

Company No 3322928

Plexus Holdings plc

ANNUAL REPORT
& ACCOUNTS
2011

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POS-GRIP®

POS-GRIP® Technology - a patented method of engineering which the Directors believe has wide ranging applications both within and outside the oil and gas industry. For the upstream oil and gas market **POS-GRIP** has been developed to employ a method of elastically deflecting an outer wellhead body onto an inner casing hanger or tubing hanger, locking them in place to support tubular weight, and activate seals. The system is energised by reusable hydraulic devices which are fitted temporarily to flanges on the outside of the wellhead.

The simplified drawings below show how a **POS-GRIP** clamp arrangement can be configured to squeeze the outer pipe so that it grips the smaller pipe inside. Advantages of **POS-GRIP** over existing wellhead technology can include improved technical performance, installation time savings, reduced operating costs, and enhanced safety.

Results

- 144% increase in profit before tax to £1 57m (2010 £0 65m)
- 77% increase in profit after tax to £1 24m (2010 £0 70m)
- 17% increase in revenue to £15 42m (2010 £13 14m)
- 37% increase in EBITDA to £4 69m before IFRS 2 share based payment charges of £0 19m (2010 £3 42m before IFRS 2 share based payment charges of £0 21m)
- Gross margin increase to 60 1% (2010 58 5%)
- 77% increase in basic earnings per share to 1 55p (2010 0 88p)
- EBITDA and profit after tax ahead of market expectations

Highlights

- Increasing recognition of POS-GRIP[®] friction-grip wellhead equipment by major international oil and gas companies resulting in a strong forward order book
- Growing regulator and government interest in international standards and how they can be improved in terms of safety and operational performance, particularly for subsea applications, is expected to accelerate interest in POS-GRIP methodology
- Successful conclusion to a dialogue with the American Petroleum Institute ('API') Plexus now marketing POS-GRIP technology where applicable as compliant with API Spec 6A wellhead standards and the equivalent ISO 10423
- Industry support secured for Joint Industry Project ('JIP') for the development of a new POS-GRIP "HGSS"[™] subsea wellhead design launched Q4
- High Pressure/High Temperature ('HP/HT') contract wins included Statoil Petroleum AS for £0 7m, Centrica Energi Norway Consortium including Detnor and Faroe Petroleum for £3 3m with £2m option, and post period end with Gaz de France Suez E&P Ltd for £1 7m, and Centrica Energy for £0 8m
- Further new customer contracts secured, some of which are in new territories, Apache Energy Australia for £1m, Murphy Suriname Oil Ltd in Suriname South America for £0 5m, LLC Gazflot, a subsidiary of Gazprom, in the Okhotsk Sea Russia for US\$0 5m, two contracts for BG Egypt totalling £0 75m, and post period end Niko Resources (Trinidad and Tobago) Limited for £1m, and Vantage Drilling Company Inc an offshore drilling contractor to provide equipment to the major Malaysian oil and gas operator for US\$1m
- Post period end secured a fourth consecutive two year supply contract with Applied Drilling Technology International, a division of Transocean Drilling U K Limited to continue to supply standard pressure equipment in the North Sea Region worth an estimated £2m
- Subsea related activities accelerated post period end with the award of a £0 5m engineering design contract for a subsea wellhead HP/HT crossover system from Wintershall, and a £0 25m contract for Senergy to supply Dana Petroleum PLC with wellhead exploration equipment with subsea crossover to production well capability
- Continued capital investment of £2 34m (2010 £3 27m) – investment expected to increase significantly in 2011/12, due to expansion of POS-GRIP rental inventory and new product development
- Ongoing Research and Development ('R&D') spend, excluding costs of building new test fixtures, of £0 67m (2010 £0 75m)
- Renewal of bank facilities in September 2011 of £5m credit facility on a three year revolving basis with an additional £1m overdraft on a yearly term
- The Board is today proposing a 10% increased final dividend of 0 43p per share (2010 0 39p), which will be subject to shareholder approval at the Annual General Meeting ('AGM') to be held on 30 November 2011. If approved the dividend will be paid on 16 December 2011 to all members appearing on the register of members on the record date 28 October 2011. The ex-dividend date for the shares is 26 October 2011

Chief Executive Ben van Bilderbeek said:

“I am pleased to report an excellent set of financial results for the year in which strong sales and profit growth have been achieved despite ongoing economic and global uncertainty. This was also a period which saw the oil price per barrel fluctuating from US\$75 to a peak of US\$126 and back down to US\$115 and such volatility can impact adversely on operators’ investment decisions.

“During the period Plexus has delivered record sales and profit at the EBITDA level as a result of the growing interest in our proprietary POS-GRIP friction-grip technology and the generation of contracts with existing and new customers worldwide. Such progress reinforces our confidence in the future and with this in mind I am pleased to announce that the Directors propose a 10% increase in the final dividend of 0.43p per share for the year ended 30 June 2011, which will be submitted for formal approval at the Annual General Meeting.

“We continue to make organic progress where our POS-GRIP wellhead equipment is selected against established conventional alternatives for its ability to offer a range of operational advantages including enhanced safety and reduced operating costs. Beyond this, we have advanced various strategic initiatives centred around the ongoing goal of expanding our product range beyond rental wellhead equipment for jack-up surface drilling. We currently have two key product development initiatives underway. The first of these is an HP/HT Tie-Back system design up to 20,000 psi, which will utilise Plexus’ metal-to-metal ‘HG’[®] seals, and allow HP/HT exploration wells and pre-drilled production wells to be converted to either subsea or platform producing wells, this is anticipated to be ready for commercialisation before mid 2012. To date there is no other technology in the market which can ‘save’ or ‘convert’ such wells, and I believe that this system has the potential to become one of the most far reaching and financially beneficial developments seen in many years as currently such exploration and pre-drilled production wells are abandoned after having cost an estimated £50m to £200m. The operational and financial benefits to operators are therefore very clear.

“The second key initiative concerns the design and development of a new ‘HGSS’ POS-GRIP subsea wellhead. The catalyst for this Joint Industry Project was the April 2010 incident in the Gulf of Mexico and the resulting focus by regulators and the industry on the suitability of current standards that apply to subsea wellhead design, and what additional technical and safety features will be considered important, if not essential, in the coming years. It is our opinion that POS-GRIP friction-grip technology is uniquely capable of delivering a number of such features that would combine to deliver a superior subsea wellhead at a time when subsea exploration and production activity enters a rapid growth phase. The JIP is currently estimated to last up to two years and will cost between £1.5m and £2m, and is anticipated to generate important new POS-GRIP related intellectual property (‘IP’) to further strengthen our patent suite.

“In summary the Board remains confident that the combination of growing organic business activities and various new product development initiatives will underpin future financial performance, help to strengthen commercial relationships with key customers and generate interest from potential licensing and alliance partners. The Board believes that this strategy, together with the unique nature of our proprietary technology will deliver significant value to shareholders over the coming years.”

Summary of Results for the year ended 30 June 2011

	2011 £’000	2010 £’000
Revenue	15,421	13,142
EBITDA – before the effect of IFRS 2	4,690	3,416
EBITDA – after the effect of IFRS 2	4,504	3,202
Profit before taxation	1,569	645
Basic earnings per share (pence)	1.55	0.88

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Chairman's Statement

Business progress

I am pleased to report that the Group made significant financial progress during the year which resulted in a 17% increase in turnover to £15.42m for the year to 30 June 2011 (2010 £13.14m), a 37% increase in EBITDA to £4.69m (before IFRS 2 share based payment charges of £0.19m) (2010 £3.42m), and a 144% increase in profit before tax to £1.57m (2010 £0.65m), resulting in a 77% increase in basic earnings per share of 1.55p (2010 0.88p). In addition, we have made significant progress with respect to winning new customers in new geographic territories to supply our proprietary POS-GRIP wellhead equipment, advancing new POS-GRIP product development initiatives, as well as the ongoing expansion of our extensive IP and patent suite.

Strategy

Plexus is an innovative technology led company specialising in the supply of wellhead equipment, incorporating its unique proprietary friction-grip method of engineering called POS-GRIP, to large international and national oil and gas operators. Although conventional wellhead technology has been established for many years, we believe that sector and market conditions have never been more receptive than now to the recognition and deployment of a new standard of wellhead design, which not only offers advanced safety and operational capabilities, but also where applicable meets the requirements of API Spec 6A.

Our superior method of wellhead engineering, POS-GRIP, has now been proven over a number of years. A growing number of major operators are choosing to use our equipment for jack-up drilling applications, not only for standard pressures but increasingly also for HP/HT applications where equipment is safer and more cost effective than competing wellhead systems. Its design is anchored around core principles including the blow out preventer for all surface and gas drilling applications should not be lifted from the well, all casing and casing tubing hangers should be locked down with sufficient capacity, wellheads should be designed in such a way that seals do not lose their integrity over time, and wellhead test standards need to reflect 'true' field life conditions and need to match the accepted higher standards of such components as casings and tubing couplings. Our ability to market our equipment on this safety case basis, along with the simplicity of our POS-GRIP method of engineering, is an important part of our business strategy that is now allowing us to extend our product range beyond jack-up drilling applications. We will in due course be bringing a new HP/HT up to 20,000 psi Tie-Back product to market, again with unique patented features, followed by our new HGSS subsea wellhead design in approximately eighteen to twenty four months' time.

The strategic approach we have taken to expand our business activities has been further validated following the Gulf of Mexico incident in April 2010, by the significant level of governmental and regulatory interest in and recommendations for established technology and practices, and the need for 'best and safest' technology ('BAST'), particularly for subsea operations. Plexus has been fortunate to have had a dialogue with both the UK's Department of Energy and Climate Change ('DECC') and the USA's Bureau of Ocean Energy Management, Regulation and Enforcement ('BOEMRE') and it is clear that there is a strong mandate for the 'bar to be raised' in a number of wellhead related areas. BOEMRE published a "Fact Sheet" detailing an interim final "Drilling Safety Rule" in September 2010 stressing the importance of well bore integrity and highlighting various provisions to address this concern. For example making it mandatory to be able to detect and manage sustained casing pressure ('SCP') which is recognized as a serious industry problem. BOEMRE have also made mandatory the requirement of two independent test barriers across each flow path during well completion activities, and crucially the proper installation, sealing, and locking of the casing or liner.

In the case of SCP, the former USA regulator the Mineral Management Service agency reported as far back as 2004 that "annulus pressure is a potential threat to the environment" and that "access to monitor the outer annuli is not possible with a subsea wellhead. A path forward to developing the ability to monitor and remediate SCP is needed and will likely be led by regulators." Stricter requirements such as these are key features that we are designing into our new HGSS POS-GRIP subsea wellhead, together with annulus pressure monitoring and remedial capabilities. Although the project will take eighteen to twenty four months to complete, the commercial potential is substantial, particularly at a time when industry investment in subsea exploration and production is reported as entering a significant growth phase.

To support these growth strategies it is essential that we continue to invest in R&D, the expansion of our IP suite, rental inventory capacity, infrastructure and company personnel. With this in mind, we are in the process of establishing a separate facility in Aberdeen to house a dedicated subsea engineering and development team for

Chairman's Statement continued

the HGSS JIP project, and as part of this initiative we are embarking on a recruitment drive for senior engineering personnel. At the same time we will be increasing capital expenditure to expand the number of rental wellhead sets in our inventory, which is necessary to support growing sales activity, particularly for HP/HT applications. We believe our HP/HT strategic focus is an important one for the business and its future growth. For example, the HP/HT 2011 Wells Summit circulated a set of survey results which reported that out of their wide database of oil and gas professionals 87% of those who responded stated that they are involved in HP/HT assets, and of that 87%, a further 60% of respondent organisations are due to embark on an HP/HT well development programme within the coming two years.

Looking to the future, Plexus is now leveraging the proven advantages of its technology for jack-up exploration drilling and production wellheads by moving into the Tie-Back and subsea markets. Our longer term strategy will also include the assessment of commercial opportunities outside of traditional oil and gas activities and the potential for moving into new markets such as fracking, geothermal, and CO₂ storage. In the case of fracking, which can involve high pressures being used to perforate formations, we believe that the wellheads should be equipped with dual high pressure seals that can be used to externally monitor the fracking process to ensure that integrity is preserved. POS-GRIP technology is ideally suited for this. Similarly geothermal operations experience temperature variances and inevitable casing expansion and seal corrosion over time. The veracity of POS-GRIP's metal-to-metal seal technology we believe would suit such applications extremely well, and such initiatives I believe will at some stage act as a catalyst for future licensing and other joint venture opportunities.

Finally such strategic initiatives need funding and the combination of our free cash flow, the commitment from key strategic customers to support certain projects where appropriate, and £6m banking facilities that remain in place with Bank of Scotland Corporate all combine to support our immediate strategic investment plans.

