assets		
Non-current assets	8,637	8,527
Current assets	3,112	3,267
Total assets	11,749	11,794
Equity		
Total equity	4,688	4,135
Liabilities		
Non-current liabilities	2,802	2,980
Current liabilities	4,259	4,679
Total liabilities	7,061	7,659
Total equity and liabilities	11,749	11,794

Medserv Operations Limited - Condensed Statements of Cash Flows

For the period	1 January to 30 June 2013	1 January to 30 June 2012
	€'000	€'000
Net cash from/(used in) operating activities	408	(335)
Net cash used in investing activities	(341)	(1,048)
Net cash (used in)/ from financing activities	(315)	588
Net decrease in cash and cash equivalents	(248)	(795)
Cash and cash equivalents at beginning of period*	(1,790)	(912)
Effects of exchange rate fluctuations on cash held	6	0
Cash and cash equivalents at end of period	(2,032)	(1,707)

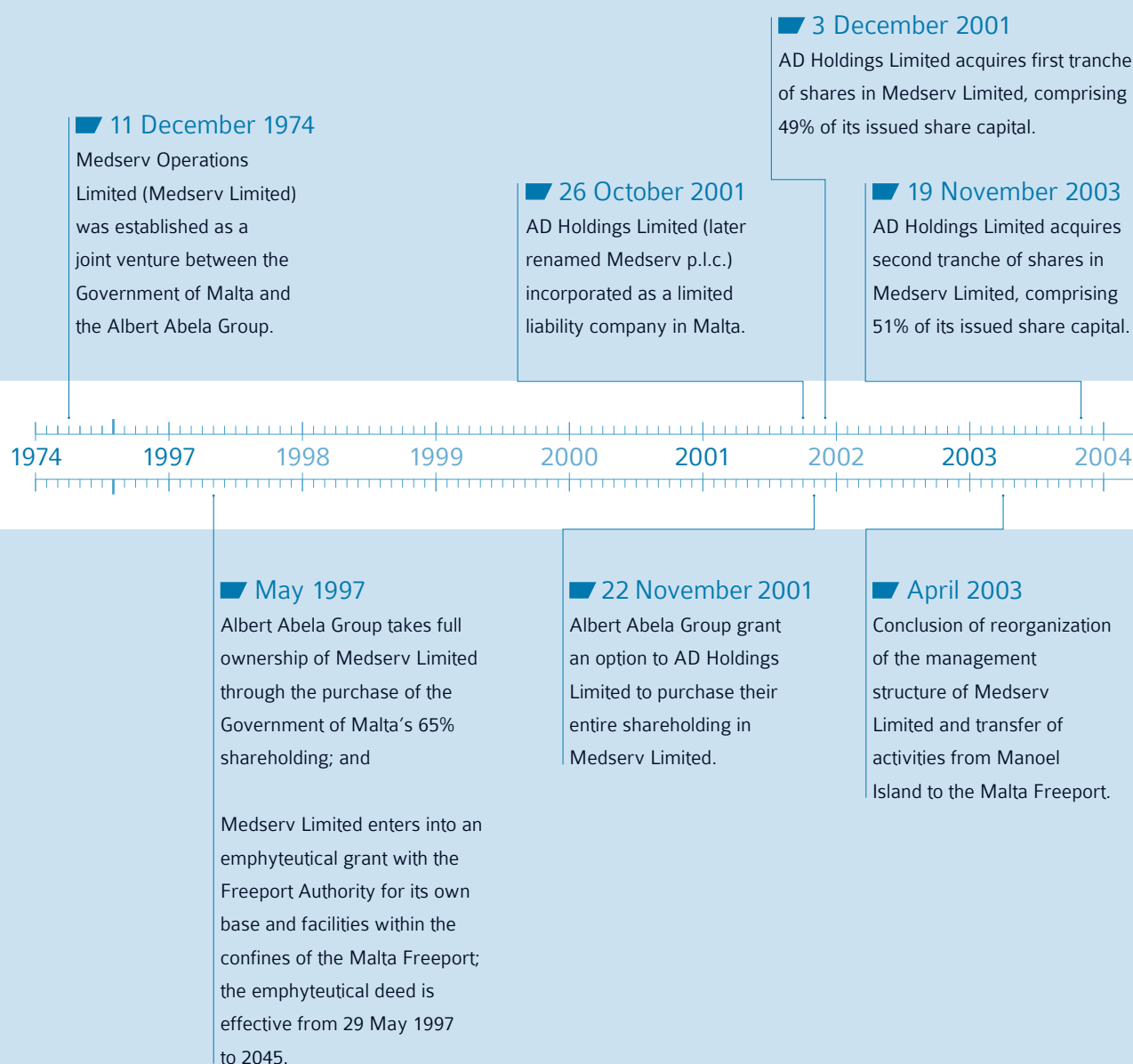
*Cash and cash equivalents at the beginning of a period are restated to reflect the effect of changes in exchange rates on opening amounts held in foreign currency. These are reported at end of period exchange rates, resulting in a difference between opening cash and cash equivalents and the prior period closing cash and cash equivalents.

Medserv Operations Limited, being the key operating entity within the Group has witnessed similar trends as a result of the same key events and Group undertakings described in the preceding section relating to the financial performance of the Issuer.

During the six months ended 30 June 2013 Medserv Operations Limited made €0.28 million in repayments on bank facilities and invested €0.34 million in property, plant and equipment.

9.5

HISTORY AND DEVELOPMENT OF THE GROUP



Additional information regarding the Issuer and the Guarantor may be found below:

	Issuer	Guarantor
Legal and commercial name:	Medserv p.l.c.	Medserv Operations Limited
Company Registration Number:	C 28847	C 2971
Date of Incorporation:	26 October 2001	11 December 1974
Legislation of Operation:	The Issuer is lawfully existing and registered as a public limited liability company in terms of the Companies Act, Cap 386 of the laws of Malta	The Issuer is lawfully existing and registered as a private limited liability company in terms of the Companies Act, Cap 386 of the laws of Malta
Registered address:	Malta Freeport, Port of Marsaxlokk, Birżebbuġia, BBG 3011, Malta	Port of Marsaxlokk, Birżebbuġia, BBG 3011, Malta
Place of registration and domicile:	Malta	Malta
Telephone number:	+356 2220 2000	+356 2220 2000
Fax number:	+356 2220 2328	+356 2220 2328
Email:	info@medservmalta.com	info@medservmalta.com
Website:	www.medservmalta.com	www.medservmalta.com

8 February 2007

Medserv Misurata F.Z.C., the first registered Free Zone Company in Misurata, Libya, set up as a joint stock company by Medserv p.l.c. (60%) and Misurata Free Zone Authority (40%).

June 2012

Award of Licence to Medserv (Cyprus) Limited to operate an oil and gas logistics base in Limassol.

June 2013

Award of Licence to Medserv (Cyprus) Limited to operate an oil and gas logistics base in Larnaka.

2005 2006 2007 2008 2009 2010 2011 2012 2013

September – October 2006

AD Holdings Limited changes name to Medserv p.l.c., and is converted to a public limited company in accordance with section 213 of the Companies Act, 1995.

The shareholders of Medserv p.l.c. make an initial public offering of 2.5m shares with a nominal value of Lm0.10c (€0.232937) in Medserv p.l.c., representing 25% of its issued share capital, for an offer price of Lm1.30 (€3.02819). The IPO is taken up in full and the shares in Medserv p.l.c. are listed on the Malta Stock Exchange.

4 August 2008

Medserv International p.l.c. incorporated in Malta to acquire Medserv p.l.c.'s shareholding in Medserv Misurata FZC.

5 December 2012

Medserv Operations Limited signed a lease deed by virtue of which it was granted a lease for an additional fifteen years up to 2060 subject to certain terms and conditions.

9.6

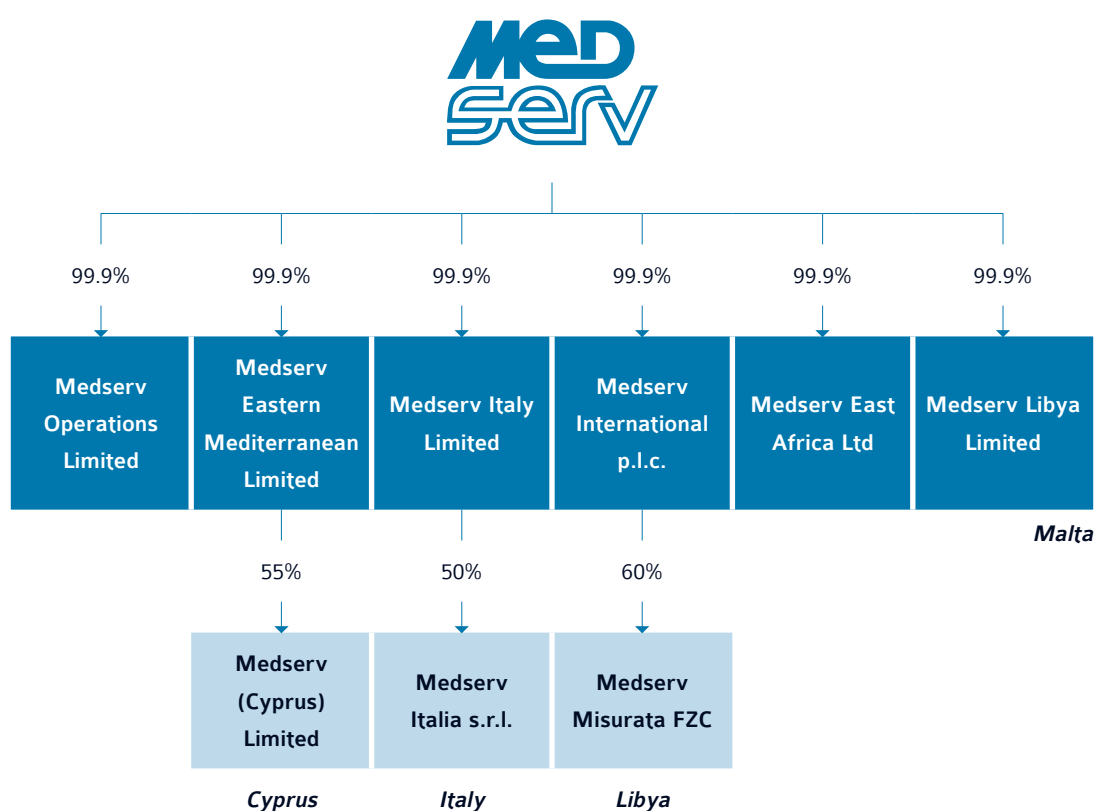
INVESTMENTS

After June 2013, the Guarantor commenced works on the installation of a 2MWp photovoltaic farm on the extensive roofs found in its Malta base. The project is scheduled to be completed and commissioned by the end of the second quarter of the year 2014. Progress payments of approximately €200,000 have been paid to contractors. The project which totals an investment of €4.8 million is currently financed by a bank loan and the Guarantor's internally generated funds.

9.7

ORGANISATIONAL STRUCTURE

The following is an organisation chart of the Issuer and includes the Issuer's percentage shareholding in the Subsidiaries.



The Issuer is the ultimate holding company of the Medserv Group and is thus dependent on the performance of all the Subsidiaries, particularly that of the Guarantor.

9.8

PRINCIPAL ACTIVITIES & MARKETS

9.8.1 Principal Activities of the Guarantor and the Group

Medserv's core business is the provision of integrated logistic services to the oil and gas industry. The Group presently has facilities in Malta, Libya, Cyprus and Sicily however the facilities in Cyprus and Sicily are not yet operational. All facilities are ISO (International Organisation for Standardisation) certified and ISPS (International Ship and Port Facility Security Code) compliant. The Issuer is a member of the International Association of Drilling Contractors.

The oil and gas industry is divided into three major sectors: upstream, midstream and downstream. The upstream sector is also commonly known as the exploration and production sector. The upstream sector includes the searching for potential underground or underwater fossil fuel, drilling of exploratory wells, and subsequently drilling and operating the wells that recover and bring the crude oil and/or raw natural gas to the surface.

Medserv is involved in the upstream activity of the oil and gas sector. In order to better meet client requirements, Medserv developed specialised dedicated onshore facilities designed for this niche activity (offshore exploration/production). This comprises the use of:

- a) a dedicated quay;
- b) specifically designed, built and managed warehouses;
- c) engineering shops equipped to offer the right level of maintenance at the best time possible;
- d) a mud mixing plant to prepare the chemicals required when drilling offshore;
- e) oil storage vats to keep on site sufficient quantities of oil products required;
- f) a training centre for specialised courses;
- g) specialised offshore containers which are mandatory when transporting any goods onto and off rigs; and
- h) an open area for the storage of pipes and heavy equipment.

Medserv has also developed systems that allow its clients to monitor stock levels of all the goods held in their stores as well as to monitor movements of their equipment. Environmental services are also offered to ensure that any industrial or domestic waste is treated to the standards required.

Together with the above Medserv supports the handling of all personnel movement, health and safety requirements, supplies, procurement and all other support that a platform may need during an operation.

Rigs and platforms require maintenance and regular certification. This work is done both at quayside and on anchor and Medserv is set up to support this. The yards are organised to perform testing on pipes, risers and the various equipment carried by rigs.

Procurement of highly specialised parts and equipment is another service offered by Medserv to complete the range of services designed to offer clients operating offshore a one-stop solution.

The understanding of the business acquired over 40 years of service allows Medserv to anticipate requirements and offer expert solutions to offshore operators operating in areas serviced by the Group.

9.8.2 Principal Markets

The Medserv Group currently operates within the Maltese and North African geographical markets. Although having a base in Cyprus and Sicily, operations out of these bases have not yet commenced and Malta and North Africa remain the principal markets within which the Group operates.

Central Mediterranean (Malta and Libya)

The Group's head office is situated in Malta. The Group operates out of its shorebase situated in the Malta Freeport where it enjoys a temporary emphyteusis expiring in 2045 and a long term lease expiring in 2060. This location is ideal to service the oil fields and exploration operations taking place now and in the future in the central Mediterranean. Whilst a principal market of the Group is Libya, the vast majority of the turnover emanating from that country relates to work carried out on and from the Malta base. Clients being serviced regularly out of the base include Mellitah Oil and Gas, Eni NA, and Saipem.

The Malta base has been involved and is expected to continue to be involved in most of the major offshore activity that took place and will be taking place in the Central Mediterranean and North African regions. Whilst the current instability in North Africa has increased the importance of the Malta base as a safe haven out of which to service offshore activity, it will continue to act as an important base even when the situation in North Africa returns to normal as was indeed the case before the Arab Spring.

As a result of the unrest in North Africa and the withdrawal of some companies from the area a number of opportunities have presented themselves whereby the Group can expand its footprint in Libya. As a result, Medserv has taken new office premises in Tripoli and a branch is being registered in Libya which will allow the said company to participate in new activities.

The Group has a majority shareholding in Medserv Misurata FZC which was set up in 2007. The short term outlook for this company remains subdued although it has been awarded two important contracts for exploration to take place once the political environment has stabilised. The long term outlook for Libya however remains positive and it is expected that it will remain a principal market for the Group. A relatively small nation with a population of 6 million and with the largest reserves of fossil fuel in Africa, Libya has every chance of overcoming the short term difficulties being experienced post revolution.

Efforts are continuing to further increase the use of the Freeport site in Malta. One of these is to use the extensive roofs on warehouses to erect a solar farm to produce 2MWp of renewable energy. Apart from helping Malta reach its commitment of renewable energy production, this will generate new revenue for the Medserv Group by producing and selling energy 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 addition, plans have been formulated to increase the attraction of the Malta base as a destination for specific engineering projects aimed at oil industry suppliers and contractors.

9.8.3 Potential Development in Additional Markets

In addition to the above described markets, the Group's strategy includes the expansion of its services in additional markets, segmented as follows:

- Central Mediterranean – this includes Sicily and Italy as additional markets;
- Eastern Mediterranean – this includes Cyprus and Lebanon;
- East Africa – this includes Tanzania, Mozambique and Kenya;
- West Africa – this includes Ghana; and
- Asia – this includes India, mainly Mumbai.

Central Mediterranean (Sicily and Italy)

Sicily is expected to resume exploration activity in the near future and become a principal market for Medserv. In anticipation of this, a joint venture company has already been set up with a leading Sicilian group of companies and exploration operations should hopefully start by the end of 2014.

According to Mr John Pappas writing in the publication 'Offshore magazine'¹, *"There is a lot of potential we believe in the Mediterranean region" said Simon Thomson, Chief Executive of Cairn Energy of Britain which is exploring off the coast of Spain and bidding for licences in Cyprus. 'A lot of hydrocarbons have already been discovered, but we believe there's a lot more to be discovered'. Expressing the same sentiment, petroleum geologist David Peace told Reuters that 'if you look at the offshore licence map of Italy, about two thirds of it is open... Italy is one area that has been overlooked, especially the south'. To facilitate these efforts, Italy is relaxing its ban on offshore drilling, placed after the 2010 Deepwater horizon spill.*

More specifically, there appears to be interest in the waters around Malta, with geologists believing that the oil-rich geology of nearby Libya extends northwards underneath the sea. The prospects are strong enough that Genel Energy (headed by former chief executive of BP Tony Hayward) has partnered with Bill Higgs (chief executive of London-based Mediterranean Oil and Gas). The company hopes to finish drilling its first well by the end of 2013."

Eastern Mediterranean

The Eastern Mediterranean is fast becoming an important area for exploration and a key target for Medserv. The region includes Israel, Cyprus, Lebanon, Egypt, Greece and Turkey. Of these countries it is Cyprus which has attracted Medserv's most immediate attention. There have already been substantial discoveries of fossil fuels, principally gas, and a number of the Group's existing clients intend to drill or operate in the region. Accordingly, Medserv (Cyprus) Limited has been set up and has been awarded two licences to operate a base in the two main ports in Cyprus, namely Limassol and Larnaka. It is probable, however, that in view of the access to a deep water quay and warehouses, Larnaka will be the preferred location. In addition, an invitation to tender for the provision of a supply base, infrastructure and logistic services in support of offshore drilling activities has been received from a major international oil company, already a client of Medserv.

Apart from serving the offshore industry in Cypriot waters, there are possibilities of using Cyprus as a spring board to operating a base in Lebanon where Medserv is in discussions with possible Lebanese partners who already own quays in the two ports nearest to the likely areas of exploration. Whilst it is not expected that drilling activity will commence before the year 2015, the presence of Medserv in Cyprus lends strength to the proposition that the Group positions itself to act as a regional base in a manner similar to that adopted in Malta where its base services operations in a number of countries in the Central Mediterranean region.

Mr John Pappas writing in the magazine 'Offshore magazine' also commented that *"Whilst developing its Israeli finds, Noble Energy also eyed the waters of Cyprus. In October 2008, Noble Energy received the exploration rights off the southern coast of Cyprus to block 12 of Cyprus' maritime Exclusive Economic Zone (EEZ). After beginning exploratory drilling in September 2011, Noble discovered the Aphrodite gas field. This find is 21mi (13km) west of the Leviathan gas field and is believed to hold 7tcf of natural gas, more than Cyprus could consume in a century. Noble shares ownership of the well (70%) with Delek Drilling (15%) and Avner Oil Exploration (15%), the*

¹ The said information has been extracted from an article written in the publication named 'Offshore magazine' (Edition: 10 July 2013). The author of the said article is Mr John Pappas, a Project Finance Associate in the Washington DC office of the law firm Chadbourne & Parke LLP. Mr Pappas is also a member of the New York State Bar and the Energy Bar Association.

same partners in the Leviathan field. The Country's Commerce Minister, Praxoulla Antoniadou, estimated that 7tcf of gas in block 12 is worth approximately €100 billion. In fact, Solon Kassinis and Charles Ellinas, heads of the Cyprus Natural Hydrocarbons Co. (CHNC) have both said that Cyprus envisages having more than 60 tcf of total gas reserves in its EEZ. This too comes as welcome news to a debt-ridden and cash-strapped Cyprus.

In February 2012, Cyprus announced a second licensing round for the remaining 12 out of 13 blocks of Cyprus' EEZ. On Jan. 24, 2013, Cyprus licensed a consortium including Italy's ENI and South Korea's KoreaGas Corp (Kogas) to explore blocks 2, 3 and 9 of Cyprus' EEZ. Additionally, on Feb. 6, 2013, France's Total paid Cyprus €24 million for the license to explore blocks 10 and 11. Total announced it would conduct a series of 10 exploratory drillings for gas and oil over the next three years. It is thought that it will focus mainly on oil. It will likely take these companies until 2018 to produce oil and gas for domestic consumption and 2019 for export."

East Africa

Substantial quantities of fossil fuels, principally gas have been located in East Africa. The offshore industry in which Medserv specialises has been developing at a very fast rate and the area is attracting a number of major oil companies. Earlier this year, Medserv joined forces with a very substantial international company and tendered for a three year contract in Tanzania to manage and operate a base to serve the offshore industry. Out of a substantial number of original bidders, the final decision lay between Medserv's bid and that of the eventual successful bidder. Although the tender was unsuccessful in its final outcome, it demonstrated that Medserv can compete in the context of international tenders in new territories. This was its first tender in the region and Medserv, galvanised by its shortlisting, will draw on this positive experience to drive future business expansion plans in this area.

West Africa

Ghana is a country rich in fossil fuels and could become a principal market for Medserv. Medserv has been approached by a U.S. corporation with a view to setting up business there but negotiations are at an early stage.

Asia

Medserv has, as a direct result of its tendering in Tanzania, been invited to express an interest in running a base for the offshore industry out of Mumbai. India has the potential to be a major market for the services Medserv can offer and Medserv has been invited to prequalify for an operation to support the offshore oil industry in the Western half of India.

9.9

TREND INFORMATION

The demand for fossil fuel is still increasing and today's level of production is not keeping pace with this. Improved technology is making exploration for oil and gas possible in areas of the world which until recently were considered difficult or impossible.

The demand for gas is leading the upward push to be the leading fuel of the future due to it being considered more environmentally friendly and consequently, oil companies have invested substantially not only in improvements in technology to enable better extraction rates but also in the means of transportation. Oil too is experiencing demand pressure especially from the emerging markets led by China, India, Brazil and Russia.

The positive trend has been sustained through recessions, wars, the arrival of alternative fuels and other scenarios which can affect business from time to time. This resilience has been reflected in the financial performance of oil companies whether they be major or smaller independent companies.

The industry has always been closely linked to politics. Border disputes particularly in offshore areas can cause difficulties though countries entering into exploration for the first time do attempt to resolve these as lengthy delays can cause major reductions in oil revenues. Medserv has in the past been adversely affected by such incidents as the Libyan Arab Spring and the Swiss-Libyan dispute. Although geographically far away, even the BP oil spill incident in the Gulf of Mexico had an effect because new insurance and health and safety issues seriously delayed projects which in the absence of the disaster would have come on stream earlier with a beneficial effect on the Group's financial results.

There has been no material adverse change in the prospects of the Issuer and the Guarantor since 31 December 2012, being the date of its last published audited financial statements.

9.10

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The principal purpose of the Issuer's Board is to provide the required leadership, to set the present and future strategy and to ensure proper oversight and accountability. The Board of the Issuer and the Guarantor currently comprises four directors, two of which are non-executive. All of the directors of the Issuer were elected by the shareholders at the annual general meeting.

The presence of the executive Directors on the Board is designed to ensure that the Board has direct access to the individuals having the prime responsibility for the executive management of the Group and the implementation of approved policies.

The following are the directors and members of senior management of the Issuer and the Guarantor:

Anthony S. Diacono	Chairman & Executive Director
Anthony J. Duncan	Executive Director
Joseph F.X. Zahra	Non-Executive Director
Johannes Jacobus van Leeuwen	Non-Executive Director
Godwin Borg	Group Chief Operating Officer
Karl Bartolo	Group Financial Controller
Godfrey Attard	General Manager, Libya

The business address of all of the Directors is the registered office of the Issuer. Below is a short curriculum vitae of each of the Directors.

Directors

Anthony S. Diacono

Anthony S. Diacono has been a director of the Issuer since inception in 2001 and of the Guarantor since 1997. He has held several posts as Chairman, C.E.O. or director in both the public and private sector. He brings to the Group his experience obtained in Malta and overseas in both the manufacturing and service sectors. Mr. Diacono is also active with the Constituted Business Organisation in Malta and was President of the Malta Federation of Industry between 1992 and 1993. As of April 2010, Mr. Diacono also sits on the board of directors of CommBank Europe Limited and was appointed as Chairman as from 1 July 2012. He was also appointed as Chairman of Electro Fix Energy Ltd as from 9 April 2012.

Anthony J. Duncan

Anthony J. Duncan has been a director of the Issuer since inception in 2001 and of the Guarantor since 1987. He has held senior posts with European and U.S. companies including bankers Kleinwort Benson Limited and American Express International Banking Corporation and became Group Treasurer of Hertz Europe Limited. For 19 years from 1982 until 2001, he held the post of Group Treasurer of Albert Abela Group, previous owners of the Guarantor serving on the board of directors of a number of the Group companies.

Johannes Jacobus van Leeuwen

A certified public accountant, Mr. van Leeuwen has been a director of the Guarantor since 1997, at which time the said company was part of the Albert Abela Group. He has been a director of the Issuer since inception in 2001. In 1982 he joined Albert Abela Corporation as Vice President Finance having previously held senior management positions with U.S. and other international companies. Over 26 years he played a key part in the management of Albert Abela Corporation and its subsidiaries whose operations extended worldwide, serving on the board of directors of many of them. He was appointed Senior Vice President and retired as a director of Albert Abela Corporation in 2008.

Mr Joseph F.X. Zahra B.A. (Hons) Econ., M.A. (Econ.), FCIM, MMRS

Joseph F.X. Zahra is an economist and founding partner and Managing Director of MISCO, the independent consulting group operating in Malta, Italy and Cyprus. He has a wealth of practical board experience gained from over many years of leading organisations in the private and government sectors in both an executive and non-executive director capacity. He has a long history of working effectively with chairs, directors and senior executives to improve corporate performance. He has been a consultant and board facilitator in the corporate world, for over 25 years guiding executives in changing the way they do business, using new technologies and business models. He has addressed numerous seminars on industrial development, managerial economics, financial services and management all over Europe as well as in North America, consulting companies and organizations across a diverse range of industries and professions.

He is a former director of the Central Bank of Malta, former chairman of Bank of Valletta p.l.c., Go p.l.c. and Middlesea Insurance p.l.c. as well as Chairman of the National Commission for Higher Education. In 2005 he was appointed by the Prime Minister of Malta as the Chairman of the National Euro Changeover Committee. In July 2013, Pope Francis appointed him President of the Commission for the reforms of the economic and administrative structures of the Holy See. He sits on a number of boards of directors of both private and listed companies operating in financial services, oil services, transportation and accommodation.

Senior Management

Godwin Borg (Group Chief Operating Officer)

Godwin Borg is an architect and civil engineer by profession. He graduated from the University of Malta in 1973 and joined the Group in 1995 after having spent over twenty years as a project manager in the oil industry in Libya. In 2002, he was appointed General Manager in charge of the operations of the Guarantor. Today, Mr. Borg occupies the post of Group Chief Operating Officer.

Karl Bartolo (Group Financial Controller)

Karl Bartolo is a Certified Public Accountant & Auditor by profession. He graduated from the University of Malta in 2001 with a Bachelors of Accountancy (Hons.) and commenced his career with KPMG as an audit assistant. In 2003 he was promoted to audit senior and in 2005, he was offered the position of financial controller with Mellieha Bay Hotel & Comino Hotels Bungalows. In 2008, Mr. Bartolo joined the Medserv Group as Group Financial Controller. He also serves as a director on the board of several Medserv Group companies.

Godfrey Attard (General Manager, Libya)

Godfrey Attard is a mechanical engineer by profession. He graduated from the University of Malta in 1985 with a Bachelors of Mechanical Engineering. He joined the Medserv Group in 2007 as General Manager, Libya. Mr. Attard is responsible for the operations of the Group in Libya and the development of the Group's presence therein.

9.10.1 Conflicts of Interest

There are no potential conflicts of interest between any duties to the Group, of directors or senior management and their private interests and other duties. The Audit Committee has the task to, *inter alia*, ensure that any potential conflicts of interests are resolved in the best interests of the Group.

9.10.2 Board Practices

Audit Committee

The Board of Directors of the Issuer delegates certain responsibilities to the Audit Committee, the terms of reference of which reflect the requirements stipulated in the Listing Rules. The Audit Committee's primary objective is to assist the Board in dealing with issues of risk, control and governance and in reviewing the Issuer's reporting processes, financial policies and internal control structure. The Audit Committee also oversees the conduct of the external audit and facilitates communication between the Issuer's Board, management and external auditors.

The Board has set formal terms of establishment and the terms of reference of the Audit Committee that establish its composition, role and function, the parameters of its remit as well as the basis for the processes that it is required to comply with. The Audit Committee is a sub-committee of the Board and is directly responsible and accountable to the Board.