Staff

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during a year that has not only delivered excellent results, but importantly has further raised the awareness of the benefits of POS-GRIP wellhead equipment to new customers in new territories around the world including Australia and Russia, particularly for HP/HT applications.

Outlook

The increase in sales revenues and resultant positive set of financial results clearly demonstrates the validity of our core belief that POS-GRIP friction-grip technology has an important and growing role to play in the oil and gas industry, particularly for HP/HT wells. The two new POS-GRIP product development projects that are underway, namely the well advanced up to 20,000 psi Tie-Back product which is attracting increasing levels of industry interest, and the recently announced HGSS subsea wellhead design joint industry project, will add significant future revenue and earnings opportunities over the coming years. It should also not be forgotten that our technology is a method of engineering with many applications, and we will in due course be assessing the fast emerging fracking and geothermal sectors where we believe POS-GRIP wellhead equipment has unique technical advantages to offer.

The oil and gas industry is showing signs of entering into a particularly active period over the coming years with significant increases in capital expenditure and M&A activity being widely reported. Our strong forward order book supports this view. Although the supply of oil and gas engineers is showing signs of constraint at a time when we are launching a recruitment drive, we are confident that the innovative nature of our technology and the advantages it delivers will continue to appeal to the senior quality of personnel that we seek and, to date, have been able to attract. For these reasons I look forward to the future with added confidence and continue to believe that significant shareholder value will be delivered over time. The increase in the final dividend is a demonstration of the Board's positive view of the future.

Robert Adair
Non-Executive Chairman

17 October 2011

Chief Executive's Review

Plexus has made excellent progress throughout the year resulting in record revenue and EBITDA performance. These results have been achieved despite a volatile oil price and investment activity level concerns relating to the widely reported tax regime changes in the North Sea. It is therefore particularly pleasing to report that our UK sales rose to £7.21m compared to £1.34m last year driven by our growing HP/HT business, which more than offset contracts moving towards completion in Africa which had been our most important territory in the prior year.

As anticipated at the half year, I believe that we are moving into a phase of development where the increased recognition of the capabilities and advantages of our proprietary POS-GRIP friction-grip technology, combined with the steady increase in the number of completed contracts for a growing list of 'blue chip' international and national oil and gas operators, is beginning to accelerate the acceptance and adoption of our technology. This is particularly the case for HP/HT rental exploration applications where Plexus offers a number of unique advantages and solutions in terms of operational performance, time savings, and safety which are so important for more unconventional and deeper formations that require superior and enabling technology.

The financial progress made during the year has been driven by a number of key contract wins with both existing and new customers and these have once again enabled us to penetrate into new territories including Australia, South America, and Russia. The most significant commercial as well as strategic developments during the period were as follows:

- November 2010 – Plexus commenced an HP/HT exploration contract for new customer Apache Energy Australia in Australia with a value in excess of £1m. This is anticipated to lead to further opportunities in the region.
- November 2010 – a contract for two standard pressure exploration wells with a value of £0.5m was secured from new customer Murphy Suriname Ltd in a new territory Suriname, South America.
- March 2011 – Statoil Petroleum AS chose to extend its relationship with Plexus and awarded a contract for £0.7m for an HP/HT gas exploration well in the Norwegian Continental Shelf.
- March 2011 – a £3.3m multi-well contract was won with Centrica Energy Norway Consortium which includes Detnor and Faroe Petroleum, for both HP/HT and standard pressure wells. This contract includes a customer option for an additional three wells with a value of approximately £2m.
- April 2011 – an initial contract was secured for the first time supply of mudline suspension equipment to LLC Gazflot a subsidiary of Gazprom in the Okhotsk Sea, Russia with a value of US\$0.5m.
- April 2011 – a new customer, BG Egypt, was secured in Egypt where Plexus already has business with BP Egypt, GDF Suez Egypt, and Shell Egypt, for the supply of standard pressure equipment with a value of £0.2m. This was then in May followed by a second contract for HP/HT equipment with a value of £0.55m.
- A particularly important development concerned the successful conclusion to a dialogue with the American Petroleum Institute ('API'), combined with the completion of an assessment of friction-grip technology by Det Norske Veritas ('DNV'). This culminated in enabling Plexus to market POS-GRIP technology where applicable as compliant with API Spec 6A wellhead standards, as well as the equivalent ISO 10423.

Post year end, we have been particularly active with a number of new customer wins including:

- A contract signed to supply Niko Resources Limited in Trinidad, which has a value of between £1m and £3.25m.
- An HP/HT contract win with Gaz de France Suez E&P Ltd for the UK North Sea with a value of £1.7m.
- A first time contract win via Vantage Drilling Company Inc. to supply the major Malaysian oil and gas operator with a value of US\$1m.
- A further contract with Centrica Energy for an HP/HT well in the North Sea for £0.8m.
- A two year framework agreement with Transocean Drilling U.K. Limited for the supply of standard 10,000 psi wellhead equipment to Applied Drilling Technology International ('ADTI') the turnkey drilling division of Transocean with an estimated value of £2m over the next two years.
- At a time when subsea drilling activities are becoming increasingly important and there is worldwide focus on the standards required to meet the challenges that such an environment inevitably generates, Plexus has seen

Chief Executive's Review continued

an increased level of interest in the capabilities of POS-GRIP technology subsea. Two post period end contract wins which further validate the significant future potential of the subsea arena for Plexus were the award in July 2011 of a £0.5m engineering design contract by Wintershall Noordzee BV for the development of an HP/HT subsea wellhead crossover system, and the contract announced in August 2011 with new customer Dana Petroleum PLC for the supply of standard pressure equipment for one well also with subsea crossover to production well capability with an approximate value of £0.2m.

The organic and strategic progress that has and is being made within Plexus, and the way we engage with the wider industry is I believe now combining to ensure that more than ever before we are being considered as a real alternative to established conventional wellhead systems. This clearly helps us further towards our long term goal of becoming a new wellhead standard. This growing interest in our technology was clearly in evidence at the bi-annual "Offshore Europe" tradeshow in Aberdeen in September 2011 where we had one outdoor and one indoor stand, and benefitted from a number of valuable opportunities to further promote our POS-GRIP equipment.

This progress, and the gaining of a large number of contracts in the year, some of which are of a longer term nature, has culminated in a 17% year on year revenue growth resulting in sales of £15.42m, with rental of HP/HT exploration equipment accounting for the majority at £10.64m which was an increase of 13% over the prior year. The growing HP/HT business activities helped to further increase gross margins to 60.1% as compared to 58.5% last year, and EBITDA (before IFRS2 share based payment charges) increased by 37% to £4.69m from £3.42m. Profits before tax increased by 144% to £1.57m compared to £0.65m last year, and profit after tax increased 77% to £1.24m, against £0.70m last year. Sales by territory were more evenly balanced than last year with the UK accounting for 46% of sales, Africa 20%, Europe 14%, Australia 11%, Asia 5%, and Americas 4%.

As has always been stressed, it is essential with a new technology in a critical industry to ensure that personnel and infrastructure are kept in balance with a steadily growing rental wellhead equipment inventory. This is especially true at a time when the number of customers and territories that we are servicing is larger than ever before, and we pursue new product development initiatives outside of the core exploration jack-up rental activities. For these reasons total overheads increased to £7.59m from £6.92m in the previous year, and employee headcount increased to 91 at the year end as compared to 88 in the prior year. This number is expected to increase further in 2011/12 in support of the new product development projects and in particular the new subsea wellhead design, 'HGSS'. In addition our capital investment programme continued, totalling £2.34m compared to £3.26m last year. However, we expect this to more than double in 2011/12 as we anticipate further progress and market penetration. Similarly, R&D, which totalled £0.67m in the period and was essentially unchanged from £0.75m in the prior year, is also expected to increase significantly in 2011/12 as a result of the ongoing innovative design and development programmes.

In summary I am very pleased with this strong set of results and the progress that we have made in a number of key areas during the year. It is important to stress that Plexus and the commercialisation of our proprietary POS-GRIP technology is not just about working hard to deliver a good set of annual financial results, but is perhaps even more importantly about continuing to invest in the future development of POS-GRIP technology and its many applications, including subsea equipment, production wellhead equipment, fracking, geothermal, and CO₂ storage that it can address outside of simply jack-up rental exploration. Such investment I believe will result in the creation of significant shareholder value as the POS-GRIP method of wellhead engineering steps up to meet and exceed existing standards, and indeed takes safer and superior operational features to new levels, particularly for subsea where the advantages of non threaded connector methodology is so material. What is particularly encouraging about the new subsea opportunity is that the global deepwater market is growing all the time, and it was only in September 2011 that energy analyst Douglas-Westwood raised its forecast by \$7bn to \$225bn as the amount to be spent in the period 2011–2015. At around the same time Alastair Birnie of Subsea UK acknowledged that the UK subsea market has become renowned throughout the industry for its innovative and pioneering nature, and that 30% of all goods and services supplied to the subsea sector worldwide are supplied from the UK. I believe that Plexus and POS-GRIP can play an important role in such developments and opportunities not only independently, but also eventually in conjunction with suitable licensees and alliance partners.

Ben van Bilderbeek

Chief Executive

17 October 2011

Financial Review

Revenue

Revenue for the year was £15 42m, up 17% from £13 14m in the previous year, reflecting a strong sales performance underpinned by a series of contract wins and the gaining of new customers in new territories around the world

The rental of exploration wellhead equipment and related services accounted for over 92% of revenue which was essentially unchanged from last year reflecting the fact that the company's business model is currently centred around the supply of rental exploration equipment and services as opposed to sold production equipment. Rental of standard pressure equipment generated the largest year on year sales increase of £3 63m up from £2 52m last year, an increase of 44%. HP/HT equipment continued to deliver the largest contribution to revenues, and HP/HT sales increased by 13% to £10 64m from £9 41m in the prior year, and accounted for 68% of total sales. This year no revenues were generated by engineering and testing as opposed to £0 19m last year, although in 2011/12 year such revenue will be recorded as customer support for the development of our technology which continues to gather momentum

Margin

Gross margins have increased slightly to 60 1% from 58 5% in the previous year as HP/HT rental activity continues to dominate sales and generate higher margins than low pressure equipment contracts, and as operational efficiencies flow through as a result of increased sales revenues

Overhead expenses

In line with sales and profit growth overhead expenses have increased to provide the necessary infrastructure and personnel to support our increasing number of customers around the world. This resulted in total overheads increasing to £7 59m from £6 92m in the previous year, of which overhead staff costs increased to £3 39m from £3 10m, reflecting the importance of ensuring that increased activity levels are able to be managed in line with customer requirements. Employee headcount at the year end was 91 compared to 88 for the prior year. Other items which increased significantly year on year as a result of the increased activity levels were advertising and marketing, rent and rates, travel and subsistence, and freight and couriers

EBITDA

EBITDA for the year (before IFRS2 share based payment charges of £0 19m) was £4 69m, significantly increased from £3 42m (before IFRS2 share based payment charges of £0 21m) the previous year, an increase of 37%. EBITDA margin for the year was also higher at 30% as compared to 26% last year, and this strong EBITDA performance was underpinned by the proprietary nature of the Plexus POS-GRIP friction-grip technology combined with the operational efficiencies delivered by increased sales where the majority comprised of HP/HT contract activities made possible by on-going investment in inventory, infrastructure, and people

Profit before tax

Profit before tax of £1 57m compares to a profit last year of £0 65m, an increase of 144%. This increase has been achieved after absorbing a 17% increase in rental asset and other property, plant and equipment depreciation and amortisation of £2 83m (of which £150k was one-off accelerated depreciation charge on rental assets), up from £2 43m last year. The profit before tax is stated after a slightly reduced IFRS2 charge for share based payments under reporting standard IFRS 2, the charge for the full year is £0 19m compared to £0 21m last year

Tax

Group UK Corporation Tax resulted in a tax charge of £0 33m for the year as compared to a tax credit of £0 06m for the prior year. The tax charge continued to be below normal corporation tax rates as a result of research and development related tax credits arising from the company's ongoing development of its proprietary technology

EPS

The Group reports basic earnings per share of 1 55p compared to 0 88p in the prior year, an increase of 77%

Financial Review continued

Cash and Statement of Financial Position

The statement of financial position reflects the growth in operations during the year. The net book value of property, plant and equipment including items in the course of construction decreased by 10% to £7.99m compared to £8.87m last year, as a result of depreciation exceeding additions. Capital expenditure on tangibles totalled £1.64m compared to £2.56m last year. This position is expected to reverse during 2011/12 as a result of an anticipated acceleration in capital expenditure supported by a growing order book, and new R&D related developments. Receivables decreased to £3.54m as compared to £6.62m which reflected a normalisation of debtor days as some contracts can lead to delays even if there is no issue with the quality of the debtor. Net bank borrowings closed at a much reduced level of £0.56m compared to £2.90m last year reflecting net cash inflow for the year of £2.34m, as compared to net cash outflow of £1.56m last year. This movement is mainly accounted for by a combination of debtor inflows increasing to £16.54m compared to £12.97m in the prior year as business grew and debtor payments normalised. The Group continues to recognise the uncertainties and volatility that surround the world economy and capital markets, and that in particular banks' lending capacities have continued to show signs of being constrained. For this reason the Group decided to retain its existing £6m lending facilities structure with the Bank of Scotland Corporate, comprising of a £5m credit facility on a three year revolving basis, and a £1m overdraft facility on a yearly term. These facilities continue to place Plexus in a strong position to fund ongoing R&D and capital expenditure commitments.

Intellectual Property

The Group carries in its statement of financial position goodwill and intangible assets of £7.89m, increased from £7.62m last year reflecting the Group's on-going investment in the development of its POS-GRIP technology. The Directors have considered whether there have been any indications of impairment and have concluded that there have been no such indications. The Directors therefore consider the current carrying values to be appropriate. Indications of impairment are considered annually.

Research and Development

R&D activity remains a key growth and value driver for the Group, and underpins the continual development and commercialisation of its technology as the majority of revenue streams derive from the deployment of equipment utilising the POS-GRIP proprietary method of engineering. The rolling R&D programme includes the registration of new patents as well as continuations and improvements to extend the life of the Group's existing comprehensive patent portfolio, combined with the design and build of new POS-GRIP products which incorporate the unique advantages that only POS-GRIP technology can offer. Two key examples of this strategy are the up to 20,000 psi Tie-Back product which is moving towards its final stages of development, and the recently launched JIP for the development of a new subsea wellhead system design, POS-GRIP 'HGSS', which will incorporate features that deliver specific safety, operational, and cost saving advantages in response to calls by regulators for capabilities such as casing pressure monitoring. R&D spending was essentially unchanged at £0.67m from £0.75m in the prior year, and is expected to increase significantly during the 2011/12 financial year.

IFRS 2 (Share Based Payments)

IFRS2 charges have been included in the accounts, in line with reporting standards. The "fair value" of share based payments has been computed independently by specialist consultants and is amortised evenly over the expected vesting period from the date of grant. The charge for the year was £0.19m which compares to £0.21m for last year.

Dividends

The Company announced on 24 March 2011 the payment of an increased interim dividend of 0.35p per share which was approved for payment on 14 April 2011.

In recognition of the Group's ongoing progress the Directors have further decided to propose a 10% increase in the final dividend of 0.43p per share for the year ending 30 June 2011 compared to 0.39p last year, which will be recommended for formal approval at the Annual General Meeting to be held on 30 November 2011. Subject to this the dividend will be paid on 16 December 2011.

Graham Stevens

Finance Director

17 October 2011

Board of Directors

Robert Fredrik Martin Adair MA (Oxon) ACA CTA FGS (aged 54), Non-Executive Chairman

Robert is executive chairman of Melrose Resources plc. After graduating in geology from Oxford University he qualified as a chartered accountant and then specialised in oil and gas taxation. He is non-executive chairman of Consolidated General Minerals PLC and the AIM listed Leed Petroleum PLC. He is executive chairman of Terrace Hill Group plc, a property development and investment group quoted on AIM and Skye Investments Limited.

Bernard Herman van Bilderbeek BSc MEng (aged 63), Chief Executive

Ben founded the Plexus business in 1986. He has more than 30 years' experience in the industry in both engineering and management roles and previously held senior positions with Vetco Offshore Industries, Dril-Quip, and Ingram Cactus. Following a career at Vetco, where Ben rose to the position of General Manager of UK Engineering, he went on to found his own oil and gas consultancy, VBC Consultants, in 1982. During this time, his clients included Amoco, Marathon Oil, FMC Corporation and Dril-Quip. In 1986, Ben founded Plexus and went on to merge the wellhead division of his company with Ingram Cactus where he became President Eastern Hemisphere.

Graham Paul Stevens BA (Hons) (aged 53), Finance Director

Graham has broad experience of financial, corporate, and operational management within both public and private companies including Fu Group plc, Sketchley Group plc, BSM Group Limited, and J Sainsbury plc. He has been involved in a range of industries as a director, investor, and advisor, and overseen a number of acquisitions and disposals, as well as the implementation of turn around and growth strategies. Graham is a non-executive director of Netplay TV PLC, the AIM listed largest UK interactive TV gaming company. He was previously a non-executive director of NRX Global Inc, the worldwide leader in Asset Information Management solutions used by leading companies in asset intensive industries, including oil and gas.

Craig Francis Bryce Hendrie M.Eng (Oxon) (aged 38), Technical Director

Craig began his career with ICI plc in 1996 working in several locations throughout the UK. He joined Plexus Deepwater Technologies ('PDT') in 1998 and was instrumental in the development, testing and analysis of the original POS-GRIP products. In addition to his role as PLC Technical Director, Craig is also Managing Director of the operating company, Plexus Ocean Systems Limited.

Jerome Jeffrey Thrall BBA MBA (aged 61), Non-Executive Director

Jeff joined Thrall Enterprises, Inc ('TEI'), a family owned holding company headquartered in Chicago, USA, in 1980 as vice president of corporate development of TEI's subsidiary, Nazdar Company, a manufacturer and distributor of screen printing and digital inks and supplies. Jeff was named President of TEI in 1995. Jeff is also Managing Director of GSI Technologies, a printer of functional electronic products and industrial graphics. Prior to joining TEI, Jeff's professional career included a number of appointments in investment banking, commercial lending and administration.

Geoffrey Edmund Thompson BSc (Hons) MEng. (aged 57), Non-Executive Director

Geoff, a director of Tech Spec Consultants Ltd, is an Independent Consultant with over 35 years' experience in the oil industry, specialising in the design, testing and specifications of oil industry well equipment and materials. He has consulted in numerous locations world-wide, covering Europe, Africa, Far East, Middle East and North America and is presently a consultant to Shell UK.

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2011

Principal activities

The Group markets a patented method of engineering for oil and gas field wellheads and connectors, named POS-GRIP which involves deforming one tubular member against another within the elastic range to effect gripping and sealing

Business review

The directors are aware of the obligations under Section 417 of the Companies Act 2006 ('the Act') and the requirements for the provision of a Business Review. A review of the development and performance during the year consistent with the size and complexity of the business together with commentary on future developments including the main trends and factors likely to affect the business is given in the Chairman's Statement on page 4 and the Chief Executive's Review on page 6. In addition the Financial Review on page 8 includes references to and additional explanations of amounts included in the annual accounts. Where guidelines make reference to the provision of key performance indicators the directors are of the opinion that the various key performance indicators included in the highlights on page 1, the Financial Review on page 8, and the Directors' Report on page 11 meet this requirement. The directors have provided a description of the principal risks and uncertainties facing the Group in the Corporate Governance Report on page 14.

Research and development

The Group actively engages in an ongoing research and development programme designed to expand and develop the range of commercial applications deriving from its proprietary POS-GRIP technology. For the year research and development expenditure including the cost of building new test fixtures totalled £0.67m (2010 £0.88m), being amounts expensed through the Statement of Comprehensive Income and capitalised on the statement of financial position during the year.

Results and dividends

The results for the year, showing a profit before taxation of £1.57m (2010 £0.65m), are set out on page 23.

The directors have proposed a final dividend for the year ended 30 June 2011 of 0.43p per share.

Key performance indicators

Details and review of key performance indicators are included within the Financial Review on page 8.

Political and charitable donations

The Group made no charitable or political donations during the year.

Corporate governance

This is the subject of a separate report set out on page 14.

Related party transactions

Details of related party transactions are set out in Note 27 in the financial statements.

Financial instruments and risk management

The Group maintains a commercial objective of contracting in Sterling whenever possible. In circumstances where this is not possible, the board will consider contracting for financial hedging products, on a case by case basis. The Group maintains risk management policies which are set out in more detail in note 24 to the accounts.

Directors' Report continued

Going concern

The directors, having made appropriate enquiries, believe that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continues to adopt the going concern basis in preparing the financial statements.

Future developments

Details of future developments are provided within the Chairman's Statement on page 4.

Director's interests

The directors who served during the year and to the date of this report are listed below.

The interests of the directors who held office during the year in the shares of the Company at 30 June 2011 were as follows:

	Number of Ordinary Shares of 1p each 2011	Number of Ordinary Shares of 1p each 2010
Robert Adair ¹	3,505,425	3,505,425
Ben van Bilderbeek ²	60,000,001	60,000,001
Graham Stevens	12,600	12,600
Craig Hendrie	12,600	12,600
J Jeffrey Thrall ³	60,700,001	60,700,001
Augusto Da Mota (retired 28 February 2011)	n/a	–
Geoff Thompson	–	–

- 1 Robert Adair is interested by way of being life tenant of a settlement of which he is a trustee and as a director of Skye Investments Limited.
- 2 Ben van Bilderbeek is one of the beneficiaries of a trust which controls 70.875% of the shares of Mutual Holdings Limited. The number of shares shown in the table above is the number of shares held by Mutual Holdings Limited in the Company.
- 3 Jeffrey Thrall, in addition to his own beneficial interest of 700,000 ordinary shares held by Thrall Enterprises, has an indirect beneficial interest in a company which controls 23.625% of Mutual Holdings Limited. The number of shares held by Mutual Holdings Limited in the Company is shown in the table above.

The directors, with the exclusion of Mr van Bilderbeek, benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Retirement and re-election

Mr Adair and Mr Stevens retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Substantial shareholdings and interests

Shares

At the date of this report the Group had been notified that the following had an interest of 3% or more of the issued share capital:

	% issued share capital
Mutual Holdings Ltd 60,000,001	74.8
J M Finn Nominees Limited 5,479,000	6.8
Skye Investments Limited 3,505,425	4.4

Executive 2005 Share Option Scheme and Non-Executive 2005 Share Option Scheme

Details of the Executive and Non-Executive Schemes can be found in the Remuneration Committee Report on page 17.

Directors' Report continued

Supplier's payment policy

Whilst no formal Code is followed, the Group agrees payment terms and conditions with individual suppliers. It is the Group's policy that payments to suppliers are made in accordance with the terms and conditions agreed between the Group and its suppliers, providing that all trading terms and conditions have been complied with.

The Group's and Company's average trade creditor days for the year ended 30 June 2011 were 48 days and 31 days respectively (2010 76 days and 74 days respectively), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Group and the Company by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Employees

Plexus is a non-discriminatory employer which aims to eliminate unfair discrimination, harassment, victimisation and bullying. The Company is committed to ensuring that all individuals are treated fairly, with respect and are valued irrespective of disability, race, gender, health, social class, sexual preference, marital status, nationality, religion, employment status, age or membership or non-membership of a trade union.

Post balance sheet events

The Directors have no post year end events to report.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Annual General Meeting

The Annual General Meeting of the Company will be held on 30 November 2011. The Notice convening the meeting can be found at the back of these financial statements.

In addition to the ordinary business of the meeting which is set out in the proposed resolutions numbered 1 to 7 (inclusive) there are three items of special business, namely the proposed resolutions numbered 8 to 10 (inclusive), the effects of which are to renew the authority given to the directors to allot shares comprised in the authorised, but un-issued share capital of the Company, to authorise the Company to make market purchases, of shares and, to dis-apply pre-emption rights. Your attention is drawn to the Notes on each of these resolutions at the foot of the Notice and to the Notes generally.

Auditors

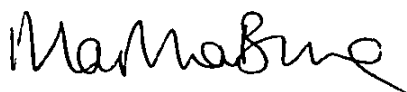
Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor. In accordance with Section 489 of the Act, two resolutions for the re-appointment of Crowe Clark Whitehill LLP as auditor of the Company and authorising the directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Company number

The Company is registered in England and Wales under Company Number 03322928.

By order of the Board

Martha Bruce FCIS
Company Secretary



17 October 2011

Corporate Governance Report

Introduction

Although the rules of AIM do not require the Company to comply with the UK Corporate Governance Code (the 'Code'), the Company fully supports the principles set out in the Code and will attempt to comply wherever possible, given both the size and resources available to the Company. The areas in which the code is complied with are given below.

The Board

The Board of Directors comprises three Executive Directors and three independent Non-executive Directors, one of whom is the Chairman.

The Board meets regularly throughout the year and receives a Board pack together with any other material deemed necessary for the Board to discharge its duties. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of expenditure and acquisitions.

During the year to 30 June 2011 the Board met a total of six times.

Board Committees

The Board has established two committees, Audit and Remuneration each having written terms of delegated responsibilities.

It is considered that the composition and size of the Board does not warrant the appointment of a Nominations Committee and appointments are dealt with by the whole of the Board.

Audit Committee

The Audit Committee comprises two Non-executive Directors, Robert Adair and J. Jeffrey Thrall and is scheduled to meet twice a year. It is the Audit Committee's role to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control requirements of the Code, whilst maintaining an appropriate relationship with the independent auditors of the Group. In order to comply with the requirement of the Code that at least one member has relevant financial experience, the Chairman of the Board sits on the Audit Committee.