Briefly, the Audit Committee is expected to deal with and advise the Board on:

- (a) monitoring and reviewing the financial statements issued by the Issuer, as well as the internal control structures, the financial reporting process and financial policies of the Issuer;
- (b) maintaining communications on such matters between the Board, management and the external auditors;
- (c) preserving the Issuer's assets by understanding the Group's risk environment and determining how to deal with those risks;
- (d) the appointment of the external Auditor and the approval of the remuneration and terms of engagement thereof following appointment by the shareholders in general meeting;
- (e) the Issuer's internal financial control systems;
- (f) the external audit functions, including the external auditor's independence, objectivity and effectiveness;
- (g) the information upon which management bases its decision to consider the business as a going concern;
- (h) the accounting policies adopted and assumptions made;
- (i) whether the Issuer's financial statements compare well with industry norms;
- (j) the Issuer's annual and interim financial statements, and evaluating the completeness of the financial information presented and investigating any significant variances from previous years; and
- (k) the financial performance of related companies, in relation to any outstanding borrowings the latter may have with the Issuer.

In addition, the Audit Committee also has the responsibility for scrutinising any proposed transaction to be entered into between the Issuer and any related party for the purpose of ensuring that any such transaction is executed at arm's length terms and is ultimately in the best interests of the Issuer.

The Audit Committee is currently composed of Mr. Joseph F.X. Zahra (non-executive director and Chairman of the Audit Committee), Mr. Anthony S. Duncan (executive director) and Mr. Johannes Jacobus van Leeuwen (non-executive director).

Whilst the Audit Committee is a committee of the board of directors of the Issuer, the scope of this committee extends to matters relating to the Medserv Group, including the Guarantor.

Financial Risk Management Committee

The Board of Directors of the Issuer has set up a Financial Risk Management Committee composed of Mr. Anthony S. Duncan (executive Director), Mr. Karl Bartolo (Financial Controller) and Mr. Colin Galea (Chief Accountant). The said Committee was set up with a view to manage the Group's currency, interest rates, liquidity and funding risks and to manage the Group's own financial investments. The Committee operates under specific terms of reference approved by the Board which, *inter alia*, state that the objectives and responsibilities of the said committee consist of overseeing the Medserv Group's treasury function in relation to investments and financial risk management. The role of the Committee is therefore to:

- a) provide direction and guidance with respect to the treasury function, thereby ensuring its compatibility with the financial and corporate strategy objectives of the Issuer;
- b) setting out the policy recommendations for board approval in respect of investment and risk management practices;
- c) formulating and monitoring the implementation of investment and risk management strategies; and
- d) monitoring the effectiveness of the treasury function in line with the policy parameters approved by the Board.

Whilst the Financial Risk Management Committee is a committee of the board of directors of the Issuer, the scope of this committee extends to matters relating to the Medserv Group, including the Guarantor.

9.10.3 Compliance with the Code of Good Corporate Governance

Save as is stated herein, the Issuer, throughout the financial year ended 31 December 2012 and during the current financial year, applied the principles and complied with the provisions of the Code of Principles of Good Corporate Governance (the "**Code of Corporate Governance**") contained in Appendix 5.1 of the Listing Rules. The provisions of the Code of Corporate Governance in respect of which the Issuer has departed are reported in page 17 of the Issuer's Annual Report of the financial year ended 31 December 2012. The said information is being incorporated by reference.

9.10.4 Major Shareholders

To the knowledge of the Issuer, control of the Issuer is not vested in any one single entity. The shareholders of the Issuer holding more than 10% of the Issuer are Mr. Anthony S. Diacono and Malampaya Investments Limited, each holding 37.5% of the issued share capital of the Issuer.

9.11

HISTORICAL FINANCIAL INFORMATION

Full historical financial information for the financial years ended 31 December 2008 to 2012 is set out in the financial statements of the Issuer and of the Guarantor as audited by KPMG, and is available in printed form, free of charge, from the registered office of the Issuer.

The latest audited financial information available in respect of the Issuer and the Guarantor relates to the financial year ended on 31 December 2012.

9.12

LEGAL & ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous twelve months which may have, or have had in the recent past, significant effects on the Issuer, the Guarantor and/or the Group's financial position or profitability.

9.13

SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of the Medserv Group and the Guarantor which has occurred since 30 June 2013, being the date of the last published unaudited interim financial information.

9.14

ADDITIONAL INFORMATION

9.14.1 Share Capital

The Issuer's authorised share capital is €4,658,740 divided into 20,000,000 ordinary shares of €0.232937 per share. The Issuer's issued share capital is €2,329,370 divided into 10,000,000 ordinary shares of €0.232937 per share (each 100% paid up).

The Guarantor's authorised share capital is €1,164,686.50 divided into 500,000 ordinary shares of €2.329373 per share. The Guarantor's issued share capital is €232,939.63 divided into 100,001 ordinary shares of €2.329373 per share (each 100% paid up).

All of the issued shares of the Issuer and of the Guarantor form part of one class of ordinary shares in the Issuer and the Guarantor, as the case may be. The shares of the Issuer are listed on the MSE. All shares in the Issuer and the Guarantor have the same rights and entitlements and rank *pari passu* between themselves.

The following are highlights of the rights attaching to the shares of the Issuer and the Guarantor:

Dividends:	The shares carry the right to participate in any distribution of dividend declared by the Issuer and by the Guarantor;
Voting rights:	Each share shall be entitled to one vote at meetings of shareholders;
Pre-emption rights:	Subject to the limitations contained in the memorandum and articles of association, shareholders in the Issuer and the Guarantor shall be entitled, in accordance with the provisions of the memorandum and articles of association, to be offered any new shares to be issued by the Issuer or the Guarantor, as the case may be, a right to subscribe for such shares in proportion to their then current shareholding, before such shares are offered to the public or to any person not being a shareholder;
Capital distributions:	The shares carry the right for the holders thereof to participate in any distribution of capital made whether on a winding up or otherwise;
Transferability:	The shares in the Issuer are freely transferable in accordance with the rules and regulations of the MSE, applicable from time to time. The transferability of the shares in the Guarantor is limited by the right of existing shareholders to subscribe to the shares prior to a transfer thereof to a third party;
Other:	The shares are not redeemable and not convertible into any other form of security;
Mandatory takeover bids:	In relation only to the Issuer: Chapter 11 of the Listing Rules, implementing the relevant squeeze-out and sell-out rules provisions of Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004, regulates the acquisition by a person or persons acting in concert of the control of the Issuer and provides specific rules on takeover bids, squeeze-out rules and sell-out rules. The shareholders of the Issuer may be protected by the said Listing Rules in the event that the Issuer is subject to a Takeover Bid (as defined therein).

9.15

MEMORANDUM AND ARTICLES OF ASSOCIATION

The memorandum and articles of association of the Issuer and the Guarantor are registered with the Registry of Companies in Malta.

The main object of the Issuer is to carry on the business of a holding company whether of movable or immovable assets and other related activities including any business activities of any subsidiary company and such other activities as may from time to time be ancillary or complimentary to the foregoing whether in Malta or overseas.

The main object of the Guarantor is to establish, maintain, develop and operate a supply base and to carry on the business of offering and providing supplies and services to organisations in Malta or elsewhere exploring or searching for extracting, pumping, drawing, producing, transporting, refining, purifying and/or dealing in petroleum and/or other mineral oils.

Clause 3 of each of the memorandum of association contains the full list of objects of the Issuer and the Guarantor.

A copy of the memorandum and articles of association of the Issuer and the Guarantor may be inspected during the lifetime of this Prospectus at the registered office of the Issuer and during the lifetime of the Issuer and the Guarantor, respectively, at the Registry of Companies in Malta.

9.16

MATERIAL CONTRACTS

9.16.1 Emphyteutical Concession

Through a series of emphyteutical deeds, the Guarantor acquired, under title of temporary emphyteusis the Medserv Site, from the Freeport Authority for a period up to the 29 May 2045. The Guarantor is prohibited from letting, granting on sub-emphyteusis, transferring, assigning the temporary *utile dominium* to third parties or otherwise transferring the Medserv Site without the prior consent, by resolution of the House of Representatives in Malta. This however does not prohibit it from allowing its clients the use for payment of any part of the Medserv Site or buildings thereon in the normal course of its business. In the event that the House of Representatives does not provide their consent to the transfer of the Medserv Site, the Freeport Authority is obliged to acquire the Medserv Site, constructions and facilities thereon within three months from the said refusal at a pre-determined consideration.

The Guarantor was initially granted the exclusive use of a quay (measuring approximately 200m long and 5,000sqm area) and wharf space in the Malta Freeport Site (measuring 37,929sqm area), together with free access of persons, goods, vehicles and equipment. The Freeport Authority thereafter also granted it the exclusive right of use of a further quay (measuring approximately 39m long and 785sqm area) and wharf space (measuring 10,000sqm area), together with free access of persons, goods, vehicles and equipment. The exclusive use of the quays is granted for a period up to the 29 May 2045 and is restricted solely for the use of the Guarantor's main business. The maintenance and ordinary repairs of the quays are at the charge of the Guarantor, whilst extraordinary repairs are at the charge of the Freeport Authority.

In consideration of the right of use granted over the quays, the Guarantor is obliged to pay the Freeport Authority, berthing fees. In the event that the emphyteutical grant described above terminates for any reason whatsoever, the right of use of the quays automatically terminates.

9.16.2 Lease Deed

On the 5 December 2012, the Guarantor and the Freeport Authority entered into a public deed pursuant to which the Freeport Authority granted to the Guarantor a lease over the Medserv Site for an additional period of 15 years from the date of expiry of the emphyteutical grants above described (that is, 29 May 2045) and a right of use of the quays for such additional period. The rent payable in terms of the lease deed is set at €430,000 per annum (revisable every 5 years by 10%). This extension of the Guarantor's title of lease to the year 2060 is conditional upon it making additional investments totalling €9,000,000 by 2021 and meeting certain employment obligations. During the period of the lease, the Guarantor is permitted to use the Medserv Site for the purpose of carrying out the activities, functions, purposes and duties or any of them set out in, or otherwise contemplated by, the Freeport Licence (described hereunder), as the same may be amended from time to time. Any improvements made on the Medserv Site generally accede to the property without the right of compensation. The Guarantor may sub-let, grant under a management or operation agreement or by way of concession, the Medserv Site during the period of the lease to any third party licensed under the Freeport Act provided that the sub-lease, management or operation agreement provides that it will terminate when the third party's licence under the Freeport Act expires or terminates. The Guarantor is prohibited from transferring or assigning the lease without the prior consent of the Freeport Authority. This however does not prohibit it from allowing its clients the use for payment of any part of the Medserv Site or buildings thereon in the normal course of the permitted use. In the event that the consent is not granted, the Freeport Authority is obliged to pay the Guarantor compensation based on the value of the improvements carried out on the Medserv Site. The lease deed also provides certain events of default, the occurrence of which would entitle the Freeport Authority to dissolve the lease. The termination of the lease automatically dissolves the right of use over the quays. In consideration of the right of use granted over the quays, the Guarantor is obliged to pay the Freeport Authority, berthing fees.

9.16.3 Freeport Licence

The Guarantor is in possession of a licence granted in terms of article 11 of the Freeport Act. The possession of this licence authorises the Guarantor to carry out in the Freeport, (constituted under section 3(1) of the said Act), a trade or business consisting in the licensed activities as authorised by the Malta Freeport Authority. The licensed activities consist of the following:

- (a) the general trade, operation, management and marketing of a storage, service and spare parts centre for the oil industry at the Freeport in Kalafrana, Port of Marsaxlokk, Malta and the establishment, supply maintenance and operation of all services related or ancillary thereto;
- (b) the carrying on of all or any of the trades or businesses of carriers and handlers by land, water and air of products;
- (c) acting as advisors, consultants, brokers and agents;
- (d) acting as marine engineers, storage contractors, wharfingers and warehousemen;
- (e) the production, manufacture, processing, importing, exporting, storing and dealing of all kinds of machines, articles, products, apparatus and things necessary or useful for the above activities; and
- (f) the rendering of services that are analogous or complementary to the foregoing, including initiatives that may benefit the environment.

The licensed activities are subject to certain conditions, *inter alia*, the payment of all licensing fees and notification to the Freeport Authority in the event of a change in control of the Guarantor. The said licence is valid for a period up to 29 May 2045 and is automatically extended up to 28 May 2060 if and when the Lease becomes effective, subject in all cases to the right of revocation in accordance with the Freeport Act.

9.16.4 Security Trust Deed

On 12 August 2013, the Issuer, the Guarantor and the Security Trustee entered into a security trust deed pursuant to which it was agreed that the Security Trustee shall hold the Note Security on trust for the benefit of the Note Holders. Upon the occurrence of an Acceleration Event (as defined under the section entitled '*Terms and Conditions*'), the Security Trustee shall be entitled to enforce the Note Security in terms of Maltese law. The Security Trustee is not bound to take any such steps or proceedings to enforce the Note Security unless requested to do so in writing by not less than 75% in value of the Note Holders.

By acquiring the Notes, the Note Holders *inter alia* agree:

- (i) to hold the Security Trustee harmless and fully indemnified for and against any loss, damage, cost or other liability it may incur by virtue of its failure to enforce or take any steps or proceedings to enforce the covenants and provisions of the Security Trust Deed in the event that it would have not received proper instructions in writing from at least 75% in value of the Note Holders; and
- (ii) not to exercise any right of set-off in respect of any amount payable by the Note Holders to the Issuer or the Guarantor against any amount payable by the Issuer or the Guarantor to the Note Holders.

All monies held by the Security Trustee shall (subject to any prior ranking claims thereon) be held on trust and shall be applied for the following purposes and in the following order of priority in payment of:

- (i) all costs, charges, expenses and liabilities incurred and payments made in or about the exercise of the trust by the Security Trustee including all remuneration payable to the Security Trustee with interest thereon;
- (ii) the interest owing upon the Notes Holders *pari passu* and without any preference or priority; and
- (iii) the principal monies owing upon the Notes *pari passu* and without any preference or priority.

The Security Trustee is bound to give to the Note Holders at least ten days notice of every distribution made to them and is entitled to withhold payment of any monies due to be distributed to the Note Holders. Should the Security Trustee decide to withhold payment it shall place the same in a savings account with a bank. The amount which equals the amount of the principal monies withheld shall not carry interest while such monies are withheld (save for any interest allowed on the savings account in which the monies withheld are placed).

In terms of clause 14 of the Security Trust Deed, the Security Trustee may at any time prior to exercising any power of discretion:

- (i) call a meeting of the Note Holders by giving them not less than seven days notice in writing setting out the date, time, place of the meeting and the matters to be discussed thereat; or
- (ii) write to the Note Holders requesting their instructions or directions.

At such meeting of the Note Holders two persons present in person or by proxy shall constitute a quorum and all decisions shall be passed by a simple majority of the persons present and voting (unless otherwise stated in the Security Trust Deed). The Note Holders are in terms of the Security Trust Deed entitled to require the Security Trustee to convene a meeting of the Note Holders provided that such request is made by at least 10% in value of the Note Holders at that time.