During the year to 30 June 2011 the Audit Committee met on two occasions.

Remuneration Committee

The Remuneration Committee comprises two Non-executive Directors, Robert Adair and J. Jeffrey Thrall and meets at least once a year. It is the Remuneration Committee's role to establish a formal and transparent policy on Executive remuneration and to set remuneration packages for individual Directors.

During the year to 30 June 2011 the Remuneration Committee met on five occasions.

Retirement and re-election

Mr. Adair and Mr. Stevens are to retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Corporate Governance Report continued

Shareholder relations

The Company meets with its institutional shareholders and analysts as appropriate and encourages communication with private shareholders via the AGM. In addition, the Company uses the annual report and accounts, interim statement and website (www.posgrip.com) to provide further information to shareholders.

Health and Safety

The Company is active in assessing and minimising the risks in all areas of the business and educating the workforce to provide as safe a working environment as possible.

Financial Reporting

The directors have a commitment to best practice for the Group's external financial reporting in order to present a balanced and comprehensible assessment of the Group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year end and interim financial statements, regulatory news announcements and other public information. The Statement of Directors' Responsibilities for preparing the accounts may be found on page 20.

Internal control and risk management

The Board is responsible for the systems of internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate risks and can provide only reasonable and not absolute assurance against material mis-statement or loss. Each year, on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by considering the risks potentially affecting the Group and discussions with the external auditors.

The Group does not currently have an internal audit function due to the small size of the administrative function and the high level of Director review and authorisation of transactions.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, as compared against budget, are reported to the Board on a monthly basis and discussed in detail at each meeting of the Board.

The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group and reviews the adequacy of the cover regularly.

The Group has established procedures whereby employees may in confidence raise concerns relating to matters of potential fraud or other improprieties, as well as health and safety issues.

Reserved matters

The board has a formal schedule of matters reserved for its decision which includes the setting of Company goals, objectives, budgets and other plans. Board papers, comprising an agenda and formal reports and briefing papers, are sent to the Directors in advance of each meeting. All directors have access to independent professional advice at the Company's expense, if required, as well as to the advice and services of the Company Secretary.

Corporate Governance Report continued

Risk and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the Group's performance which include the following

(a) Political risks

We participate in a global market where the oil and gas reserves and their extraction can be severely impacted by changes in the political and operational landscape. As a supplier to the industry we in turn can be adversely affected by such events, as was seen at the beginning of the year with the disruption caused to North Sea exploration activity as a result of rig availability shortages. To help address such risks, the Group has continued to expand its geographic footprint and customer base.

(b) Technology

The Company is still at a relatively early stage in the commercialisation, marketing and application of its technology. Current and future contracts may be adversely affected by factors outside the Group's control. These may include unforeseen equipment design issues, test delays during the contract and final testing and delayed acceptances of deliveries, which could lead to possible abortive expenditure, reputational risk and potential customer claims or onerous contractual terms. Such risks may materially impact on the Company. To mitigate this risk the Group continues to invest in developing the technology and has a policy of ongoing training of our own personnel and where appropriate our customers.

(c) Competitive risk

The Company operates in highly competitive markets and often competes directly with large multi-national corporations. Product innovation or technical advances by competitors could adversely affect the Company.

(d) Liquidity and finance requirements

In an economic climate that remains volatile and unpredictable it has become increasingly possible for both existing and potential sources of finance to be closed to businesses for a variety of reasons that have not been an issue in the past. Some of these may even relate to the lender itself in terms of its own capital ratios and lending capacity. Although this is a potential risk the Group took appropriate steps during the year to mitigate this risk by successfully renewing, increasing, and extending its bank facilities with the Bank of Scotland Corporate. The successful outcome of this initiative resulted in a 20% increase in the Group's banking facilities structured on a longer term basis of a £5m credit facility on a three year revolving basis with an additional £1m overdraft facility agreed on a yearly term.

Risk assessment

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The risks are assessed on a regular basis and could be associated with a variety of internal and external sources including regulatory requirements, disruption to information systems, control breakdowns and social, ethical, environmental and health and safety issues.

Remuneration Committee Report

Introduction

Companies trading on AIM are not required to provide a formal remuneration report. However, in line with current best practice this report provides information to enable a greater level of understanding as to how Directors' remuneration is determined.

The Remuneration Committee of the Board is responsible for considering Directors' remuneration packages and makes its recommendations to the Board. The Committee comprises two Non-executive Directors Robert Adair and J Jeffrey Thrall, and is required to meet at least once a year.

Remuneration policy

Remuneration packages are designed to be competitive. Executive Directors receive salary, medical cover, annual bonuses, share options and a pension scheme to which the Group makes contributions.

Service contracts

The Executive Directors have service agreements with the Company dated 25 November 2005 subject to termination upon twelve months' notice being given by either party.

Pensions

Since 1 July 2008, the Group has offered a contributory group stakeholder pension scheme, into which the Group makes matching contributions up to a pre-agreed level of base salary, the scheme is open to Executive Directors and permanent employees. Directors may choose to have contributions paid into existing personal pension plans.

Non-executive Directors

The Non-executive Directors entered into Letters of Appointment with the Company dated 25 November 2005 for an initial term through to the first AGM and having all been re-elected as directors either party can terminate upon three months' notice being given. The subsequently appointed Non-executive Director, Geoff Thompson, entered into his Letter of Appointment with the Company dated 8 June 2010 and, having been re-elected as a director at the AGM held in 2010, is subject to the same termination conditions as applicable to his fellow Non-executive Directors.

Directors' remuneration (audited information)

Details of Directors' remuneration for the year are set out below.

	Short-Term Employee Benefits		Post- Employment Benefits	Share-Based Payment	IFRS 2 Charge for Share Options	2011 Total	2010 Total
	Salary £	Benefits £	Pension £	Options £			
Executive Directors							
Ben van Bilderbeek	262,183	6,061	–	25,236	293,480	269,158	
Graham Stevens	149,712	1,105	18,794	16,356	185,967	191,672	
Craig Hendrie	152,142	588	19,689	16,447	188,866	181,846	
Non-executive Directors							
Robert Adair	27,500	–	–	–	27,500	25,000	
J Jeffrey Thrall	22,000	–	–	–	22,000	20,000	
Augusto Da Mota	14,667	–	–	–	14,667	20,000	
Geoff Thompson	20,000	–	–	12,506	32,506	1,278	
Total	648,204	7,754	38,483	70,545	764,986	708,954	

Remuneration Committee Report continued

Directors' interest in share options (audited information)

The options and awards have been granted pursuant to the Executive 2005 Share Option Scheme and Non-Executive 2005 Share Option Scheme to the following Directors

Executive 2005 Share Option Scheme

Name	No of Options			No of Options			No of Options			Date of Grant	No of Options Vested		Expiry Date	Exercise Price (£)
	At 30/06/09	Granted During 09/10	Lapsed During 09/10	At 30/06/10	Granted During 10/11	Lapsed During 10/11	At 30/06/11	At 30/06/11	At 30/06/11					
B van Bilderbeek	388,304	-	-	388,304	-	-	388,304	09/12/05	388,304	08/12/15	0.59			
B van Bilderbeek	197,727	-	(131,825)	65,902	-	-	65,902	20/06/07	65,902	19/06/17	0.385			
B van Bilderbeek	-	332,110	-	332,110	-	-	332,110	17/12/09	110,704	16/12/19	0.41			
B van Bilderbeek	-	-	-	-	169,642	-	169,642	25/03/11	-	25/03/21	0.60			
G Stevens	254,407	-	-	254,407	-	-	254,407	09/12/05	254,407	08/12/15	0.59			
G Stevens	129,545	-	(86,368)	43,177	-	-	43,177	20/06/07	43,177	19/06/17	0.385			
G Stevens	-	217,795	-	217,795	-	-	217,795	17/12/09	72,599	16/12/19	0.41			
G Stevens	-	-	-	-	101,042	-	101,042	25/03/11	-	25/03/21	0.60			
C Hendrie	254,407	-	-	254,407	-	-	244,407	09/12/05	254,407	08/12/15	0.59			
C Hendrie	129,545	-	(86,368)	43,177	-	-	43,177	20/06/07	43,177	19/06/17	0.385			
C Hendrie	-	217,795	-	217,795	-	-	217,795	17/12/09	72,599	16/12/19	0.41			
C Hendrie	-	-	-	-	105,853	-	105,853	25/03/11	-	25/03/21	0.60			

Non-executive 2005 Share Option Scheme

Name	No of Options			No of Options			No of Options			Date of Grant	No of Options Vested		Expiry Date	Exercise Price (£)
	At 30/06/09	Granted During 09/10	Lapsed During 09/10	At 30/06/10	Granted During 10/11	Lapsed During 10/11	At 30/06/11	At 30/06/11	At 30/06/11					
R Adair	80,339	-	-	80,339	-	-	80,339	09/12/05	80,339	08/12/15	0.59			
A Da Mota	60,254	-	-	60,254	n/a	n/a	n/a	09/12/05	n/a	08/12/15	0.59			
J Thrall	40,169	-	-	40,169	-	-	40,169	09/12/05	40,169	08/12/15	0.59			
G Thompson	-	100,000	-	100,000	-	-	100,000	08/06/10	-	07/06/20	0.60			

No options are expected to lapse at the AGM

The exercise of the options granted on 17 December 2009 and 8 June 2010 are subject to the following vesting conditions being satisfied

Date Option capable of exercise	Number of Shares over which Option could be capable of exercise depending on TSR Growth
14 days after Company Annual General Meeting (AGM) following end of First Assessment Period – 1 July 2009 to 30 June 2010	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2010 to 30 June 2011	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2011 to 30 June 2012	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2009 to 30 June 2012	Up to all Shares under Option LESS Annual Shares already capable of exercise

Remuneration Committee Report continued

The exercise of the options granted on 25 March 2011 are subject to the following vesting conditions being satisfied

Date Option capable of exercise	Number of Shares over which Option could be capable of exercise depending on TSR Growth
14 days after Company Annual General Meeting (AGM) following end of First Assessment Period – 1 July 2010 to 30 June 2011	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2011 to 30 June 2012	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2012 to 30 June 2013	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2010 to 30 June 2013	Up to all Shares under Option LESS Annual Shares already capable of exercise

The lowest mid-market price of the Company's shares in the year to 30 June 2011 was 52 5p on 9 September 2010, and the high in the period to 30 June 2011 was 67 5p on 6 August 2010. The mid-market price on 30 June 2011 was 57p.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit of the Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law the directors are responsible for preparing a Directors' Report that complies with that law.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website (www.posgrip.com). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Shareholders of Plexus Holdings plc

We have audited the group financial statements of Plexus Holdings plc for the year ended 30 June 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes numbered 1 to 28

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report, Chairman's Statement, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audit financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Independent Auditor's Report to the Shareholders of Plexus Holdings plc cont d

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2011



Steve Gale FCA

Senior Statutory Auditor

for and on behalf of

Crowe Clark Whitehill LLP, Statutory Auditor

London

17 October 2011

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Revenue	2	15,421	13,142
Cost of sales		<u>(6,152)</u>	<u>(5,453)</u>
Gross profit		9,269	7,689
Administrative expenses		<u>(7,594)</u>	<u>(6,918)</u>
Operating profit		1,675	771
Finance income	6	16	–
Finance costs	7	(121)	(127)
Share of (loss) / profit of associate		<u>(1)</u>	<u>1</u>
Profit before taxation	4	1,569	645
Income tax expense	8	<u>(326)</u>	<u>58</u>
Profit after taxation and total comprehensive income for the year attributable to the owners of the parent		<u>1,243</u>	<u>703</u>
Earnings per share	10		
Basic		1.55p	0 88p
Diluted		1.53p	0 87p

Consolidated Statement of Financial Position

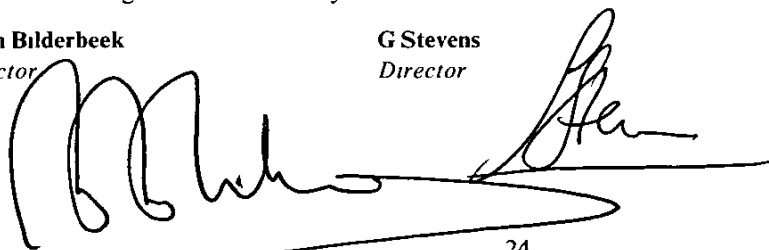
at 30 June 2011

	Notes	2011 £'000	2010 £'000
Assets			
Goodwill	11	760	722
Intangible assets	12	7,128	6,897
Financial assets	13	60	60
Investment in associate	14	–	4
Property, plant and equipment	15	7,992	8,866
Total non-current assets		15,940	16,549
Inventories	16	4,049	3,332
Trade and other receivables	17	3,543	6,624
Current income tax assets		–	451
Cash and cash equivalents		3,441	1,470
Total current assets		11,033	11,877
Total Assets		26,973	28,426
Equity and Liabilities			
Called up share capital	20	802	802
Share premium account		15,596	15,596
Share based payments reserve		950	764
Retained earnings		2,293	1,674
Total equity attributable to equity holders of the parent		19,641	18,836
Liabilities			
Deferred tax liabilities	8	299	469
Bank loans	24	4,000	4,000
Total non-current liabilities		4,299	4,469
Trade and other payables	19	2,687	4,748
Current income tax liabilities		346	–
Borrowings		–	373
Total current liabilities		3,033	5,121
Total liabilities		7,332	9,590
Total Equity and Liabilities		26,973	28,426

These financial statements were approved and authorised for issue by the board of directors on 17 October 2011 and were signed on its behalf by

B van Bilderbeek
Director

G Stevens
Director



Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2009	802	15,596	550	1,499	18,447
Total comprehensive income for the period	--	--	--	703	703
Share based payments reserve charge	--	--	214	--	214
Deferred tax movement on share options	--	--	--	41	41
Dividends	--	--	--	(569)	(569)
Balance as at 30 June 2010	802	15,596	764	1,674	18,836
Total comprehensive income for the period	--	--	--	1,243	1,243
Share based payments reserve charge	--	--	186	--	186
Deferred tax movement on share options	--	--	--	(31)	(31)
Dividends	--	--	--	(593)	(593)
Balance as at 30 June 2011	802	15,596	950	2,293	19,641

Consolidated Statement of Cash Flows

for the year ended 30 June 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Cash flows from operating activities			
Profit before taxation		1,569	645
Adjustments for			
Depreciation, amortisation and impairment charges		2,830	2,430
Loss on disposal of property, plant and equipment		83	19
Charge for share based payments		186	214
Investment income		(16)	–
Interest expense		121	127
Changes in working capital			
(Increase)/decrease in inventories		(717)	462
Decrease/(increase) in trade and other receivables		3,090	(1,825)
(Decrease)/increase in trade and other payables		(2,086)	1,417
		<u>5,060</u>	<u>3,489</u>
Income taxes repaid/(paid)		268	(1,089)
		<u>5,328</u>	<u>2,400</u>
Cash flows from investing activities			
Acquisition of subsidiary entity		(10)	–
Adjustment to value of associate undertaking		(18)	(3)
Purchase of intangible assets		(699)	(707)
Purchase of property, plant and equipment		(1,640)	(2,560)
Proceeds of sale of property, plant and equipment		83	8
		<u>(2,284)</u>	<u>(3,262)</u>
Cash flows from financing activities			
Interest paid		(121)	(127)
Interest received		14	–
Equity dividends paid		(593)	(569)
		<u>(700)</u>	<u>(696)</u>
Net increase/(decrease) in cash and cash equivalents			
		2,344	(1,558)
Cash and cash equivalents at 1 July 2010		1,097	2,655
		<u>3,441</u>	<u>1,097</u>
Cash and cash equivalents at 30 June 2011	23		

Notes to the Consolidated Financial Statements

1. Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information

a Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union and therefore comply with the EU IAS Regulation and are in accordance with the Companies Act 2006.

As at the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective

- IFRS 9 – Financial Instruments (not yet adopted by the EU)
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in other entities
- IFRS 13 – Fair Value measurement
- IAS 24 – Related party disclosures (revised 2009)
- Amendment to IAS 32 – classification of rights issue
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Amendment to IFRIC 14 – Prepayments of Minimum Funding Requirement
- Improvements to IFRS issued May 2010
- Amendment to IFRS 7 – Financial Instruments Disclosures
- Amendment to IAS 12 – Income Taxes

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's non-statutory financial statements

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated

The financial information has been prepared under the historical cost convention except where fair value adjustments are required

The directors, having made appropriate enquiries, have carefully considered the availability of working capital along with future orders and satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group continues to adopt the going concern basis in preparing the financial statements

Cost of sales includes salary and related costs for service personnel, and depreciation and refurbishment costs on rental assets

b Basis of consolidation

The group financial statements consolidate the financial statements of Plexus Holdings plc and the entities it controls (its subsidiaries) drawn up to 30 June each year. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct and indirect ownership of voting rights, currently exercisable or convertible potential voting rights, or by way of contractual agreement. Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Within twelve months of the date of acquisition of a subsidiary undertaking a re-assessment is made of the fair value of the assets and liabilities acquired in order to assess any provisional values used in initial accounting

Notes to the Consolidated Financial Statements continued

c Revenue

Revenue represents the amounts (excluding value added tax) derived from wellhead rentals and sales of wellheads, plus associated equipment and services

Income from rental contracts is recognised over the period of the rental on a straight-line basis. Income from equipment sales is recognised following product acceptance by the customer. Income from services is recognised over the period of performance of the services. Income from construction contracts is recognised in accordance with paragraph (o) below

d Associate

An associate is an entity over which the group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but that is not a subsidiary or a jointly controlled entity

The results, assets and liabilities of an associate are incorporated in these financial using the equity method of accounting. Under the equity method, the investment in an associate entity is carried in the statement of financial position at cost, plus post-acquisition changes in the group's share of net assets of the associate, less distributions received and less any impairment in value of the investment. The group Statement of Comprehensive Income reflects the group's share of the results after tax of the associate entity. The group statement of recognised income and expense reflects the group's share of any income and expense recognised by the associate entity outside profit and loss

Financial statements of associate entities are prepared for the same reporting year as the group. Where necessary, adjustments are made to those financial statements to bring the accounting policies used into line with those of the group

Unrealised gains on transactions between the group and its associate entities are eliminated to the extent of the group's interest in the associate entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred

The group assesses investments in associate entities for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs to sell and value in use. Where the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount

The group ceases to use the equity method of accounting on the date from which it no longer has joint control over, or significant influence in the associate, or when the interest becomes held for sale

e Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable assets acquired) arising on business combinations in respect of acquisitions is capitalised

Goodwill is not amortised, it is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually

The recoverable amount of the goodwill has been determined on a value in use basis

The key assumptions on which the valuation is based are that

- Industry acceptance will result in continued growth of the business,
- Prices will rise with inflation,
- Staff wage inflation will be higher than general inflation but will not rise in line with sales

These assumptions were determined from the directors' knowledge and experience

The cash flows are based upon a 15 year period, the remaining life of the intellectual property, and a revenue growth rate of 5% has been applied to periods beyond the current budget. The company's Weighted Average Cost of Capital for discounting purposes has been measured at 10%. The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments

Notes to the Consolidated Financial Statements continued

Management regularly assess the sensitivity of the key assumptions and the probability that any of them would change to the degree that the carrying value would exceed the recoverable amount

In accordance with IFRS1, goodwill arising prior to 1 July 2007 is stated at the previous carrying amount under UK GAAP being cost less accumulated amortisation

f Financial asset

The financial asset was initially recorded at fair value, being the purchase price. Subsequently, it is carried at fair value with gains or losses recognised in the statement of comprehensive income. In the absence of an active market in the asset, fair value is determined using a valuation technique with reference to market prices for similar assets. The financial asset is assessed as belonging to level 2 of the fair value hierarchy as defined in IFRS7

g Intangible assets and amortisation

Patents are recorded initially at cost and amortised on a straight line basis over 20 years which represents the life of the patent. The Group operates a policy of continual patent enhancement in order that technology enhancements and modifications are incorporated within the registered patent, thereby protecting the value of technology advances for a full 20 year period

Intellectual Property rights are initially recorded at cost and amortised over 20 years on a straight line basis. The technology defined by the Intellectual Property is believed to be able to generate income streams for the Group for many years, key Intellectual Property is protected by patents, the lowest common denominator in terms of economic life of the intangible assets is the life of the original patents and therefore the life of the Intellectual Property has been matched to the remaining life of the patents protecting it

Development expenditure is capitalised in respect of development of patentable technology at cost including an allocation of own time when such expenditure is incurred on separately identifiable technology and its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised on a straight line basis over its useful economic life, which the directors consider to be 20 years

Computer software is amortised over 2 to 4 years on a straight line basis

Amortisation is charged to the Administrative Expenses line of the Statement of Comprehensive Income

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the Statement of Comprehensive Income in the period in which it is incurred

The carrying value of intangible assets is reviewed on an ongoing basis by the directors and, where appropriate, provision is made for any indication of impairment in value. Where impairment arises, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount

The key assumptions on which the valuation is based are that

- Industry acceptance will result in continued growth of the business,
- Prices will rise with inflation,
- Staff wage inflation will be higher than general inflation but will not rise in line with sales

These assumptions were determined from the directors' knowledge and experience

Notes to the Consolidated Financial Statements continued

The cash flows are based upon a 15 year period, the remaining life of the intellectual property, and a revenue growth rate of 5% has been applied to periods beyond the current budget. The company's Weighted Average Cost of Capital for discounting purposes has been measured at 10%. The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

h Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost represents the cost of acquisition or construction, including the direct cost of financing the acquisition or construction until the asset comes into use.

Depreciation is provided to write off the cost or valuation of property, plant and equipment less the estimated residual value by equal instalments over their estimated useful economic lives as follows:

Buildings	Over the remaining life of the lease on the land on which the building is constructed
Equipment	7% – 50% per annum
Motor vehicles	20% per annum

The expected useful lives and residual values of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful life or residual value are accounted for prospectively. During the year, the review of the economic lives of property, plant and equipment resulted in an increase to the depreciation charge of £150k for the year, which is not expected to recur for the remaining life of the assets. The outcome of the review was to change the expected useful economic lives of the group's fleet of rental assets from a standard 7 year period to a range varying from 4 to 12 years depending upon the specific type of rental asset. The review was performed with reference to the experience and knowledge acquired regarding the field life of each type of rental asset.

The carrying value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is derecognised.

i Trade receivables

Trade and other receivables are stated at their cost less impairment losses.

j Trade payables

Trade and other payables are stated at cost.

k Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

l Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the Statement of Comprehensive Income.

The functional currency of the group is pounds sterling.

Notes to the Consolidated Financial Statements continued

m Leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

n Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs to completion and disposal.

o Construction contracts and work in progress

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Revenue for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the Statement of Comprehensive Income, after deducting foreseeable losses and payments on account not matched with revenue.

Construction work in progress is included in debtors and represent revenue recognised in excess of payments on account. Where payments on account exceed revenue a payment received on account is established and included within creditors.

The stage of completion for contracts is determined according to the level of progress of each item that is included in the contract and the estimated cost to complete.

p Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the statement of financial position date except as otherwise required by IAS 12.

A deferred tax asset is recognised where, having regard to all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

q Pensions

Since 1 July 2007, the Group has offered a contributory Group stakeholder pension scheme, into which the Group will make matching contributions up to a pre-agreed level of base salary, the scheme is open to executive directors and permanent employees. Directors may choose to have contributions paid into personal pension plans. Prior to 1 July 2007, the Group offered a basic stakeholder pension scheme, into which the Group did not make employer contributions, none of the directors or employees were members.

r Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM. Dividends unpaid at the statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes to the Consolidated Financial Statements continued

s Classification of financial instruments issued by the Group

In accordance with IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

t Share based payments

The Group issues share options to directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight line basis over the vesting period based on an estimate of the number of options that will actually vest. The Group has adopted a Stochastic model to calculate the fair value of options, which enables the Total Shareholder Return (TSR) performance condition attached to the awards to be factored into the fair value calculation.

u Management of capital

The Group's capital is composed of share capital and retained earnings along with a share premium account. The share premium account represents amounts received for shares issued in excess of the nominal share capital less any issue costs.

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders.

The Group sets the amount of capital in proportion to its assessment of the risks that it faces. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid or issue new equity.

v Significant judgements made by management

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

A key judgement this year regards the recognition of expected credits arising from R&D tax credit claims which are still to be approved by HMRC. After taking appropriate advice from advisers on the likelihood of success of the claims the directors have decided to recognise the credits in progress as at the statement of financial position date.

Notes to the Consolidated Financial Statements continued

w Key assumptions and sources of estimation

Employee share options are valued in accordance with a Stochastic model and judgement is required regarding the choice of some of the inputs to the model. Where doubts have existed, management have gone with the advice of experts. Variations in the estimated inputs would vary the charges to the consolidated statement of comprehensive income. Full details of the model and inputs are provided in note 21.

The estimated life of the Group's rental assets for depreciation purposes is of significance to the financial statements. The life used is with reference to engineering experience of the probable physical and commercial lifespans of the assets. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

The estimated life of the Group's intellectual property is estimated with reference to the lifespan of the patents which protect the knowledge and their forecast income generation. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

The fair value of the financial asset is estimated using a valuation technique provided by an industry expert. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

Provisions require management estimates and judgements. Provision has been made against slow moving inventory based upon historical experience of the viability of the older parts as technological improvements have been made. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

When measuring goodwill and intangible assets for impairment a range of assumptions are required and these are detailed above in the Goodwill and Intangible Asset notes above.