The Security Trustee may, in its absolute and uncontrolled discretion and shall, upon the request in writing of not less than 75% in value of the Beneficiaries, by notice in writing to the Issuer, declare that, in terms of the Prospectus the Notes to have become immediately payable.

The Security Trustee will not be liable for any default or breach of duty or trust committed by it or for any loss of profits unless such default or breach is caused by the fraud, wilful misconduct or gross negligence on the part of the Security Trustee or by some act or omission in respect of which the Security Trustee cannot be indemnified under proper law.

The Security Trustee also has the power (without the prior written consent of the Note Holders) to vary, amend, add to or delete any or all provisions of the Security Trust Deed (whether of a beneficial or administrative nature), provided that such power shall not be exercised if, *inter alia*, it infringes the proper law of the Security Trust Deed. Moreover, the Security Trustee is entitled to receive from the Issuer remuneration for acting as Security Trustee.

Furthermore, the Security Trustee may resign by giving not less than 3 months notice in writing to the Issuer, the Guarantor and the Beneficiaries without assigning any reason whatsoever and without being responsible for any costs occasioned by such retirement. The Note Holders also have the power exercisable by a resolution passed at a meeting of Note Holders passed by 75% in value of the Note Holders to remove the Security Trustee. The Issuer has undertaken to use all reasonable endeavours to procure a new trustee to be appointed. If a successor trustee is not appointed within 30 days from the delivery of the notice of resignation or the date of removal, the Security Trustee may itself appoint a successor trustee. The retirement or removal shall not become effective until such time as a successor trustee is appointed and the trust property is transferred to the successor trustee.

9.17

THIRD PARTY INFORMATION

The information contained in the section entitled '*Principal Activities & Markets*' which has been sourced from the online magazine 'Offshore magazine' (www.offshore-mag.com/index.html) has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by 'Offshore magazine', no facts have been omitted which would render the reproduced information inaccurate or misleading.

9.18

STATEMENTS BY EXPERTS AND DECLARATIONS OF ANY INTEREST

9.18.1 Valuation

The Issuer commissioned TBA Periti, a firm of architects to issue the Valuation. The following are the details of the said valuer: -

Name: Marc Bonello for and on behalf of TBA Periti

Business address: No. 43, Main Street, Balzan, BZN 1259, Malta

Qualifications: B.E.&A.(Hons)(Melit.), M.Sc.(Lond.), Ph.D.(Lond.), D.I.C., Eur.Ing., Perit

Listing Rule 7.4.3 provides that property valuations to be included in a prospectus must not be dated (or be effective from) more than 60 days prior to the date of publication of the prospectus. The Valuation is issued and dated 30 June 2013.

9.18.2 Confirmations

The Issuer confirms that the Valuation dated 30 June 2013 has been accurately reproduced in this Prospectus, with the consent of TBA Periti. The Issuer further confirms that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading. To the knowledge of the Issuer, the expert does not have any beneficial interest in the Issuer.

TBA Periti has given (and has not withdrawn) its consent for the publication of the Valuation, in the form and context in which it is included in this Prospectus.

10 TERMS AND CONDITIONS

The following is the text of the terms and conditions that, subject to completion and as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to Notes are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by Medserv p.l.c. (the “**Issuer**”). References below to Conditions are, unless the context requires otherwise, to the numbered paragraphs below.

For the purpose of these Terms and Conditions, Regulated Market means any regulated market situated in a Member State of the European Economic Area (EEA) as defined in the Markets in Financial Instruments Directive 2004/39/EC.

1. Currency, Denomination, Form and Title, Certain Definitions

a) Denomination & Issue Price

Notes shall be issued in the specified denomination as set out in the relevant Final Terms (the **Specified Denomination**) at the issue price determined in the relevant Final Terms (the **Issue Price**).

b) Currency

Notes shall be issued in the specified currency(ies) as set out in the relevant Final Terms (the **Specified Currency(ies)**).

c) Form

Notes shall be issued in fully registered and dematerialised form without interest coupons and are represented in uncertificated form by the appropriate entry in the electronic register maintained by the CSD on behalf of the Issuer. There will be entered in such electronic register, the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the holders of the Notes (“**Note Holders**”) and particulars of the Notes held by them respectively and a copy of the Note Holder’s entry into the register will, at all reasonable times during business hours, be open to the inspection of the Note Holders at the registered office of the Issuer. Title to the Notes shall be evidenced by an entry in the register of Notes held by the CSD.

The CSD will issue, upon a request by the Note Holder, a statement of holdings to Note Holders evidencing their entitlement to Notes held in the register kept by the CSD.

2. Status, Guarantee, Note Security

Status:

The obligations in regards to the Notes constitute the unsecured debt obligations of the Issuer and the secured obligations of the Guarantor. As regards the Issuer's obligations, the Notes shall at all times rank *pari passu* without any priority or preference with all other present and future unsecured obligations of the Issuer.

As regards the Guarantor, the obligations in relation to the Notes shall at all times rank *pari passu*, without any priority or preference among themselves and save for the HSBC Security (as below defined), the privilege granted to the Freeport Authority and other prior ranking security arising by operation of the law, with priority over all other present and future obligations of the Guarantor. Until such time as the HSBC Security is cancelled or postponed in favour of the Security Trustee (refer: section entitled 'Note Security' below), the Guarantor's obligations and the Note Security will rank junior and subsequent to the HSBC Security. The Note Security will at all times rank junior to the special privilege granted to the Freeport Authority and also to any prior ranking security interest arising by operation of law.

Guarantee:

The Issuer's payment obligation in respect of principal and interest under the Notes are being guaranteed by the Guarantor, on a joint and several basis. The Guarantor has undertaken in favour of the Security Trustee to pay all amounts of principal and interest which may become due and payable should the Issuer default in paying the Note Holders under the Notes.

Note Security:

The Issuer's payment obligation in respect of principal and interest under the Notes shall be guaranteed by the Guarantor and shall be secured by a **general hypothec** and a **special hypothec** granted by the Guarantor in favour of the Security Trustee over the emphyteutical rights the Guarantor holds in respect of the Medserv Site (which shall expire on 29 May 2045). The Security Trustee shall hold the Note Security on trust for the benefit of the Note Holders.

A "privilege is a right of preference which the nature of a debt confers upon a creditor over the other creditors, including hypothecary creditors" (article 1999 Civil Code). "Special privileges over immovables continue to attach to such immovables whatever transfers to other persons take place" (article 2002(2) Civil Code).

*A "hypothec is a right created over the property of a debtor or of a third party, for the benefit of the creditor, as security for the fulfilment of an obligation" (article 2011(1) Civil Code). A hypothec is general or special: it is general when it affects all the property present and future of the debtor; it is special when it affects only one or more particular immovables of the following kind: ...(c) "the *dominium directum* over the said immovables given on emphyteusis, and the *dominium utile* over such immovables."*

"A special hypothec continues to attach to any immovable charged therewith into whosoever's possession such immovable may pass" (article 2013(1) Civil Code) while "A general hypothec attaches to the property affected thereby only so long as such property does not pass into the hands of a third party" (article 2013(2) Civil Code).

On the basis of the land registry searches dated 19 June 2013 and official public registry searches carried out up to 29 July 2013 and the unofficial public registry searches carried out up to 12 August 2013, the following privileged and/or hypothecary rights are registered against the Guarantor:

Date & Hypothec No	Notary	Amount	Creditor	Description
29/5/1997 8700/1997	Tonio Spiteri	€3.49 per sqm (as from commencement of operations from the Medserv Site) revisable every 4 years to take into account movements in index of inflation (maximum being 15%)	Freeport Authority for payment of Ground Rent	Privilege over 40,000sqm plot forming part of Medserv Site
23/12/1999 57/2000	Tonio Spiteri	€3.49 per sqm (as from commencement of operations from the Medserv Site) revisable every 4 years to take into account movements in index of inflation (maximum being 15%)	Freeport Authority for payment of Ground Rent	Privilege over 10,000sqm plot forming part of Medserv Site
3/10/2002 15636/2002	Pierre Attard	€465,874	HSBC Bank Malta p.l.c. for loan facility	General Hypothec (excluding movables), Special Privilege and Special Hypothec over 50,000sqm (excluding 2,071sqm) plot forming part of Medserv Site
12/3/2003 4510/2003	Pierre Attard	€69,881	HSBC Bank Malta p.l.c. for loan facility	General Hypothec (excluding movables) and Special Hypothec over 50,000sqm (excluding 2,071sqm) plot forming part of Medserv Site
14/7/2003 12537/2003	Pierre Attard	€279,524	HSBC Bank Malta p.l.c. for overdraft facility	General Hypothec (excluding movables) and Special Hypothec over 50,000sqm (excluding 2,071sqm) plot forming part of Medserv Site
16/4/2004 7555/2004	Pierre Attard	€279,524	HSBC Bank Malta p.l.c. for loan facility	General Hypothec (excluding movables) and Special Hypothec over 50,000sqm (excluding 2,071sqm) plot forming part of Medserv Site
2/7/2004 12885/2004	Pierre Attard	€465,874	HSBC Bank Malta p.l.c. for additional overdraft facility	General Hypothec (excluding movables) and Special Hypothec over 47,929sqm plot forming part of Medserv Site
1/9/2006 15748/2006	Pierre Attard	€2,329,373	HSBC Bank Malta p.l.c. for loan facility	General Hypothec and Special Hypothec over 47,929sqm plot forming part of Medserv Site
30/10/2009 16716/2009	Pierre Attard	€420,000	HSBC Bank Malta p.l.c. for loan facility	General Hypothec and Special Hypothec over 47,929sqm plot forming part of Medserv Site
30/10/2009 16717/2009	Pierre Attard	€755,000	HSBC Bank Malta p.l.c. for additional overdraft facility	General Hypothec and Special Hypothec over 47,929sqm plot forming part of Medserv Site

17/5/2012 7101/2012	Pierre Attard	€665,000	HSBC Bank Malta p.l.c. for loan facility	General Hypothec and Special Hypothec over 47,929sqm plot forming part of Medserv Site
30/07/2013 11018/2013	Pierre Attard	€4,438,370	HSBC Bank Malta p.l.c. for loan facility	General Hypothec and Special Hypothec over 47,929sqm plot forming part of Medserv Site

The hypothecary rights over the Medserv Site currently registered in favour of HSBC Bank Malta p.l.c., as above described, (together the “**HSBC Security**”) do not constitute the security to be held by HSBC Bank Malta p.l.c. as security trustee for the benefit of Note Holders but are held by HSBC Bank Malta p.l.c. in its own name as security for the commercial banking facilities previously granted to the Guarantor (the “**HSBC Facilities**”).

In this respect, the Issuer undertakes in favour of the Note Holders that the first Note Series shall be issued, at least in part, with the purpose of repaying the HSBC Facilities. The issuance of the said Notes shall be conditional, *inter alia*, upon the Issuer raising sufficient funds to repay the HSBC Facilities. Within seven days of the Issue Date of the said Notes, the Issuer shall repay the HSBC Facilities and shall procure that the HSBC Security shall be either cancelled or postponed in favour of the interests of the Security Trustee (who will, in turn, hold the Security on trust for the benefit of the Noteholders).

In terms of the Security Trust Deed, the funds received from the first issuance of the Note Series shall be held by the Security Trustee on pledge and shall only be released in favour of the Issuer (or its delegate) if, simultaneously with the said release, the HSBC Security is cancelled or postponed in favour of the Note Holders.

The prior ranking privilege granted to the Freeport Authority and other prior ranking security arising by operation of the law shall at all times rank in priority to the hypothecary rights granted to the Security Trustee as trustee for the Note Holders. The Note Holders shall be deemed to acknowledge that the Notes may rank junior and subsequent to such prior ranking security interests described in this paragraph. Subject to the foregoing, the Issuer shall procure that the Guarantor shall not, for as long as any principal or interest under the Notes or any of them remains outstanding, create or permit to subsist any prior ranking security interest upon the whole or any part of the Guarantor’s present or future assets to secure any Relevant Indebtedness (as defined hereunder). The Guarantor shall be at liberty to create or permit to subsist additional security interests over its present or future assets provided they rank after the Note Holders’ interests. However, in the event that (a) the Issuer does not issue €20,000,000 in par value of Notes by 12 August 2014 but (b) raises the unissued balance by way of additional notes by 12 August 2015 under terms and conditions identical to those applicable to the Notes, the “**Additional Notes**”, the Issuer may determine that the holder of the Additional Notes shall be secured on a *pari passu* basis with the Note Holders under this Programme.

For the purposes of this section, the term ‘Relevant Indebtedness’ shall mean any indebtedness in respect of:

- (a) monies borrowed;
- (b) any debenture, bond, note, loan stock or other security creating or acknowledging indebtedness;
- (c) any acceptance credit;
- (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession by the party liable where the advance or deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (e) leases entered into primarily as a method of raising finance or financing the acquisition of the asset leased;
- (f) amounts raised under any other transaction having the commercial effect of borrowing or raising of money; and
- (g) any guarantee, indemnity or similar assurance in respect of any such indebtedness.

By acquiring any of the Notes, whether on issuance or thereafter, Note Holders will be deemed to have acknowledged and accepted the Note Security and the terms and conditions contained in each of the Security Trust Deed and the public deeds constituting the Note Security. In particular, each Note Holder shall be bound by the terms of the Security Trust Deed as if he had been a party thereto and as if the Security Trust Deed covenants on the part of each Note Holder to observe and be bound by all the provisions thereof.

Rights:

There are no special rights attached to the Notes other than the right of the Note Holders to payment of capital and interest and in accordance with the ranking specified herein.

3. Interest

Definitions:

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of Euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer or any successor thereto (the **TARGET System**) is operating (a **TARGET Business Day**) and/or
- (ii) in the case of a specified currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency;

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last and whether or not constituting an Interest Period, the **“Calculation Period”**);

“Actual/Actual”, and calculated by applying the actual number of days in the Calculation Period divided by 365 or, when all or part of an Interest Period falls in a leap year, 366;

“Interest Commencement Date” means the Issue Date or such other date as may be specified in the relevant Final Terms;

“Interest Payment Date” means the date(s) specified in the relevant Final Terms;

“Interest Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“Maturity Date” means the date(s) specified in the relevant Final Terms; and

“Rate of Interest” means the rate of interest payable from time to time in respect of the Notes and that is specified in the relevant Final Terms.

Rate:

Each Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date. In the event that any Interest Payment Date falls on a day other than a Business Day, the relevant Interest Payment Date will be the first following day which is a Business Day (the **“Following Business Day Convention”**).

Accruals:

Interest (if any) shall cease to accrue on each Note on the day preceding the Maturity Date thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest shall continue to accrue at the Rate of Interest up until the payment thereof.