2 Revenue	2011	2010
	£'000	£'000
By geography		
UK	7,209	1,341
Europe	2,103	4,427
Rest of World	6,109	7,374
	<u>15,421</u>	<u>13,142</u>

Revenue is shown by destination as the origin of revenues is all from the UK.

3. Segment reporting

The Group derives revenue from the sale of its POS-GRIP technology and associated products, the rental of wellheads utilising the POS-GRIP technology and service income principally derived in assisting with the commissioning and ongoing service requirements of our equipment. These income streams are all derived from the utilisation of the technology which the Group believes is its only segment.

Per IFRS 8, the operating segment is based on internal reports about components of the group, which are regularly reviewed and used by the board of directors being the Chief Operating Decision Maker ("CODM").

All of the Group's non-current assets are held in the UK.

Notes to the Consolidated Financial Statements continued

3. Segment reporting (continued)

The following customers each account for more than 10% of the Group's revenue

	2011 £'000	2010 £'000
Customer 1	2,502	393
Customer 2	2,199	1,840
Customer 3	1,889	–
Customer 4	1,411	1,536
Customer 5	937	1,383

4. Notes to the Statement of Comprehensive Income

Profit on ordinary activities before taxation is stated after charging/(crediting)

	2011 £'000	2010 £'000
Depreciation of tangible assets	2,362	2,002
Amortisation of intangible assets		
– Intellectual property rights	330	329
– Research and development	122	85
– Computer software	16	14
Other research and development charges	–	45
Operating lease charges		
– land and buildings	346	271
– other	57	57
Foreign currency exchange loss	36	17
Loss on disposal of property, plant and equipment	83	19
Directors' emoluments	694	709
Inventories recognised as expense	1,299	2,138
Inventory write down provision	297	(25)
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	12	13
The audit of the Company's subsidiary pursuant to legislation	24	18
Total audit fees	36	31
Non-audit fees other services	2	4

Key management are considered to be the Board of Directors and details of Directors' remuneration are given in the remuneration report on page 17 and this forms part of the financial statements

Notes to the Consolidated Financial Statements continued

5. Staff numbers and costs

The average number of persons, including executive directors, during the year was

	2011 Number	2010 Number
Management	10	10
Technical	62	61
Administrative	18	17
	<u>90</u>	<u>88</u>

The aggregate payroll costs of these persons were as follows

	2011 £'000	2010 £'000
Wages and salaries	4,628	4,215
Social security costs	503	425
Pension contributions to defined contribution plans	392	194
Share based payments	186	214
	<u>5,709</u>	<u>5,048</u>

6. Finance income

	2011 £'000	2010 £'000
Bank interest receivable	3	-
Other interest	13	-
	<u>16</u>	<u>-</u>

7. Finance costs

	2011 £'000	2010 £'000
On bank loans and overdraft	119	116
Other interest	2	11
	<u>121</u>	<u>127</u>

Notes to the Consolidated Financial Statements continued

8 Income tax expense		
<i>(i) The taxation charge for the year comprises</i>	2011	2010
	£'000	£'000
UK Corporation tax:		
Current tax on income for the year	582	245
Adjustment in respect of prior years	(245)	(455)
	<hr/>	<hr/>
Foreign tax	337	(210)
Current tax on income for the year	190	188
	<hr/>	<hr/>
Total current tax	527	(22)
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	(236)	(117)
Adjustment in respect of prior years	35	81
	<hr/>	<hr/>
Total deferred tax	(201)	(36)
	<hr/>	<hr/>
Total tax charge	326	(58)
	<hr/>	<hr/>
<i>(ii) Factors affecting the tax charge for the year</i>	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	1,569	645
	<hr/>	<hr/>
Current tax charge at 26% (2010 28%)	408	181
<i>Effects of</i>		
Expenses not deductible for tax purposes	101	111
Capital allowances for the year less than depreciation	120	18
Foreign tax	119	123
Adjustments in respect of prior year	(245)	(455)
Effect of change in tax rate	24	–
	<hr/>	<hr/>
Current tax charge for the year	527	(22)
	<hr/>	<hr/>
<i>(iii) Movement in deferred tax balance</i>	2011	2010
	£'000	£'000
Deferred tax liability at beginning of year	469	546
Charge to Statement of Comprehensive Income	(201)	(36)
Deferred tax movement on share options	31	(41)
	<hr/>	<hr/>
Deferred tax liability at end of year	299	469
	<hr/>	<hr/>
<i>(iv) Deferred tax balance</i>	2011	2010
The deferred tax balance is made up of the following items	£'000	£'000
Difference between depreciation and capital allowances	423	607
Share based payments	(88)	(100)
Tax losses	(36)	(38)
	<hr/>	<hr/>
Deferred tax liability at end of year	299	469
	<hr/>	<hr/>

Notes to the Consolidated Financial Statements continued

9. Dividends

	2011 £'000	2010 £'000
Ordinary Shares		
Interim paid of 0 35p (2010 0 33p) per share for the year ended 30 June 2011	281	265
Ordinary Shares		
Final dividend after the year end of 0 43p (2010 0 39p) per share	345	313

The proposed final dividend has not been accrued at the statement of financial position date

10. Earnings per share

	2011 £'000	2010 £'000
Profit attributable to shareholders	1,243	703
	Number	Number
Weighted average number of shares in issue	80,182,569	80,182,569
Dilution effects of share schemes	789,827	47,294
Diluted weighted average number of shares in issue	80,972,396	80,229,863
Basic earnings per share	1.55p	0 88p
Diluted earnings per share	1.53p	0 87p

Basic earnings per share is calculated on the results attributable to ordinary shares divided by the weighted average number of shares in issue during the year

Diluted earnings per share calculations include additional shares to reflect the dilutive effect of employee share schemes and share option schemes

11. Goodwill

	£'000
Cost	
As at 1 July 2009	722
As at 1 July 2010	722
Additions	38
As at 30 June 2011	760
Impairment	
As at 1 July 2009	-
As at 1 July 2010	-
As at 30 June 2011	-
Net Book Value	
As at 30 June 2011	760
As at 30 June 2010	722
As at 30 June 2009	722

Details of additions to goodwill are provided in note 14

Notes to the Consolidated Financial Statements continued

12. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2009	6,440	1,383	113	7,936
Additions	–	701	6	707
As at 1 July 2010	6,440	2,084	119	8,643
Additions	–	674	25	699
As at 30 June 2011	6,440	2,758	144	9,342
Amortisation				
As at 1 July 2009	1,043	192	83	1,318
Charge for the year	329	85	14	428
As at 1 July 2010	1,372	277	97	1,746
Charge for the year	330	122	16	468
As at 30 June 2011	1,702	399	113	2,214
Net Book Value				
As at 30 June 2011	4,738	2,359	31	7,128
As at 30 June 2010	5,068	1,807	22	6,897
As at 30 June 2009	5,397	1,191	30	6,618

Patent and other development costs are internally generated

13. Financial assets	£'000
Cost	
As at 1 July 2009	80
Additions	–
As at 1 July 2010	80
As at 30 June 2011	80
Impairment	
As at 1 July 2009	20
As at 1 July 2010	20
As at 30 June 2011	20
Net Book Value	
As at 30 June 2011	60
As at 30 June 2010	60
As at 30 June 2009	60

The financial asset represents an option to purchase leasehold property

Notes to the Consolidated Financial Statements continued

14. Investments

Included within the consolidated group accounts are the following subsidiary undertakings

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Holdings USA, Inc	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Dormant	100%
Plexus Ocean Systems International Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Ocean Systems (Malaysia) Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	100%

The Group's investments are unlisted

Value of associate investment	£'000
Investment in associate at 1 July 2010	4
Share of loss in the period	(1)
Fair value adjustments	19
Reclassification	(22)
Investment in associate at 30 June 2011	-

The acquisition of the remaining 51% of Plexus Ocean Systems (Malaysia) Sdn Bhd and conversion of the investment from an associate to a subsidiary had the following effect on the Group's assets and liabilities

	£'000
Goodwill	38
Reclassification of associate	(22)
Motor vehicles	14
Prepayments and other amounts	7
Cash and cash equivalents	12
Non-trade payables and accrued expenses	(25)
Tax liabilities	(2)
Consideration paid	22
Cash acquired	(12)
Net cash outflow	(10)

Notes to the Consolidated Financial Statements continued

15. Property, plant and equipment

	Buildings	Tenant Improvements	Equipment	Assets under Construction	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
As at 1 July 2009	–	–	12,451	138	22	12,611
Additions	661	–	213	1,684	2	2,560
Transfers	–	–	1,646	(1,646)	–	–
Disposals	–	–	(64)	–	(10)	(74)
As at 1 July 2010	661	–	14,246	176	14	15,097
Arising on acquisition	–	–	–	–	14	14
Additions	24	81	212	1,323	–	1,640
Transfers	–	–	947	(947)	–	–
Disposals	–	–	(666)	–	(1)	(666)
As at 30 June 2011	685	81	14,739	552	27	16,084
Depreciation						
As at 1 July 2009	–	–	4,258	–	18	4,276
Charge for the year	10	–	1,990	–	2	2,002
On disposals	–	–	(39)	–	(8)	(47)
As at 1 July 2010	10	–	6,209	–	12	6,231
Charge for the year	125	–	2,233	–	4	2,362
On disposals	–	–	(500)	–	(1)	(501)
As at 30 June 2011	135	–	7,942	–	15	8,092
Net book value						
As at 30 June 2011	550	81	6,797	552	12	7,992
As at 30 June 2010	651	–	8,037	176	2	8,866
As at 30 June 2009	–	–	8,193	138	4	8,335

During the year, the review of the economic lives of property, plant and equipment resulted in an increase to the depreciation charge of £150k for the year, which is not expected to recur for the remaining life of the assets

16. Inventories

	2011 £'000	2010 £'000
Raw materials and consumables	1,389	1,243
Work in progress	501	97
Finished goods and goods for resale	2,159	1,992
	4,049	3,332

Notes to the Consolidated Financial Statements continued

17. Trade and other receivables	2011	2010
	£'000	£'000
Trade receivables	3,017	5,863
Receivables due from associate companies	–	11
Prepayments and other amounts	526	750
	<u>3,543</u>	<u>6,624</u>

18. Construction contracts	2011	2010
	£'000	£'000
<i>For contracts in progress, the details are</i>		
Aggregate costs incurred	–	5,659
Aggregate recognised profit	–	1,788
Advances received	–	–
Retentions	–	–
	<u>–</u>	<u>–</u>

At the year end there are no balances for construction work in progress or payments on account included on the statement of financial position

19. Trade and other payables	2011	2010
	£'000	£'000
Trade payables	1,159	1,844
Trade payables due to related parties	–	2
Non trade payables and accrued expenses	1,528	2,902
	<u>2,687</u>	<u>4,748</u>

20. Share Capital	2011	2010
	£'000	£'000
Authorised		
Equity 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid		
Equity 80,182,569 (2010 80,182,569) Ordinary shares of 1p each	802	802
	<u>802</u>	<u>802</u>

21. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2021 at prices ranging from £0.385 to £0.78. At 30 June 2011, there were 5,619,045 options outstanding.

The Company has an unapproved share option scheme for the directors and employees of the Group. Options are exercisable at the quoted mid-market price of the Company's shares on the date of grant. The options may vest in three equal portions, at the end of each of three assessment periods, provided that the option holder is still employed by the Group at vesting date and that the Total Shareholder Return (TSR) performance conditions are satisfied. Options that do not meet the TSR criteria at the first available vesting date may vest at the end of the complete assessment period, provided that the compounded TSR performance is met over the complete assessment period. Vested but unexercised options expire on the tenth anniversary of the date of grant.

Notes to the Consolidated Financial Statements continued

21. Share based payments (continued)

Details of the share options outstanding during the year are as follows

	2011		2010	
	No of Shares	Weighted average price	No of Shares	Weighted average price
Outstanding at the beginning of the period	4,063,987	0.47	3,446,152	0.56
Granted during the period	1,634,924	0.60	2,309,625	0.42
Lapsed due to failure to meet				
TSR criteria during the period	(16,585)	0.78	(854,850)	0.385
Forfeited during the period by leaving employment	(63,281)	0.45	(26,469)	0.73
Forfeited during the period by voluntary surrender	–	–	(810,471)	0.78
Exercised during the period	–	–	–	–
Outstanding at the end of the period	5,619,045	0.51	4,063,987	0.47
Exercisable at the end of the Period	2,458,383	0.50	1,732,869	0.54

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2011 is £979,158 (2010 £676,948). The inputs to the Stochastic model for the computation of the fair value of the options are as follows

Share price at date of grant	varies from	£0.385 to £0.78
Option exercise price at date of grant	varies from	£0.385 to £0.78
Expected volatility	varies from	35.7% to 76.6%
Expected term	varies from	4.5 years to 6.3 years
Risk-free interest rate	varies from	0.4% to 5.7%
Expected dividend yield		0% to 1.7%

At the time of granting the older options, in the absence of sufficient historical share price data for the Company, expected volatility was calculated by analysing the median share price volatility for similar companies prior to grant for the period of the expected term. Since then sufficient historical share price data has been built up to enable the expected volatility to be based upon the Company's own share price volatility. The expected term used has been adjusted based on the management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free interest rate is taken as the implied yield at grant available on government securities with a remaining term equal to the average expected term. At the time of granting the older options, no dividends had been paid and the directors did not envisage paying one therefore the dividend yield was 0% since then the directors have introduced a dividend policy and at the time of the grants awarded the expected dividend yield varies between 1.2% to 1.7%.