Rounding:

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b) all figures shall be rounded to seven significant figures (with halves being rounded up), and, (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

Calculations:

The amount of interest payable in respect of any Note for any Interest Period shall be equal to the product of the Rate of Interest, the principal amount of the Notes and the Day Count Fraction for such Interest Period. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be applied to the period for which interest is required to be calculated.

4. Payments

Payment of the principal amount of the Notes will be made in the Specified Currency by the Issuer to the person in whose name such Notes are registered as at the close of business on the Maturity Date, with interest accrued up to (but excluding) the Maturity Date, by means of a direct credit transfer into such bank account as the Note Holder may designate from time to time, provided such bank account is denominated in the Specified Currency and held with any licensed bank in Malta. Such payment shall be effected on the Maturity Date. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value (which, unless otherwise provided, is its nominal amount), the Notes shall be redeemed and the appropriate entry made in the electronic register of the Notes at the CSD.

In the case of Notes held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Notes.

Payment of any instalment of interest on a Note will be made to the person in whose name such Note is registered at the close of business such number of Business Days prior to the Interest Payment Date described in the Final Terms (the “**Register Cut-Off Date**”) by means of a direct credit transfer into such bank account as the Note Holder may designate from time to time, provided such bank account is denominated in the Specified Currency and held with any licensed bank in Malta.

All payments with respect to the Notes are subject in all cases to any applicable fiscal or other laws and regulations. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made net of any amount which the Issuer is compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed.

No commissions or expenses shall be charged by the Issuer to Note Holders in respect of such payments.

5. Redemption at Maturity

The Issuer will redeem the Notes (together with payment of interest accrued thereon) at their Redemption Value on such date indicated in the Final Terms as being the Maturity Date (the “**Maturity Date**”).

6. Early Redemption Option

If an early redemption option (“**Early Redemption Option**”) is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days’ irrevocable notice to the Note Holders, redeem all or some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Nominal Value together with interest accrued to, but excluding, the date fixed for redemption (including, where applicable, any Arrears of Interest), if any.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption, the redemption shall be effected by reducing the nominal amount of all such Notes in a Series in proportion to the aggregate nominal amount redeemed.

7. Taxation

Where the Issuer is compelled by a law or other regulation to deduct or withhold such taxes, duties or governmental charges, all amounts payable under the Notes will be paid with deduction or withholding for or on account of any present or future taxes, duties or governmental charges whatsoever imposed or levied by or on behalf of the Republic of Malta or any taxing authority therein. The Issuer will not be obliged to make any additional payments in respect of any such withholding or deduction imposed.

8. Acceleration

Each Note Holder shall be entitled to declare his Notes due and demand immediate redemption thereof at the Redemption Value, together with accrued interest, if any, to the date of repayment, in the event that any of the following events (each an “**Acceleration Event**”) occurs:

- a) the Issuer shall fail to pay any interest on any Note when due and such failure shall continue for thirty (30) days after written notice thereof shall have been given to the Issuer by any Note Holder; or
- b) the Issuer shall duly fail to perform or shall otherwise be in breach of any other material obligation contained in the Conditions of the Notes and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by any Note Holder; or
- c) an order is made or resolution passed or other action taken for the dissolution, termination of existence, liquidation, winding-up or bankruptcy of the Issuer or the Guarantor; or
- d) the Issuer or the Guarantor stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or ceases or threatens to cease to carry on its business or a substantial part of its business; or
- e) the Issuer or the Guarantor is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or
- f) the non-cancellation or non-postponement of the HSBC Security in favour of the Note Holders within seven Business Days of the Issue Date of the first Note Series under the Programme in terms of Section 2 of the Terms and Conditions.

9. Form of Notice

Any notice, including any notice declaring Notes due shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer.

10. Prescriptive Period

In terms of article 2156 of the Civil Code (Cap. 16, laws of Malta), actions for the payment of interest on sums taken on loan and for the return of money given on loan (if the loan does not result from a public deed) are barred by the lapse of five years. Accordingly, actions for the payment of interest and principal on the Notes are barred by the said prescriptive period.

11. Further Issues in Tranches, Purchases and Cancellation

The Issuer may from time to time, without the consent of the Note Holders, issue further Tranches of Notes, so as to form a single Series with the Notes.

The Issuer may at any time purchase Notes in the open market or otherwise and at any price. If purchases are made by tender, tenders for such Notes must be made available to all Note Holders of the Tranche/s that are being tendered for. All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

12. Final Terms

These Conditions shall be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

13. Notices

All notices concerning the Notes will be made by means of electronic publication on the website of the MSE (www.borzamalta.com.mt), or, in addition and at the option of the Issuer, on the website of the Issuer (www.medservmalta.com). Any notice so given will be deemed to have been validly given on the date of such publication. Furthermore, Note Holders may request that any such notices be sent by post to the address contained in the register of Note Holders maintained by the CSD on behalf of the Issuer.

14. Method of Publication of the Base Prospectus and of the Final Terms

This Base Prospectus will be published on the websites of (a) the Listing Authority (www.mfsa.com.mt) during a period of twelve months from the date of this Base Prospectus and (b) the Issuer (www.medservmalta.com). The Final Terms related to Notes admitted to trading on any Regulated Market will be published on the websites of (a) the Listing Authority (www.mfsa.com.mt) and (b) the Issuer (www.medservmalta.com).

15. Applicable Law, Place of Performance, Place of Jurisdiction and Enforcement

The Notes, as to form and content, and all the rights and obligations of the Note Holders and the Issuer, shall be governed by Maltese law.

16. Submission to Jurisdiction

The place of jurisdiction for all legal proceedings arising out of or in connection with the Notes shall be Malta.

11

FORM OF FINAL TERMS

Final Terms dated [•]

MEDSERV P.L.C.
€20,000,000 Secured & Guaranteed Note Issuance Programme

Series No: [•]
Tranche No: [•]

[Brief description and Amount of Notes]
Issued by: Medserv p.l.c. (the Issuer)

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in Malta, provided such person is one of the persons mentioned in Paragraph 7(i) of Part B below and that such offer is made during the Offer Period specified for such purpose therein.

The Issuer has not authorised, nor does it authorise, the making of any offer of Notes in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 August 2013 which was approved by the Listing Authority in Malta on the 12 August 2013 [and the Supplement to the Base Prospectus dated [•]¹ which [together]¹ constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 to the extent that such amendments have been implemented in a relevant Member State) (the “**Prospectus Directive**”).

¹ Delete if no Supplement has been published.

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]¹. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus [and the Supplement to the Base Prospectus]¹[is] [are]¹ available for viewing at the office of the Issuer and on the websites of (a) the Listing Authority during a period of twelve months from the date of the Base Prospectus and (b) the Issuer (www.medservmalta.com) and copies may be obtained free of charge from the registered office of the Issuer (Malta Freeport, Port of Marsaxlokk, Birżebbuġia BBG 3011, Malta).

1. Issuer:	Medserv p.l.c.
2. Series Number:	[•]
3. Tranche Number:	[•] <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).</i>
4. Specified Currency(ies)	[•]
5. Aggregate Nominal Amount:	
(i) Series	[•]
(ii) Tranche	[•]
6. (i) Issue Price of Tranche	[•]
(ii) Net Proceeds	[•]
7. Specified Denomination	[•]
8. (i) Issue Date	[•]
(ii) Interest Commencement Date	<i>[specify/Issue Date]</i>
9. Maturity Date	<i>[specify date]</i>
10. Redemption Value	Redemption at Par
11. Register Cut-Off Date	[•]
12. Dates of the corporate authorisations for issuance of the Notes:	Resolution of the Board of Directors of the Issuer dated [•]

INTEREST

13. Rate of Interest:	[•] per cent per annum payable semi-annually in arrear
14. Interest Payment Date(s):	[•] in each year up to and including the Maturity Date

EARLY REDEMPTION OPTION

15. Early Redemption Option:	<i>[Applicable/Not Applicable]</i> <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
16. Optional Redemption Date(s):	[•]
17. Notice Period:	<i>[specify number of days ranging from 15 to 30 days]</i>

GENERAL PROVISIONS

18. Taxation	As per 'Taxation' section of the Prospectus
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PURPOSE OF FINAL TERMS

These Final Terms comprise the Final Terms required for the issue and public offer in Malta and admission to trading on the Official List of the MSE of the Notes described herein pursuant to the €20,000,000 Secured & Guaranteed Note Issuance Programme of Medserv p.l.c.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]*

Signed on behalf of Medserv p.l.c.

Duly represented by:

[•]

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING AND LISTING

(i) Listing	MSE
(ii) Admission to trading:	<i>[Application has been made for the Notes to be admitted to trading on [•] with effect from [•] / [Not Applicable.]</i>
(iii) Previous admission to trading	<i>[The Notes have already been admitted to trading on [•] with effect from [•] / [Not Applicable]</i>
(iv) Estimate of total expenses related to admission to trading:	[•]

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

["Save for any fees payable to the Manager and the Sponsor in connection with the Issue of Notes, and save for any fees payable to the Manager in its capacity as Security Trustee, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business."]

3. [THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part in respect of the Issuer or the Notes.

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer shall identify the source(s) of the information.]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer	[•]
(ii) Estimated net proceeds	[•] <i>(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)</i>
(iii) Estimated Total Expenses	[•] <i>[Include breakdown of expenses.]</i>
(iv) Conditions to which the offer is subject	[•]

5. YIELD

(i) Indication of Yield	[•]
(ii) Method of Calculating the Yield	[•]

6. OPERATIONAL INFORMATION

(i) ISIN Code	[•]
(ii) Delivery	Delivery against payment
(iii) Names and addresses of Paying Agent(s) (if any):	[•]/[Not Applicable]

7. DISTRIBUTION

(i) Method of Distribution – Public Offer	An offer of the Notes may be made by the Issuer, the Manager, the Sponsor [and <i>[specify names of other financial intermediaries]</i> / <i>[each such financial intermediary whose name and address is published on the Issuer's website www.medservmalta.com]</i> (together with the Manager and the Sponsor, the “ Financial Intermediaries ”) other than pursuant to Article 3(2) of the Prospectus Directive in Malta during the period from <i>[specify date]</i> until <i>[specify date or a formula such as “the Issue Date” or “the date which falls [•] Business Days thereafter”]</i> (“ Offer Period ”).
(ii) Other conditions for use of the Base Prospectus by the Financial Intermediary(ies):	[•]
(iii) Coordinator(s) of global offer	Not Applicable
(iv) Coordinator(s) of single parts of the offer	[•]/[Not Applicable]
(v) Placing Agent(s)	[•]/[Not Applicable] <i>[If Applicable, insert: name and address of placing agents and material features of the respective agreement, including quotas and placing commission.]</i>
(vi) Depositary Agents	[•]/[Not Applicable]
(vii) Underwriting	<i>[Not Applicable / Applicable] [If Applicable, insert: name and address of underwriters and material features of the respective agreement, including quotas, placing / underwriting commission. If not all offer is underwritten, statement of portion not covered. Indication of whether underwriting agreement has been or will be reached.]</i>
(viii) Intermediaries giving firm commitment to act as intermediaries in secondary market providing liquidity through bid and offer rates	<i>[Applicable] [Not Applicable] [If Applicable, provide name and address of intermediaries and main terms of commitment]</i>
(ix) Selling Commission	[•]%
(x) Reservation of tranche in the event that the offer is made in the markets of two or more countries	Not Applicable
(xi) Expected Timetable	[•]
(xii) Credit Rating	Not Applicable

8. ADDITIONAL INFORMATION

(i)	Reservation of a tranche in favour of specific retail and/or institutional investors or categories of either:	<i>[Not Applicable]/[Applicable], [If Applicable, insert details of the percentage being reserved and the details of the persons in whose favour the reservation is made]</i>
(ii)	Time period, including any possible amendments, during which the offer will be open:	[•]
(iii)	Arrangements for publication of final size of issue/offer:	[•]
(iv)	Description of the application process:	[•]
(v)	Details of the minimum/maximum amount of application (whether in numbers of securities or aggregate amount to invest):	[•]
(vi)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[•]
(vii)	Method and time limits for paying up the securities and for delivery of the securities:	[•]
(viii)	Full description of the manner and date in which results of the offer are to be made to public:	[•]
(ix)	Procedure for the exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
(x)	Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure:	[•]
(xi)	Amount of any expenses and taxes specifically charged to the subscriber:	[•]
(xii)	Process for notification to applicants of the amount of Notes allotted and indication whether dealing may begin before notification is made:	[•]

[ANNEX – ISSUE SPECIFIC SUMMARY]
Issue specific summary to be inserted

12 TAXATION

12.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Notes, including their acquisition, holding and disposal as well as any income/gains derived therefrom or made on their disposal.

The following is a summary of the anticipated tax treatment applicable to Note Holders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive. The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Notes from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

12.2 MALTA TAX ON INTEREST

Since interest is payable in respect of a Note which is the subject of a public issue, unless the Issuer is otherwise instructed by a Note Holder or if the Note Holder does not fall within the definition of “recipient” in terms of article 41(c) of the Income Tax Act, (Cap. 123 of the laws of Malta), interest shall be paid to such person net of a final withholding tax, currently at the rate of 15% of the gross amount of the interest, pursuant to article 33 of the Income Tax Act. Note Holders who do not fall within the definition of a “recipient” do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply. For the purpose of the above, a “recipient” is generally a person who is resident in Malta during the year in which investment income is payable to him or other persons or entities acting on behalf of such resident person or a trustee or foundation pursuant to or by virtue of which any money or other property whatsoever shall be paid or applied to or for the benefit of such resident persons.

The withholding tax is considered a final tax and a Maltese resident individual Note Holder need not declare the interest so received in his income tax return. No person shall be charged further tax in respect of such income. However, where the Note Holder is a Maltese resident individual, he is still entitled to declare the gross interest in the tax return and any tax so deducted will then be available to that person as a credit against his tax liability or for a refund as the case may be.

In the case of a valid election made by an eligible Note Holder resident in Malta to receive the interest due without the deduction of final tax, interest will be paid gross and such person will be obliged to declare the interest so received in his income tax return and be subject to tax on it at the progressive rate/s applicable to that person at that time. Additionally in this latter case the Issuer will advise the Inland Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients unless the beneficiary does not qualify as a “recipient” in terms of article 41(c) of the Income Tax Act. Any such election made by a resident Note Holder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c) of the Income Tax Act, Note Holders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

12.3

EUROPEAN UNION SAVINGS DIRECTIVE

Non-residents of Malta should note that payment of interest to individuals and certain residual entities residing in another EU Member State is reported on an annual basis to the Commissioner for Revenue who will in turn exchange the information with the competent tax authority of the Member State where the recipient of interest is resident. This exchange of information takes place in terms of the EU Savings Directive 2003/48/EC.

12.4

MALTA CAPITAL GAINS ON TRANSFER OF THE NOTES

As the Notes do not fall within the definition of “securities” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instruments that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, no Malta tax on capital gains is chargeable in respect of transfer of the Notes held as capital assets at the time of disposal.