The Stochastic model for the fair value of the options incorporates the TSR criteria into the measurement of fair value.

The Group has recognised an expense in the current year of £185,956 (2010 £214,132) towards equity settled share based payments.

The weighted average contractual life of the share options outstanding at the end of the period is 7 years and 8 months.

Notes to the Consolidated Financial Statements continued

22. Reconciliation of net cash flow to movement in net debt	2011	2010
	£'000	£'000
Increase/(decrease) in cash in the year	2,344	(1,558)
Movement in net debt in year	2,344	(1,558)
Net debt at start of year	(2,903)	(1,345)
Net debt at end of year	(559)	(2,903)

23. Analysis of net debt	At beginning	Cash flow	At end
	of year		of year
	£'000	£'000	£'000
Cash in hand and at bank	1,470	1,971	3,441
Overdrafts	(373)	373	-
	<u>1,097</u>	<u>2,344</u>	<u>3,441</u>
Bank loans	(4,000)	-	(4,000)
Total	(2,903)	2,344	(559)

24 Financial instruments and risk management

Treasury management

The Group's activities give rise to a number of different financial risks market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's management regularly monitors the risks and potential exposures to which the Group is exposed and seeks to take action, where appropriate, to minimise any potential adverse impact on the Group's performance.

Risk management is carried out by Management in line with the Group's Treasury policies. The Group's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk and investment of excess cash. The Group's policy does not permit entering into speculative trading of financial instruments and this policy has been applied throughout the year.

(a) Market risks

(i) Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. In order to protect the Group's statement of financial position from movements in exchange rates, the Group converts foreign currency balances into Sterling on receipt so far as they will not be used for future payments in the foreign currency.

The Group carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

The Group's main foreign exchange risk relates to movements in the sterling/US dollar and sterling/Euro exchange rates. Movements in these rates impact the translation of US dollar and Euro denominated net assets.

As the Group does not use foreign exchange hedges, the consolidated statement of comprehensive income would be affected by a gain/loss of approximately £173k (2010 £84k) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the US dollar and by a gain/loss of approximately £111k (2010 £57k) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the Euro.

Notes to the Consolidated Financial Statements continued

24. Financial instruments and risk management (continued)

(ii) Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group borrows in sterling at floating rates of interest.

The Group is also exposed to interest rate risk on cash held on deposit. The Group's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of 'AA' or better.

The consolidated income statement would be affected by gain/loss £40k (2010 £41k) by a reasonably possible 1 percentage point change down/up in LIBOR interest rates on a full year basis.

(iii) Price risk

The Group is not exposed to any significant price risk in relation to its financial instruments.

(b) Credit risk

The Group's credit risk primarily relates to its trade receivables. Responsibility for managing credit risks lies with the Group's management.

A customer evaluation is typically obtained from an appropriate credit rating agency. Where required, appropriate trade finance instruments such as letters of credit, bonds, guarantees and credit insurance will be used to manage credit risk.

The Group's major customers are typically large companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained. The Group's customer base is concentrated on a few major companies but management believe that the calibre of these companies means that no material credit risk provision is required.

Management review trade receivables across the Group based on receivable days calculations to assess performance. There is significant management focus on receivables that are over due.

Amounts deposited with banks and other financial institutions also give rise to credit risk. This risk is managed by limiting the aggregate amount of exposure to any such institution by reference to their rating and by regular review of these ratings. The possibility of material loss in this way is considered unlikely.

The aging of trade receivables at the year end was

	2011	2010
	£'000	£'000
Not past due	1,333	2,720
Past due 0-30 days	1,095	1,179
Past due 30+ days	589	1,964
	<u>3,017</u>	<u>5,863</u>

(c) Liquidity risk

The Group has historically financed its operations through equity finance and bank borrowings. The Group has continued with its policy of ensuring that there are sufficient funds available to meet the expected funding requirements of the Group's operations and investment opportunities. The Group monitors its liquidity position through cash flow forecasting. Based on the current outlook the Group has sufficient funding in place to meet its future obligations.

Notes to the Consolidated Financial Statements continued

24. Financial instruments and risk management (continued)

Financial assets and liabilities

The interest rate and currency profiles of the Group's financial assets at 30 June were as follows

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2011			
Cash and liquid resources – Sterling	198	–	198
– US Dollar	1,732	–	1,732
– Euro	1,110	–	1,110
– Egyptian Pounds	–	382	382
– Malaysian Ringgit	–	19	19
	<u>3,040</u>	<u>401</u>	<u>3,441</u>
30 June 2010			
Cash and liquid resources – Sterling	10	–	10
– US Dollar	840	–	840
– Euro	574	–	574
– Egyptian Pounds	–	46	46
	<u>1,424</u>	<u>46</u>	<u>1,470</u>

At 30 June 2011 the Group had £3,441,220 of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 0% and 0.1% on sterling deposits.

The Group has a facility of £6,000,000 that is secured by a fixed and floating charge over the assets of the Group. At 30 June 2011 the Group had drawn £4,000,000 on that facility. The interest payable is on a floating rate basis and ranged between 2.6% and 3.1% in the year. The facility comprises of a £5,000,000 revolving credit facility repayable in July 2013 and a £1,000,000 overdraft repayable on demand.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2011 are as follows

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2011			
Bank revolving credit facility – Sterling	(4,000)	–	(4,000)
30 June 2010			
Bank revolving credit facility – Sterling	(4,000)	–	(4,000)
Bank overdraft – Sterling	(373)	–	(373)
	<u>(4,373)</u>	<u>–</u>	<u>(4,373)</u>

Maturity of Financial Liabilities:

	Due within 1 Year £'000	Due between 2–5 Years £'000	Due after 5 Years £'000	Total £'000
30 June 2011				
Bank revolving credit facility – Sterling	–	4,000	–	4,000
30 June 2010				
Bank revolving credit facility – Sterling	–	4,000	–	4,000
Bank overdraft – Sterling	373	–	–	373
	<u>373</u>	<u>4,000</u>	<u>–</u>	<u>4,373</u>

Notes to the Consolidated Financial Statements continued

25. Operating lease commitments/Financial commitments

Operating lease commitments where the group is the lessee

The Group has the following total future lease payments under non-cancellable operating leases

	2011 £'000	2010 £'000
Within one year	342	330
Within two to five years	968	755
After five years	–	57
	<u>1,310</u>	<u>1,142</u>

Operating lease commitments where the group is the lessor

The Group has the following total future lease receivables under non-cancellable operating leases

	2011 £'000	2010 £'000
Within one year	92	1,443
Within two to five years	–	–
After five years	–	–
	<u>92</u>	<u>1,443</u>

The Group had no capital commitments as at 30 June 2011 (30 June 2010 £nil)

26. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2011 (30 June 2010 £nil)

27. Related party transactions

Control

Plexus Holdings plc is controlled by Mutual Holdings Limited, a company incorporated in the Turks and Caicos Islands

Ultimate parent company

The ultimate parent company is Mutual Holdings Limited, incorporated in the Turks and Caicos Islands

The Group is not consolidated into Mutual Holdings Limited. No other group financial statements include the results of the Company. The financial statements of Mutual Holdings Limited are not available to the public.

Notes to the Consolidated Financial Statements continued

27. Related party transactions (continued)

Transactions

During the year the Group had the following transactions with related parties

	2011	2010
	£'000	£'000
Purchase of goods and services from Other Related Parties	400	228
Purchase of goods and services from Associate Undertakings	–	325
Receivables from Associate Undertakings	–	11
Payables to Management	–	2

Other related parties were Plexus Ocean Systems (Malaysia) Sdn Bhd (whilst an associate), @SIPP (Pension Trustees) Limited and OFM Holdings Limited. The transactions related to the purchase of services and rent.

During the year, Mr B van Bilderbeek, a director, advanced monies to the Group totalling £1,330k (2010 £234k). At 30 June 2011 this amount had been repaid in full. At 30 June 2011 the Group owed Mr van Bilderbeek £nil (2010 £2k), being the net balance due for reimbursement of business expenses incurred during the year.

All of these transactions were between either Plexus Ocean Systems Limited or Plexus Ocean Systems International Limited and the relevant related party.

28. General information

These financial statements are for Plexus Holdings plc (“the company”) and subsidiary undertakings. The company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006. The nature of the company’s operations and its principal activities are set out in the directors’ report on page 11.

Independent Auditor's Report to the Shareholders of Plexus Holdings plc

We have audited the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2011 which comprise the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and the related notes numbered 1 to 12

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report, Chairman's Statement, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audit financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent Auditor's Report to the Shareholders of Plexus Holdings plc cont d

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matter

We have reported separately on the group financial statements of Plexus Holdings plc for the year ended 30 June 2011


Steve Gale FCA

Senior Statutory Auditor

for and on behalf of

Crowe Clark Whitehill LLP, Statutory Auditor

London

17 October 2011

Parent Company Statement of Financial Position

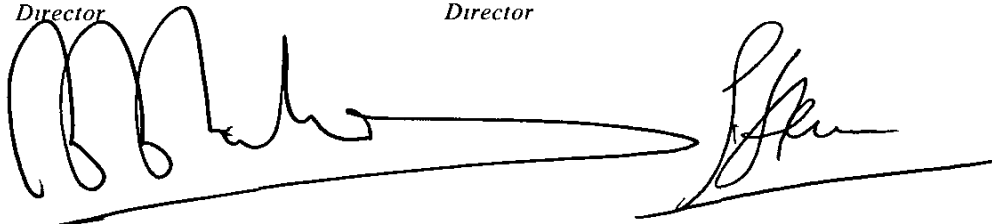
at 30 June 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Assets			
Intangible assets	3	6,238	5,957
Investments	4	8,294	8,294
Total Non-current assets		14,532	14,251
Trade and other receivables	5	3,090	2,805
Deferred tax assets		–	67
Cash at bank and in hand	8	17	10
Total current assets		3,107	2,882
Total Assets		17,639	17,133
Equity and Liabilities			
Called up share capital	7	802	802
Share premium account		15,596	15,596
Share based payments reserve		378	324
Retained earnings		176	(404)
Total equity attributable to equity holders of the company		16,952	16,318
Liabilities			
Deferred tax liabilities		9	–
Total non-current liabilities		9	–
Trade and other payables	6	678	815
Current income tax liabilities		–	–
Total current liabilities		678	815
Total liabilities		687	815
Total Equity and Liabilities		17,639	17,133

These financial statements were approved and authorised for issue by the board of directors on 17 October 2011 and were signed on its behalf by

B van Bilderbeek
Director

G Stevens
Director



Parent Company Statement of Changes in Equity

for the year ended 30 June 2011

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 30 June 2009	802	15,596	275	920	17,593
Total comprehensive income for the period	-	-	-	(765)	(765)
Share based payments reserve charge	-	-	49	-	49
Deferred tax movement relating to share options	-	-	-	10	10
Dividends	-	-	-	(569)	(569)
Balance as at 30 June 2010	802	15,596	324	(404)	16,318
Total comprehensive income for the period	-	-	-	1,181	1,181
Share based payments reserve charge	-	-	54	-	54
Deferred tax movement relating to share options	-	-	-	(7)	(7)
Dividends	-	-	-	(593)	(593)
Balance as at 30 June 2011	802	15,596	378	177	16,953

Parent Company Statement of Cash Flows

for the year ended 30 June 2011

	<i>Notes</i>	2011 £'000	2010 £'000
Cash flows from operating activities			
Profit/(loss) before taxation		1,249	(782)
Adjustments for			
Amortisation		393	31
Charge for share based payments		54	49
Investment income		(72)	(61)
Changes in working capital			
(Increase)/decrease in trade and other receivables		(285)	6,997
(Decrease)/increase in trade and other payables		(137)	172
		<u>1,202</u>	<u>6,406</u>
Cash generated from operations		1,202	6,406
Income taxes paid		-	-
		<u>1,202</u>	<u>6,406</u>
Net cash generated from operations		1,202	6,406
Cash flows from investing activities			
Purchase of intangible assets		(674)	(5,988)
		<u>(674)</u>	<u>(5,988)</u>
Net cash used in investing activities		(674)	(5,988)
Cash flows from financing activities			
Interest received		72	61
Equity dividends paid		(593)	(569)
		<u>(521)</u>	<u>(508)</u>
Net cash used in financing activities		(521)	(508)
Net increase/(decrease) in cash and cash equivalents		7	(90)
Cash and cash equivalents at 1 July 2010		10	100
		<u>17</u>	<u>10</u>
Cash and cash equivalents at 30 June 2011	8	17	10