12.5

DUTY ON DOCUMENTS AND TRANSFERS

In terms of article 50 of the Financial Markets Act, (Cap. 345 of the Laws of Malta) as the Notes constitute financial instruments of a company quoted on a regulated market, as is the Malta Stock Exchange, redemptions and transfers of the Notes are exempt from Maltese duty.

INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF NOTES AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE NOTES AND TO NOTE HOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO NOTE HOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.

13 GENERAL INFORMATION

13.1

LISTING ON THE OFFICIAL LIST AND ADMISSION TO TRADING INFORMATION

Application will be made to list each Series of the Notes on the Official List of the MSE and to be admitted to trading on the Regulated Market of the MSE.

13.2

FINANCIAL ANALYSIS SUMMARY

A financial analysis summary shall be included in the Prospectus by way of a supplement simultaneously with the issuance of the first set of Final Terms. The financial analysis summary is a summary of an analysis by the Sponsor of the Issuer's and the Guarantor's last five years' financial accounts and forecasts for the financial years ending 31 December 2013 and 2014. The said supplement will also include the profit forecasts of the Issuer and the Guarantor for the said financial years together with an accountant's report thereon.

In the event that additional Final Terms are issued throughout the lifetime of the Prospectus, the Issuer shall, if applicable, update the financial analysis summary and the profit forecasts through the issuance of a further supplement.

13.3

AUTHORISATION

The establishment of the Programme was authorised by the Board of Directors of the Issuer on 3 June 2013.

VALUATION

The Board of Directors
Medserv Plc
Malta Freeport
Port of Marsaxlokk
Birżebbuġa BBG 3011
MALTA

24th July 2013

Dear Sirs,

PROFESSIONAL VALUATION REPORT

I. Preparation of an Independent Valuation Report

1. Parties Requesting Valuation

This valuation report has been prepared for Medserv Plc (hereinafter referred to as 'MEDSERV'), a public company incorporated in Malta and listed on the Malta Stock Exchange which fully-owns its subsidiary, Medserv Operations Limited, a limited liability company (Company Registration No.: C2971). Our professional work has been carried out in accordance with our terms of engagement dated 31st May 2013.

2. Purpose of Valuation

The principal activity of Medserv Operations Limited is concerned with the provision of industrial services for the offshore oil and gas industry from its base within the industrial property forming part of the Malta Freeport at the Port of Marsaxlokk in Malta (hereinafter referred to as 'the Property'), which it holds under a title of temporary emphyteusis up to 2045, and subsequently on lease up to 2060.

MEDSERV intends to offer debt securities to the public in order to raise funds to support its growth plans. Medserv Operations Limited is to act as guarantor to such securities. Medserv Operations Limited has a property interest and reference to such

property is to be made in the prospectus covering the issue of such debt securities. In view of this fact, MEDSERV has requested a valuation of such property, in accordance with Chapter 7 of the Listing Rules issued by the Listing Authority (hereinafter referred to as 'the Listing Rules'). This valuation report is required to be prepared by an independent expert and it is to be included in the said prospectus. This valuation report has been prepared solely for the above-mentioned purpose and is not suitable for other uses or purposes.

3. Date of Valuation

The valuation of the Property is effective as of the 30th June 2013.

4. Subject of Valuation

Medserv Operations Limited currently operates from premises located at the **Malta Freeport, Port of Marsaxlokk, Birżebbuġa BBG 3011, Malta**. The company is presently involved in supply maintenance, storage contracting, warehousing and servicing for the offshore oil and gas industry. By virtue of a recent operational licence issued by the Malta Freeport Corporation Limited on the 5th December 2012, the company is also permitted to carry out initiatives which are of an environmental nature.

The valuation of the Property, comprising the industrial land, the overlying buildings and structures, and the ancillary quayside facilities currently occupied by Medserv Operations Limited at the Malta Freeport was carried out with due regard to the emphyteutical notarial deeds dated 29th May 1997, 23rd December 1999 and 22nd June 2004, the Parliamentary Resolution dated 27th October 2003, the recent lease agreement dated 5th December 2012, and the operating licence issued by the Malta Freeport Corporation Limited to Medserv Operations Limited on the 5th December 2012. These documents are discussed in further detail in Appendix A of this valuation report.

5. Site Location, Building Description and Use

Medserv Operations Limited used to operate from premises located at Manoel Island in Gżira in Malta but, by virtue of several notarial deeds, a Parliamentary Resolution,

and a recent lease agreement, the company acquired a tract of industrial land together with ancillary quay facilities at the Malta Freeport, from where it was able to expand its services within the offshore oil and gas industry.

A schematic layout of the property currently occupied by Medserv Operations Limited is presented in Appendix B of this valuation report. The Property consists of land measuring approximately 50,000 sq.m., together with the overlying buildings and structures, and ancillary quayside facilities. The quayside facilities comprise circa 239m of quays and circa 5,785 sq.m. of wharf space together with overlying quay offices, stores and silos, and a right of passage over a further 1,600 sq.m. of wharf space at the Malta Freeport.

These new premises at the Malta Freeport were occupied in April 2002 when construction works on the Ground Floor of the two-storey office block and the main warehouse were commenced. The initial construction works were completed by the following year, when the company commenced operations from the Malta Freeport. Several others buildings and structures were constructed over the years as the company extended its operations further. A description of the Property is provided in the table below:

<i>Description of Fixed Assets</i>	<i>Year of Construction or Year of Use</i>	<i>Area or Length (sq.m or m)</i>	<i>Total Area or Total Length (sq.m or m)</i>
Industrial Land	Used since 2002	50,325	50,325
<i>Main Office - Ground Floor</i>	Constructed in 2003	437	
<i>Main Office - First Floor</i>	Constructed in 2005	437	
Total Office Floor Area			874
Training Classrooms	Constructed in 2007	70	70

Maintenance Workshop and Stores	Constructed in 2004	355	355
<i>Main Warehouse</i>	Constructed in 2003	2,660	
<i>FMC Warehouse</i>	Constructed in 2005	788	
<i>Cameron Warehouse</i>	Constructed in 2006	920	
Total Warehouse Area			4,368
<i>Bulk Covered Storage</i>	Constructed in 2007	1,624	
<i>Chemical Covered Storage</i>	Constructed in 2008	1,624	
Total Covered Storage Area			3,248
Quayside Berthing Facilities with 10m Draught (Including Right of Passage)	†200m used since 2002 and a further 39m used since 2004	239	239
Wharf Space along Quays with Office & Store and Silos (Including Right of Passage)	†5,000sq.m used since 2002 and a further 785sq.m used since 2004 (office & store constructed in 2002)	5,785	5,785

† The Quays and wharves currently used by Medserv Operations Limited were originally constructed by the Government of Malta in circa 1985.

Table 1: Description of the Fixed Assets of the Property

With reference to the superficial area of the tract of land forming the emphyteutical property of Medserv Operations Limited, it should be pointed out that, during the vetting of the documents submitted by the management of MEDSERV, it was observed that there presently exists a conflict between the property area indicated within the text in the lease agreement of the 5th December 2012 (47,929 sq.m.) and the property area shown in the drawing attached to the notarial deed of the 22nd June 2004 (50,850 sq.m.). Subsequent investigations confirmed that the latter area corresponds to a topographical survey of the actual emphyteutical site that was carried

out by an accredited land surveyor commissioned by Medserv Operations Limited. Consequently, it is evident that the area indicated within the text of the lease agreement of the 5th December 2012 was notional and, therefore, was not based upon an accurate land survey.

In such cases, relevant jurisprudence within the Maltese Courts has adopted a margin of error of +/- 5% upon the superficial area indicated within the text of a notarial deed provided that the word 'circa' or 'approximately' precedes the measurement value of the area. In fact, the text within the lease agreement of the 5th December 2012 states that the area of the property is 'approximately' 47,929 sq.m. and, consequently, the +/- 5% leeway is also applicable in this particular case.

In this respect, for the purposes of the valuation of the Property, the area of 47,929 sq.m. that was mentioned within the text of the notarial deed of the 22nd June 2004 was increased by 5% to give 50,325 sq.m.. It is worth noting that this area is just 525 sq.m. below the superficial area of 50,850 sq.m. that is shown within the drawing annexed to the notarial deed of the 22nd June 2004.

6. Permitted Development and Uses

The development and uses permitted by the operating licence issued by the Malta Freeport Corporation Limited and the MEPA Marsaxlokk Bay Local Plan (1995) are briefly discussed below.

6.1 Existing Valid Development Permits

The existing valid Development Permits issued by the Malta Environment and Planning Authority (MEPA) for the construction works carried out within the Property are listed in chronological order below:

- (i) *PA05728/98 dated 9th February 1999*: Amended Full Development Permit for the construction of offices, warehouses and workshop.

- (ii) *PA02426/03 dated 16th March 2004*: Full Development Permit for the office building construction of 1st floor and ground floor sanctioning as built.
- (iii) *DN00628/13 dated 15th May 2013*: Development Notification Permit for the construction of a solar farm.

6.2 Development and Uses Permitted by the Notarial Deeds, the Lease Agreement and the Operating Licence

The primary development and activities permitted by the notarial deeds, the lease agreement and the operating licence issued by the Malta Freeport Corporation Limited are briefly summarised below:

- (i) Within the period 1997-2045, Clause 11(i) of the notarial deed dated 29th May 1997 prohibits leasing or granting the site on sub-emphyteusis to third parties without the consent of the House of Representatives.
- (ii) Within the period 2045-2060, Clause 21.2 of the lease agreement dated 5th December 2012 prohibits leasing or granting the site on sub-emphyteusis to third parties without the consent of the Malta Freeport Corporation Limited.
- (iii) However, by virtue of Clause 21.1 of the lease agreement dated 5th December 2012, within the period 2045-2060, Medserv Operations Limited may sublet and/or assign to third parties, licensed by the Malta Freeport Corporation Limited, part or all of the property under a management or operating agreement or by way of concession.
- (iv) Clause 11(iv) of the notarial deed of the 29th May 1997 prohibits share transfer in Medserv Operations Limited which would result in Albert Abela Group of Companies having less than 51% shareholding and/or losing effective control of Medserv Ltd.
- (v) However, the Parliamentary Resolution of the 27th October 2003 allowed the transfer of shares in Medserv Operations Limited such that Albert Abela Group of Companies was permitted to own less than 51% shareholding and/or lose effective control of Medserv Operations Limited.

Consequently, Clause 11(iv) of the notarial deed dated 29th May 1997 is no longer effective.

- (vi) Within the period 1997-2045, Clause 11(i) of the notarial deed dated 29th May 1997 permits clients of Medserv Operations Limited to use for payment any part of the site and overlying buildings in the normal course of its business without, however, transferring any title.
- (vii) The operating licence issued by the Malta Freeport Corporation Limited on the 5th December 2012 allows a wide range of industrial activities which are, however, ancillary to the existing operations of Medserv Operations Limited at the Malta Freeport and also include initiatives involving environmental projects.

6.3 Development and Uses Permitted by the MEPA Marsaxlokk Bay Local Plan (1995)

From a development planning point of view, the permitted development within the Malta Freeport is regulated by the MEPA Structure Plan (1992) and, in particular, by the MEPA Marsaxlokk Bay Local Plan (1995).

The governing policies, which are pertinent to note with respect to the Property occupied by Medserv Operations Limited, are the following:

- (i) MT 06 : New Arterial Road to Birżebbuġa and the Malta Freeport.
- (ii) MP 01 : Industrial Expansion at the Malta Freeport Area.
- (iii) MP 03 : Oil and Gas Discharge at the Malta Freeport.
- (iv) MP 04 : Overall Use Guidelines for Industrial Activity.
- (v) MB 12 : Further Development at the Malta Freeport.

The MEPA Marsaxlokk Bay Local Plan (1995) considers Hal Far Industrial Estate as a satellite industrial zone to the Malta Freeport. It actively promotes the use of the Malta Freeport areas for:

- (a) The handling of cargo and, in particular, transshipment.
- (b) The storage and supply of oil and gas products for industry.

- (c) The relocation of the existing Enemalta Corporation facilities from residential areas (e.g. 31st March 1979 facility in Birżebbuġa).
- (d) Industrial activities, particularly of a maritime nature.

In the light of the above, possible permitted uses on the premises at Malta Freeport currently occupied by Medserv Operations Limited could include:

- (1) Activities similar to those already being carried out by Medserv Operations Limited, such as, supply maintenance, storage contracting, warehousing and servicing for the offshore oil and gas industry.
- (2) Industrial units for both maritime and non-maritime activities.
- (3) Research and training centre for the oil industry in the Central Mediterranean Region.
- (4) Bunkering of oil, gas & ancillary products.
- (5) Handling of unitised cargo activity (Ro-Ro & Lo-Lo cargo handling) from the quay with transshipment storage on site (such as car transshipment).
- (6) Warehousing for the local industry.

7. Declaration of Independence

TBA Periti hereby declares that it has no undisclosed interest in the Property and that its employment and compensation is not contingent upon its findings and valuation. In addition, earlier this year, TBA Periti had been commissioned by Medserv Operations Limited to undertake an independent valuation of the Property and had reported on its value as at 31st December 2012, which valuation was referred to in the published annual financial statements of the company for the financial year ending on the 31st December 2012. Furthermore, the proportion of the total fees, including fees for this engagement, from MEDSERV to the total fees earned by TBA Periti in the preceding twelve months is minimal.

8. Statement of Compliance

TBA Periti confirms that the valuation of the Property has been prepared as an external valuer in terms of and with due regard given to the appropriate sections of the Valuation Standards contained in the The Royal Institution of Chartered Surveyors

‘RICS Valuation – Professional Standards’ dated March 2012. There has been no departure from the above-mentioned standards. The Property has been valued by valuers, for and on behalf, of TBA Periti, who are qualified for the purpose of the valuation in accordance with the RICS valuation standards.

9. Basis of Value and Valuation Approach

TBA Periti has been engaged to provide the valuation of the Property based on Market Value. In relation to the Market Value, RICS Valuation – Professional Standards states that:

‘This basis of value describes an exchange between parties that are unconnected and operating freely in the market place and ignores any price distortions caused by special value or synergistic value.’

The open market value for the Property is necessarily related to the corresponding permitted developments and uses as discussed earlier within Section 6. Consequently, the market value of the property as set out in this valuation report is equivalent to the open market value for existing use. In addition, the present capital value of the Property in its existing state is reflected in the Market Value of the Property, estimated as described herein. It should also be noted that valuation of the Property excludes the following:

- (i) Movable assets such as computers and telecommunications equipment, office furniture and equipment, furnishings, etc.
- (ii) Specialist tools.
- (iii) Motor vehicles.
- (iv) Plant and mechanical equipment.
- (v) Stock material.

As described earlier in Section 4 and in Appendix A, the title of Medserv Operations Limited over the Property emanates from the emphyteutical grant and the subsequent lease, which together form a continuing right over the same property. The latter title of lease is subject to satisfaction of certain contractual conditions on investment and labour provision by Medserv Operations Limited.

It is worth noting that, in addition to the five permitted uses in the previous operating licence dated 1st April 2002, the Malta Freeport Corporation Limited introduced a sixth permitted use within the new operating licence issued to Medserv Operations Limited on the 5th December 2012, namely:

“6. The rendering of services that are analogous or complimentary to the foregoing, including initiatives that may benefit the environment.”

This sixth permitted use in the operational licence is a particularly important addition since it allows the company to invest in environmental projects in order to qualify for investment tax credits and also to derive a return from such capital investment. Indeed, on the basis of feasibility studies carried out by the company with regards to the construction of new buildings and structures, and the installation of a solar farm consisting of 8,211 solar Photo Voltaic (PV) panels taking up an area of circa 21,078 sq.m. at roof level, it is estimated that the renewable energy that will be generated over a 20-year period will amount to circa 3,392 MWH.

Such capital investment, amounting to circa €5,080,387, is planned to be carried out by Medserv Operations Limited within the next few months by virtue of MEPA Permit DN00628/13 (*vide* Section 6.1(iii)) in order to meet its obligation for the First Investment in accordance with the notarial deed of the 5th December 2012. It is also envisaged that the company will enter into a contractual agreement with Enemalta Corporation on the terms of sale of electricity in accordance with the provisions of L.N.71 of 2013, Feed-In Tariffs (Electricity Generated From Solar Photovoltaic Installations) (Amendment) Regulations, which presently provides for a Feed-In Tariff of €0.17c per KWH of electricity over a 20-year period.

In this respect, the valuation of the Property is based upon the following approach:

- (i) The valuation of the Property was carried out on the basis of a *Market Approach* on the assumption that the property rights could be sold subject to any existing third party obligations. The basis of value for the valuation of the

Property of Medserv Operations Limited is, therefore, *Market Value*. The property valuation was also based upon publically-available data and comparable recent market transactions on an arm's length basis, together with TBA Periti's analysis and experience in the local real estate market and information provided by the management of MEDSERV, including projections of expected future investments and costs.

- (ii) The valuation of the Property has been carried out for the time period 2013 to 2060, bearing in mind, however, the contractual conditions of investment and labour provision incumbent upon Medserv Operations Limited for the commencement of the lease for the period 2045-2060, beyond the expiration of the present emphyteutical grant on the 28th May 2045.
- (iii) The components which contribute towards enhancing the Market Value of the Property comprise the land, the existing overlying buildings and structures as detailed in Table 1 as well as the balance of the capitalised rental value of the potential commercial use of the ancillary quayside facilities.
- (iv) On the other hand, the cost components which must be considered in arriving at the Market Value of the Property include the balance of rent which is to be paid out by the company to the Malta Freeport Corporation Limited for the land and for the use of the ancillary quayside facilities, throughout the remaining emphyteutical grant period (2013-2045) and the subsequent lease period (2045-2060). Furthermore, a prudent provision (10% shortfall) has been made in order to take account of the penalties that would be incurred by the company within the period 2045-2060, if there were to be a shortfall in the labour provision below the 3-year rolling average contractual threshold of 90 Full Time Employees (FTEs) that are to be employed by the company within this period (as per notarial deed of the 5th December 2012).
- (v) With respect to the First Investment mentioned in the notarial deed of the 5th December 2012, as described earlier, the proposed capital investment in new buildings and structures as well as the overlying solar PV panels is expected to provide a return on the capital investment which should pay for itself. For the purposes of this property valuation, therefore, it was considered that this investment should neither feature as an asset nor as a cost component within the property valuation calculations.

- (vi) In as far as the Second Investment mentioned in the lease agreement of the 5th December 2012 is concerned, since this investment is intended to be devoted solely for the purpose of purchasing additional plant and equipment that would be required by the company in order increase its production and turnover, it was considered that this investment should likewise pay for itself and, therefore, it should also neither feature as an asset nor as a cost component within the property valuation calculations.
- (vii) Finally, the Market Value of the Property of Medserv Operations Limited was computed by subtracting the sum of the net present values of the cost components calculated in Paragraph (iv) above from the sum of the net present values of the contributory components calculated in Paragraph (iii) above.

10. Property Inspection

As part of its professional work, an inspection of the buildings, structures and ancillary facilities was carried out by TBA Periti in order to obtain a better understanding of the Property and to identify any visible defects that could have an impact upon the valuation of the Property. This inspection did not represent a building survey and should not be construed as such. TBA Periti has neither carried out any detailed structural surveys, nor tested building services nor exposed parts of the structure which were covered, unexposed or inaccessible. Whilst the valuation has taken due regard with regards to the present apparent general condition of the Property based upon visual inspections, TBA Periti cannot, therefore, provide any assurance that the Property is free from structural defects.

For the purposes of the valuation, TBA Periti has also relied upon the floor plans and surveys of the land and overlying buildings, structures and facilities provided by the management of MEDSERV, and has not undertaken any detailed measurement of the property. All measurements and areas quoted in this valuation report are, therefore, to be considered as approximate for the purposes of this valuation report. Details of tenure of the property considered within the valuation emanate from the notarial deeds, lease agreement, operational licence and other relevant documents provided by the management of MEDSERV. Furthermore, the valuation calculations were based upon information made available by the management of MEDSERV, including

projections of expected future investments and costs.

An assumption can be defined as a supposition taken to be true. Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that by agreement, need not be verified by a valuer as part of the valuation process. In undertaking the valuation of the Property, TBA Periti has made certain assumptions and has relied upon certain sources of information. TBA Periti believes that the assumptions made within this valuation report are reasonable, taking into account its knowledge of the Property and the contents of reports and other information made available by the management of MEDSERV. However, in the event that any of the information or assumptions on which the valuation of the Property is based is subsequently found to be incorrect, then the conclusions in this valuation report may also be incorrect or invalid.

In addition, the management of MEDSERV have confirmed that they have provided TBA Periti with all the information that could be material for the purposes of the valuation of the Property.

11. Sources of Information

For the purposes of this valuation report, TBA Periti has relied upon the following information provided by the management of MEDSERV or their advisors or which was otherwise in the public domain:

- (i) The notarial deed between Malta Freeport Corporation Limited and Medserv Limited (now Medserv Operations Limited) dated 29th May 1997;
- (ii) The notarial deed between Malta Freeport Corporation Limited and Medserv Limited (now Medserv Operations Limited) dated 23rd December 1999;
- (iii) The Parliamentary Resolution dated 27th October 2003;
- (iv) The notarial deed between Malta Freeport Corporation Limited and Medserv Limited (now Medserv Operations Limited) dated 22nd June 2004;
- (v) The lease agreement between Malta Freeport Corporation Limited and Medserv Operations Limited dated 5th December 2012;
- (vi) Operating licence issued by Malta Freeport Corporation Limited to Medserv Operations Limited dated 5th December 2012;

- (vii) Drawings of plans and sections of the Property;
- (viii) Health and Safety information relating to the Property;
- (ix) Audited Financial Statements for the financial years ended 31st December 2006 to 2011;
- (x) Unaudited financial information for the year ended 31st December 2012;
- (xi) Management accounts for the period 1st January 2013 to 30th June 2013;
- (xii) Other relevant details in relation to the Property.

12. Assumptions

In the preparation of this valuation report, TBA Periti has made the following assumptions:

- (i) The buildings on the property are in a good state of repair;
- (ii) The building services and ancillary facilities are in good working order;
- (iii) The Property is not contaminated and no contaminative or potentially-contaminative uses have ever been carried out on it;
- (iv) There are no known abnormal ground conditions, nor archaeological remains present which might adversely affect the present or future occupation, development or value of the Property;
- (v) With reference to Listing Rule 7.4.1.6, the buildings on site covered by the relevant valid development planning permits have been erected in accordance with these permits. Furthermore, there are some other structures on site which do not carry the necessary MEPA development planning permits. However, Medserv Operations Limited is in the process of seeking to sanction such development which, in any case, is sanctionable without undue cost and delay;
- (vi) The Property complies with all applicable laws and regulations, including those relating to health and safety;
- (vii) Only minor costs will be incurred if any modification or alteration is necessary in order for the Property to comply with the provisions of relevant disability and access laws.
- (viii) The Property is insured against all usual risks at normal, commercially-acceptable premiums and will remain so throughout the term of the emphyteusis and subsequent lease;

- (ix) The Property has in place, and will continue to have in place over the period of the emphytheusis and subsequent lease, all the necessary licences and other enablers required to continue to be applied to its permitted uses;
- (x) The current permitted use of the Property will continue throughout the period of the emphytheusis and subsequent lease.
- (xi) The valuation of the Property was carried out on the basis of the Market Value on the assumption that the property rights could be sold on the open market subject to any existing third party obligations.
- (xii) Since the 15-year lease from 2045-2060 commences directly after the 48-year emphyteutical grant from 1997-2045 (precisely on the 29th May 2045), the cumulative 63-year title of Medserv Operations Limited is considered to be a continuing right on the same Property, which is equivalent to a long leasehold (over 50 years) as defined in Rule 7.4.6 in the Listing Rules.
- (xiii) While the open market for the Property is necessarily related to the corresponding permitted development and uses as discussed earlier within Section 6, the valuation of the Property is not confined only to the nature of the business carried out by Medserv Operations Limited, since there are several other possible industrial operations that could also be permitted upon the Property. Consequently, in this case, the present capital value of the Property in its existing state (as per Listing Rule 7.4.1.10) and the valuation of the Property for business use (as per Listing Rule 7.8) are both equivalent to the Market Value on the open market. Furthermore, the Market Value on the open market for the alternative uses of the Property does not vary significantly from the Existing Use Value of the Property.
- (xiv) The valuation is based on the assumption that the Property will only be encumbered by privileges and hypothecs necessary for its financing and operation.
- (xv) The valuation does not reflect any liability to tax, stamp duty and any other transaction costs arising on the disposal or acquisition of the Property.
- (xvi) All measurements, areas and ages quoted in our report are approximate. As explained earlier within Section 5 of this valuation report, for the purposes of the valuation of the Property, the area of 47,929 sq.m. mentioned within the

text of the notarial deed of the 22nd June 2004 was increased by 5% to give 50,325 sq.m., which is marginally below the surveyed area of 50,850 sq.m..

- (xvii) Listing Rules 7.4.1.11, 7.4.7 and 7.4.8 are not applicable to this valuation report.
- (xviii) No special assumptions have been relied upon in the preparation of this valuation report.

II. Other Important Information

1. Consent to Publication and Use

This valuation report should not be distributed, quoted or referred to, in whole or in part, without our prior written consent. TBA Periti understands that MEDSERV will require the express consent in writing of TBA Periti for this valuation report to be included in its entirety in the prospectus covering the issue of debt securities as part of the public offer of MEDSERV. Before granting such consent, TBA Periti will require sight of a final draft of such Prospectus. The consent of TBA Periti for the whole or part of this valuation report to be copied or disclosed to any third party or otherwise quoted or referred to, in whole or in part, is on the basis that TBA Periti does not owe such third parties any duty of care as a result of giving such consent.

2. Limitation of Liability

This valuation report is subject to the comments made throughout and to all the assumptions and limiting conditions set forth herein. TBA Periti has performed its professional work in accordance with applicable professional standards and accepted practice for this type of engagement. The duties of TBA Periti in relation to its professional work are owed solely to MEDSERV, and accordingly TBA Periti does not accept any responsibility for loss occasioned to any third party acting or refraining from action as a result of this valuation report.

3. Other


TBA Periti wishes to point out that there exists a significant degree of judgement involved in selecting methods, the basis for valuation and a significant number of items which may be subjectively considered when arriving at such valuation, including projections of expected future investments and costs. It follows that valuations are not a prediction of price or a guarantee of value and, whilst TBA Periti considers its valuation of the Property to be both reasonable and defensible, others may arrive at a different conclusion. Furthermore, the variation between projected and actual results may be material and such variation may materially affect the valuation of the Property.

Unless otherwise specifically stated, the analysis set out in this document takes into account all information known and made available to TBA Periti up to 30th June 2013 and is, therefore, current as at that date.

4. Valuation Opinion

On the basis of the information set out in this document including the stated assumptions, publically-available data and comparable recent market transactions on an arm's length basis, together with TBA Periti's analysis and experience in the local real estate market and information provided by the management of MEDSERV, it is the professional opinion of TBA Periti that the Market Value of the Property as at the 30th June 2013 amounts to **€40,000,000 (Forty Million Euro)**.¹

Yours Faithfully,



Perit Dr Marc Bonello B.E.&A.(Hons)(Melit.), M.Sc.(Lond.), Ph.D.(Lond.), D.I.C., Eur.Ing.

Partner

For and on behalf of

TBA Periti

¹ Earlier this year, TBA Periti had been commissioned by Medserv Operations Limited to undertake an independent valuation of the Property and had reported that its value as at 31st December 2012 amounted to **€40,300,000 (Forty Million and Three Hundred Thousand Euro)**. This valuation was referred to in the published annual financial statements of the company for the financial year ending on the 31st December 2012.

APPENDIX A: Description of the Property Rights

The Property is presently granted on temporary emphyteusis until the 28th May 2045 with all its rights and appurtenances as described within the various notarial deeds listed below. By virtue of the lease agreement dated 5th December 2012, Medserv Operation Limited extended its title upon the Property by way of lease for the period commencing on the 29th May 2045 and ending on the 28th May 2060, subject to certain contractual obligations. The salient points of the notarial deeds, the lease agreement, the Parliamentary Resolution and the operating licence are discussed below:

A.1 Notarial Deed of the 29th May 1997

The principal rights and conditions emanating from this notarial deed are described below:

- (i) Medserv Operations Limited acquired on temporary emphyteusis a plot of land at Malta Freeport in Marsaxlokk measuring circa 40,000 sq.m. at an annual consideration of Lm1.50 (€3.49)/sq.m. revisable for inflation up to a maximum of 15% every 4 years.
- (ii) Malta Freeport Corporation Limited pledged to hand over the site within two years of the date of the notarial deed, that is, by the 29th May 1999.
- (iii) Medserv Operations Limited pledged to relocate its premises from Manoel Island in Gżira to the premises in Malta Freeport within one year from taking over the site, that is, by the 29th May 2000. In actual fact, Medserv Operations Limited took over the site on the 1st April 2002 since the Malta Freeport Corporation Limited had delayed handing over the site to the company.
- (iv) In view of the construction works, the ground rent was to be reduced to Lm0.25 (€0.58)/sq.m. per annum within the period 1st April 2002 to 29th May 2003.

- (v) Medserv Operations Limited was granted exclusive use of a quay of length 200m together with a wharf space measuring 200m x 25m, that is, having an area of circa 5,000 sq.m. at the following day rates:
- | | |
|-------------------------------|-----------------------------|
| Years 1 & 2 (2003 & 2004): | Lm10.00 (€23.29)/vessel/day |
| Years 3 & 4 (2005 & 2006): | Lm12.50 (€29.12)/vessel/day |
| Years 5 & 6 (2007 & 2008): | Lm15.00 (€34.94)/vessel/day |
| Year 7 onwards (2009 – 2045): | Lm15.00 (€34.94)/vessel/day |
- + inflation increases (up to a maximum of 15% every 4 years).
- (vi) Medserv Operations Limited was granted an option to acquire a further circa 10,000 sq.m. of land with the same terms and conditions as for the land measuring circa 40,000 sq.m..
- (vii) The duration of the temporary emphyteusis is 48 years from the 29th May 1997, that is, up to the 28th May 2045. Therefore, this implies that there remains circa 33 years of title of temporary emphyteusis as from the valuation date.

A.2 Notarial Deed of the 23rd December 1999

By virtue of this notarial deed, Medserv Operations Limited acquired the optional circa 10,000 sq.m. land area under a title of temporary emphyteusis up to the 28th May 2045 under the same terms and conditions as for the circa 40,000 sq.m. land area acquired earlier by virtue of the notarial deed of the 29th May 1997.

A.3 Parliamentary Resolution of the 27th October 2003

As required by the notarial deed of the 29th May 1997, by virtue of this Parliamentary Resolution, the House of Representatives gave its consent for the transfer of shares in Medserv Operations Limited such that Albert Abela Group of Companies was permitted to own less than 51% of the shares in Medserv Operations Limited and/or lose effective control of the company.

A.4 Notarial Deed of the 22nd June 2004

The principal rights and conditions emanating from this notarial deed are described below:

- (i) The Malta Freeport Corporation Limited took back circa 2,071 sq.m. of land from the property previously acquired by the Medserv Operations Limited. According to a drawing annexed to this deed, the land under the control of Medserv Operations Limited measures circa 50,850 sq.m..
- (ii) Medserv Operations Limited was granted the right of exclusive use of a further 39m of quays (in addition to the 200m quay length already under the control of the company), the use of a further circa 785 sq.m. of wharf space (in addition to the circa 5,000 sq.m. of wharf space and overlying quay rooms already under the control of the company), together with a right of passage over a further circa 1,600 sq.m. of wharf space at no further consideration.

A.5 Lease Agreement of the 5th December 2012

The principal rights and conditions emanating from this lease agreement are described below:

- (i) Medserv Operations Limited was granted a lease for a further 15 years (2045-2060) over the same property, which shall commence on the expiry of the present emphyteutical grant on the 28th May 2045 and conditional upon certain investment and labour provision targets which are to be implemented within stipulated timeframes.
- (ii) The text of this notarial deed states that the land forming part of the lease agreement measures circa 47,929 sq.m.. As explained earlier in Section 3.0, for the purposes of the valuation of the property rights of Medserv Operations Limited as at the 31st December 2012, the area of 47,929 sq.m. was increased by 5% to give an area of 50,325 sq.m., as permitted by local case law.
- (iii) The rent was established at a lump sum of €430,000 per annum, exclusive of VAT, with an increase of 10% of the *pro tempore* rent every five years.
- (iv) With respect to the first contractual condition of investment, the notarial deed obliges Medserv Operations Limited to carry out two separate tranches of investment. The First Investment, which involves the sum of €5,000,000 and which is to be invested by the 31st December 2016, is to

cover the cost of paving of the outside areas of the property, to purchase plant and equipment, to construct an additional warehouse with specialized internal stacking systems and to upgrade the fendering system along the quays. Furthermore, the Second Investment, which involves the sum of €4,000,000 and which is to be invested by the 31st December 2021, is to cover the purchase additional plant and equipment.

- (v) The permitted use on the leased property shall be solely and exclusively for the purpose of carrying out the activities which are set out within the operating licence.
- (vi) The second contractual condition concerns the obligation of Medserv Operations Limited of maintaining the three-year rolling average number of Full Time Employees (FTEs) within the period 2045-2060 to not less than 90 (ninety) FTEs, in default of which the company would be liable to pay a penalty of €25,000 (which, however, is not indexed with the rate of inflation) per FTE shortfall for the duration that such FTE shortfall shall persist.
- (vii) Within the period 2045-2060, Medserv Operations Limited may sublet and/or assign to third parties, licensed by the Malta Freeport Corporation Limited, part or all of the emphyteutical property under a management or operating agreement or by way of concession. It is worth noting that this right of the company to sublet and assign the emphyteutical property was expressly forbidden in the notarial deed of the 29th May 1997.
- (viii) Within the period 2045-2060, Medserv Operations Limited may not assign or otherwise transfer the lease in part or in whole without the written consent of the Malta Freeport Corporation Limited. This contractual condition was also present in the notarial deed of the 29th May 1997.

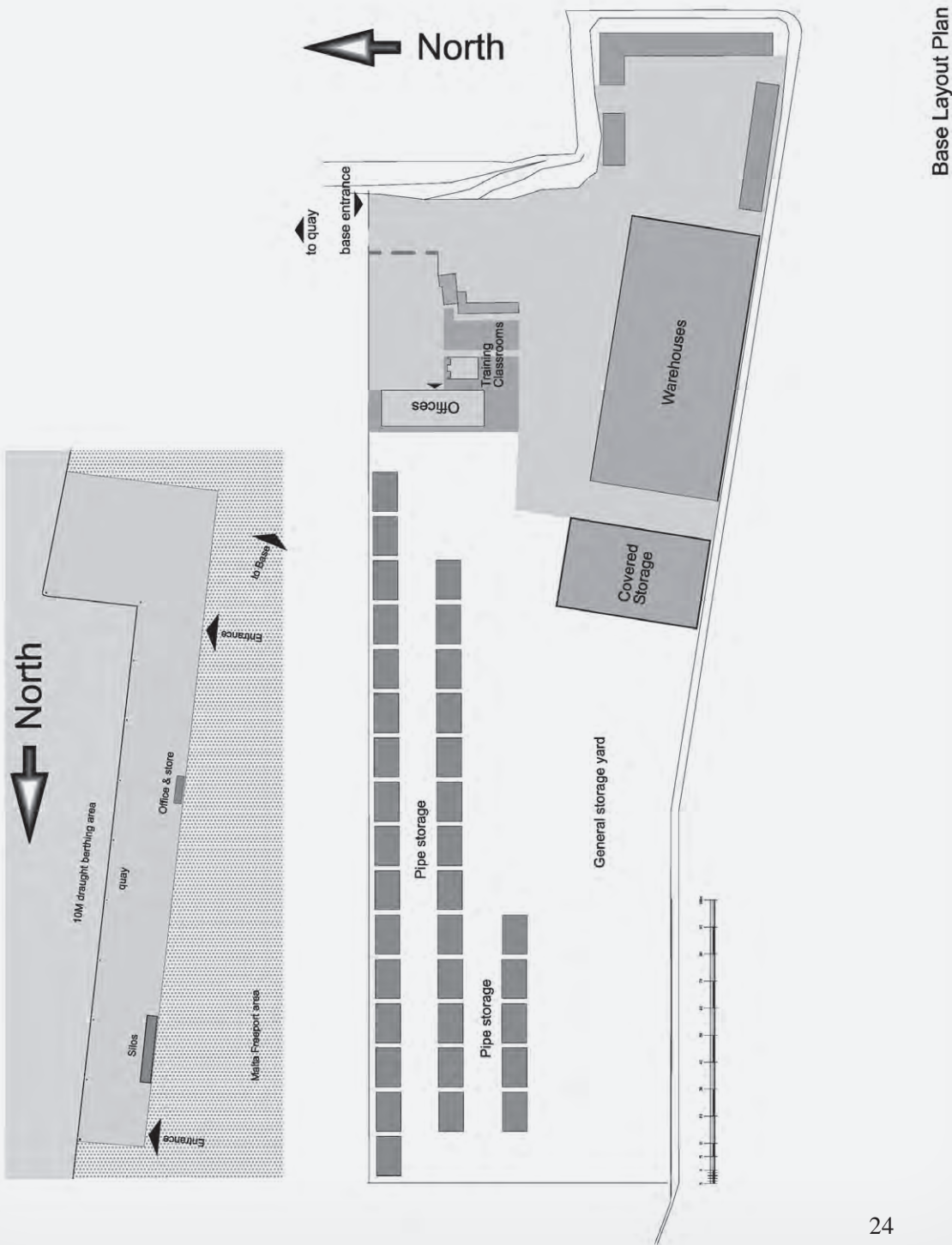
A.6 Operating Licence Issued by the Malta Freeport Corporation Limited to Medserv Operations Limited on the 5th December 2012

The principal rights and conditions emanating from this operating licence are described below:

- (i) The operating licence of the 5th December 2012 is the second such licence issued by the Malta Freeport Corporation Limited to Medserv Operations Limited and supersedes the first operating licence.
- (ii) The date of coming into force of the first operating licence was the date of hand over of the site by the Malta Freeport Corporation Limited, that is, the 1st April 2002.
- (iii) The second operating licence, which has immediate effect, shall be extended automatically between the period 2045–2060, provided that Medserv Operations Limited satisfies certain contractual conditions with regards to investment and labour provision targets, which are to be implemented within stipulated timeframes.
- (iv) The licensed activities as per Schedule A of the first operating licence were :
 - (a) General trade, operations, management and marketing of a storage, service and spare parts centre for the oil industry at the Malta Freeport in Kalafrana at the Port of Marsaxlokk in Malta, and the establishment, supply maintenance and operation of all services related or ancillary thereto.
 - (b) The carrying on of all or any of the trades or businesses of carriers and handlers by land, water and air products.
 - (c) Acting as advisers, consultants, brokers and agents.
 - (d) Acting as marine engineering and storage contractors, wharfingers and warehousemen.
 - (e) The production, manufacture, processing, importing, exporting, storing and dealing in all kinds of machines, articles, products, apparatus and things necessary or useful for the above activities.
- (v) In addition to the afore-mentioned five permitted uses in the first operating licence, the Malta Freeport Corporation Limited introduced a sixth permitted use within the second operating licence, namely the rendering of services that are analogous or complimentary to the foregoing permitted uses, including initiatives that may benefit the environment.

- (vi) Schedule B in the second operating licence contains specific conditions in order to ensure adherence to the Malta Freeports Act (Cap.334 of the Laws of Malta) by Medserv Operations Limited.

APPENDIX B: Site Plan of Base of Medserv Operations Limited at Malta Freeport



APPENDIX C: Summary of Hypothecs, Privileges and Other Securities

Date	Notary	Hypothec No.	Type of Security	Amount €	Creditor	Comments/ Description	Reductions
29/05/1997	Tonio Spiteri	8700/1997	Privilege	-	Malta Freeport Corporation Limited	Constitution of Privilege in favour of the Malta Freeport Corporation Limited in respect of the payment of ground rent over a plot of land measuring 40,000sq.m forming part of the Medserv Site	-
23/12/1999	Tonio Spiteri	57/2000	Privilege	-	Malta Freeport Corporation Limited	Constitution of Privilege in favour of the Malta Freeport Corporation Limited in respect of the payment of ground rent over a plot of land measuring 10,000sq.m forming part of the Medserv Site	-
03/10/2002	Pierre Attard	15636/2002	Loan & Security (General Hypothec, Privilege and Special Hypothec)	€465,874	HSBC Bank Malta Plc	Constitution of General Hypothec, Special Privilege and Special Hypothec over a plot of land measuring 50,000sq.m forming part of the Medserv Site	<ul style="list-style-type: none"> • Creditor renounced to the effects of the General Hypothec in so far as it effect movables (R.7664/2002) • Creditor waived its rights on a part of the secured plot of land measuring 2,071sqm (R.5493/2004)
12/03/2003	Pierre Attard	4510/2003	Loan & Security	€69,881	HSBC Bank Malta Plc	Constitution of General Hypothec	<ul style="list-style-type: none"> • Creditor renounced to

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			(General Hypothec and Special Hypothec)			and Special Hypothec over a plot of land measuring 50,000sq.m forming part of the Medserv Site	the effects of the General Hypothec in so far as it effect movables (R.7664/2002) <ul style="list-style-type: none"> • Creditor waived its rights on a part of the secured plot of land measuring 2,071sqm (R.5493/2004)
14/07/2003	Pierre Attard	12537/2003	Overdraft & Security (General Hypothec excluding movables and Special Hypothec)	€279,524	HSBC Bank Malta Plc	Constitution of General Hypothec (excluding movables) and Special Hypothec over a plot of land measuring 50,000sq.m forming part of the Medserv Site	<ul style="list-style-type: none"> • Creditor waived its rights on a part of the secured plot of land measuring 2,071sqm (R.5493/2004)
16/04/2004	Pierre Attard	7555/2004	Loan & Security (General Hypothec excluding movables and Special Hypothec)	€279,524	HSBC Bank Malta Plc	Constitution of General Hypothec (excluding movables) and Special Hypothec over a plot of land measuring 50,000sq.m forming part of the Medserv Site	<ul style="list-style-type: none"> • Creditor waived its rights on a part of the secured plot of land measuring 2,071sqm (R.5493/2004)
02/07/2004	Pierre Attard	12885/2004	Extension of Overdraft & Security (General Hypothec excluding movables and Special Hypothec)	€465,874	HSBC Bank Malta Plc	Constitution of General Hypothec (excluding movables) and Special Hypothec over a plot of land measuring 47,929sq.m forming part of the Medserv Site	-
01/09/2006	Pierre Attard	15748/2006	Loan & Security (General Hypothec and Special Hypothec)	€2,329,373	HSBC Bank Malta Plc	Constitution of General Hypothec and Special Hypothec over a plot of land measuring 47,929sq.m forming part of the Medserv Site	-

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30/10/2009	Pierre Attard	16716/2009	Loan & Security (General Hypothec and Special Hypothec)	€420,000	HSBC Bank Malta Plc	Constitution of General Hypothec and Special Hypothec over a plot of land measuring 47,929sq.m forming part of the Medserv Site	-
30/10/2009	Pierre Attard	16717/2009	Extension of Overdraft & Security (General Hypothec excluding movables and Special Hypothec)	€755,000	HSBC Bank Malta Plc	Constitution of General Hypothec and Special Hypothec over a plot of land measuring 47,929sq.m forming part of the Medserv Site	-
17/05/2012	Pierre Attard	7101/2012	Loan & Security (General Hypothec and Special Hypothec)	€665,000	HSBC Bank Malta Plc	Constitution of General Hypothec and Special Hypothec over a plot of land measuring 47,929sq.m forming part of the Medserv Site	-



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