Notes to the Parent Company Financial Statements

1. Summary of significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information

a Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union and they therefore comply with Article 4 of the EU IAS Regulation and are in accordance with the Companies Act 2006

Under section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own Statement of Comprehensive Income

As at the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective

- IFRS 9 – Financial Instruments (not yet adopted by the EU)
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in other entities
- IFRS 13 – Fair Value measurement
- IAS24 – Related party disclosures (revised 2009)
- Amendment to IAS32 – classification of rights issue
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Amendment to IFRIC 14 – Prepayments of Minimum Funding Requirement
- Improvements to IFRS issued May 2010
- Amendment to IFRS7 – Financial Instruments Disclosures
- Amendment to IAS12 – Income Taxes

The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's non-statutory financial statements

The Company financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated

The financial information has been prepared under the historical cost convention

The directors, having made appropriate enquiries, believe that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company continues to adopt the going concern basis in preparing the financial statements

b Intangible assets and amortisation

Patents are recorded initially at cost and amortised on a straight line basis over 20 years which represents the life of the patent. The Group operates a policy of continual patent enhancement in order that technology enhancements and modifications are incorporated within the registered patent, thereby protecting the value of technology advances for a full 20 year period

Intellectual Property rights are initially recorded at cost and amortised over 20 years on a straight line basis. The technology defined by the Intellectual Property is believed to be able to generate income streams for the Group for many years, key Intellectual Property is protected by patents, the lowest common denominator in terms of economic life of the intangible assets is the life of the original patents and therefore the life of the Intellectual Property has been matched to the remaining life of the patents protecting it

Development expenditure is capitalised in respect of development of patentable technology at cost including an allocation of own time when such expenditure is incurred on separately identifiable technology and its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised on a straight line basis over its useful economic life, which the directors consider to be 20 years

Notes to the Parent Company Financial Statements continued

Amortisation is charged to the Administrative Expenses line of the Statement of Comprehensive Income

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the Statement of Comprehensive Income in the period in which it is incurred

The carrying value of intangible assets is reviewed on an ongoing basis by the directors and, where appropriate, provision is made for any impairment in value

c Investments

The investment in subsidiary and associate undertakings is stated at cost less provision for impairment. Cost is the amount of cash paid or the fair value of the consideration given to acquire the investment. Income from such investments is recognised only to the extent that the Company receives distributions from accumulated profits of the investee company arising after the date of acquisition. Distributions received in excess of such profit i.e. from pre-acquisition reserves are regarded as a recovery of investment and are recognised as a reduction of the cost of the investment.

d Trade receivables

Trade and other receivables are stated at their cost less impairment losses.

e Trade payables

Trade and other payables are stated at cost.

f Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

g Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the Statement of Comprehensive Income.

h Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the statement of financial position date except as otherwise required by IAS 12.

A deferred tax asset is recognised where, having regard to all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

i Pensions

Since 1 July 2007, the Group has offered a contributory Group stakeholder pension scheme, into which the Group will make matching contributions up to a pre-agreed level of base salary, the scheme is open to executive directors and permanent employees. Directors may choose to have contributions paid into personal pension plans. Prior to 1 July 2007, the Group offered a basic stakeholder pension scheme, into which the Group did not make employer contributions, none of the directors or employees were members.

Notes to the Parent Company Financial Statements continued

j Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM. Dividends unpaid at the statement of financial position date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

k Classification of financial instruments issued by the Group

In accordance with IAS 32, financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

l Share based payments

The Company issues share options to directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight line basis over the vesting period based on an estimate of the number of options that will actually vest. The Group has adopted a Stochastic model to calculate the fair value of options, which enables the Total Shareholder Return (TSR) performance condition attached to the awards to be factored into the fair value calculation.

m Key assumptions and sources of estimation

Employee share options are valued in accordance with a Stochastic model and judgement is required regarding the choice of some of the inputs to the model. Where doubts have existed, management have gone with the advice of experts. Full details of the model and inputs are provided in note 21 to the Group accounts.

The estimated life of the Company's Intellectual Property is estimated with reference to the lifespan of the patents which protect the knowledge and their forecast income generation.

When measuring goodwill for impairment a range of assumptions are required and these are detailed in the Goodwill note above.

Notes to the Parent Company Financial Statements continued

2. Profit for the year

As permitted by section 480(4) of the Companies Act 2006, the parent company's Statement of Comprehensive Income has not been included in these financial statements. The parent company's profit after tax for the year was £1,180,498 (2010 loss of £765,141)

3. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Total £'000
Cost			
As at 1 July 2009	–	–	–
Additions	4,171	1,817	5,988
As at 1 July 2010	4,171	1,817	5,988
Additions	–	674	674
As at 30 June 2011	4,171	2,491	6,662
Amortisation			
As at 1 July 2009	–	–	–
Charge for the year	22	9	31
As at 1 July 2010	22	9	31
Charge for the year	271	122	393
As at 30 June 2011	293	131	424
Net Book Value			
As at 30 June 2011	3,878	2,360	6,238
As at 30 June 2010	4,149	1,808	5,957
As at 30 June 2009	–	–	–

Patent and other development costs are internally generated

Notes to the Parent Company Financial Statements continued

4. Investments

	£'000
<i>Subsidiary undertaking</i>	
As at 1 July 2009	8,294
As at 30 June 2010	8,294
As at 30 June 2011	<u>8,294</u>

The Company's subsidiary undertakings are

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Holdings USA, Inc	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Dormant	100%
Plexus Ocean Systems International Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Ocean Systems Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	100%

5 Trade and other receivables

	2011	2010
	£'000	£'000
Receivables due from group companies	3,077	2,773
Prepayments and other amounts	13	32
	<u>3,090</u>	<u>2,805</u>

6 Trade and other payables

	2011	2010
	£'000	£'000
Trade payables	26	77
Non trade payables and accrued expenses	652	738
	<u>678</u>	<u>815</u>

Notes to the Parent Company Financial Statements continued

7. Share Capital	2011	2010
	£'000	£'000
Authorised Equity 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid Equity 80,182,569 (2010 80,182,569) Ordinary shares of 1p each	802	802
8. Reconciliation of net cash flow to movement in net debt	2011	2010
	£'000	£'000
Movement in net cash in year	7	(90)
Net cash at start of year	10	100
Net cash at end of year	17	10

9. Financial instruments and risk management

The Company's activities give rise to a number of different financial risks market risk (including foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's management regularly monitors the risks and potential exposures to which the Company is exposed and seeks to take action, where appropriate, to minimise any potential adverse impact on the Company's performance.

Risk management is carried out by Management in line with the Company's Treasury policies. The Company's Treasury policies cover specific areas, such as foreign exchange risk, interest rate risk and investment of excess cash. The Company's policy does not permit entering into speculative trading of financial instruments and this policy has been applied throughout the year.

(a) Market risks

(i) Foreign currency exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. In order to protect the Company's statement of financial position from movements in exchange rates, the Company converts foreign currency balances into Sterling on receipt so far as they will not be used for future payments in the foreign currency.

The Company carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

The Company's main foreign exchange risk relates to movements in the sterling/US. Movements in this rate impacts the translation of US dollar denominated net liabilities. A reasonably possible 10% fluctuation up/down in the exchange rate between sterling and the US dollar would result in a corresponding gain/loss in the statement of comprehensive income of approximately £57k.

(ii) Interest rate risk

The Company is also exposed to interest rate risk on cash held on deposit. The Company's policy is to maximise the return on cash deposits whilst ensuring that cash is deposited with a financial institution with a credit rating of 'AA' or better.

(iii) Price risk

The Company is not exposed to any significant price risk in relation to its financial instruments.

Notes to the Parent Company Financial Statements continued

9 Financial instruments and risk management (continued)

(b) Credit risk

The Company's credit risk primarily relates to its inter-company loans and inter-company-receivables. Management believe that no risk provision is required for impairment.

Amounts deposited with banks and other financial institutions also give rise to credit risk. This risk is managed by limiting the aggregate amount of exposure to any such institution by reference to their rating and by regular review of these ratings. The possibility of material loss in this way is considered unlikely.

(c) Liquidity risk

The Company has historically financed its operations through equity finance and the flow of inter-company loan repayments. The Company has continued with its policy of ensuring that there are sufficient funds available to meet the expected funding requirements of the Company's operations and investment opportunities. The Company monitors its liquidity position through cash flow forecasting. Based on the current outlook the Company has sufficient funding in place to meet its future obligations.

10. Operating lease commitments/Financial commitments

The Company had no capital commitments as at 30 June 2011 (30 June 2010 £nil)

11. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2011 (30 June 2010 £nil)

12. Related party transactions

Control

Plexus Holdings plc is controlled by Mutual Holdings Limited, a company incorporated in the Turks and Caicos Islands.

Ultimate parent company

The ultimate parent company is Mutual Holdings Limited, incorporated in the Turks and Caicos Islands.

The Company is not consolidated into Mutual Holdings Limited. No other group financial statements include the results of the Company. The financial statements of Mutual Holdings Limited are not available to the public.

Transactions

During the year the Company had the following transactions with related parties:

	2011	2010
	£'000	£'000
Receivables from Subsidiary Undertakings	3,077	2,773

Corporate Information

Directors
Robert Fredrik Martin Adair† (Non-Executive Chairman)
Bernard Herman van Bilderbeek (Chief Executive)
Graham Paul Stevens (Finance Director)
Craig Francis Bryce Hendrie (Technical Director)
Jerome Jeffery Thrall† (Non-Executive Director)
Geoffrey Edmund Thompson (Non-Executive Director)

†Member of Audit and Remuneration committees

Registered Office
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

Company Number 03322928

Company Secretary
Martha Bruce FCIS
David Venus & Company Limited
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

Nominated Adviser and Broker
Centkos Securities plc
66 Hanover Street
Edinburgh
EH2 1EL
6 7 8 Tokenhouse Yard
London
EC2R 7AS

Auditor
Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Solicitors to the Company
Fox Williams LLP
Ten Dominion Street
London
EC4M 2EE

Ledingham Chalmers LLP
52-54 Rose Street
Aberdeen
AB10 1HA

Registrars
SLC Registrars
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

Notice of Annual General Meeting

Plexus Holdings plc ("the Company")

(Company number 3322928)

Notice is given that the annual general meeting of the members of the Company will be held at the offices of Cenkos Securities plc, 6 7 8 Tokenhouse Yard, London EC2R 7AS on Wednesday 30 November 2011 at 2 00 p m , to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions

Ordinary Business:

Report and Accounts

- 1 To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended 30 June 2011

Final Dividend

- 2 To decide a final dividend of 0 43 pence per ordinary share as recommended by the directors to the shareholders on the register as at 28 October 2011, such dividend to be paid on 16 December 2011

Remuneration Report

- 3 To approve the Report on Directors' Remuneration for the year ended 30 June 2011

Re-election of Directors

- 4 To re-elect Robert Adair as a director who is retiring in accordance with article 72 (B) of the articles of association of the Company ("the Articles") and being eligible, offers himself for re-election
- 5 To re-elect Graham Stevens as a director who is retiring in accordance with article 72 (B) of the Articles and being eligible, offers himself for re-election

Re-appointment of Auditor

- 6 To re-appoint Crowe Clark Whitehill LLP as auditor until the conclusion of the next annual general meeting of the Company at which accounts are laid

Auditor's Remuneration

- 7 To authorise the directors to determine the remuneration of the Auditor

Special Business:

Directors' Authority to Allot Shares

- 8 That in substitution for all existing authorities, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £240,547 70 during the period from the date of the passing of this resolution and expiring on the date of the next annual general meeting or on 30 December 2012, whichever is earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would, or might, require shares to be allotted or rights to subscribe for or convert security into shares to be granted after such expiry

Notice of Annual General Meeting continued

Purchase of Own Shares

- 9 That the Company be generally and unconditionally authorised to make one or more market purchases, within the meaning of Section 693(2) of the Companies Act 2006 ("the Act"), of Ordinary shares of 1p each in the Company ("Shares") and to hold such Shares as treasury shares, provided that
- (a) the maximum number of Shares to be repurchased shall be 4,009,128 Shares representing the nominal value of 5% of the Company's issued share capital at the date of this Notice,
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p per share,
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be an amount equal to 105% of the average market value of the Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Share is purchased,
 - (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per share as determined by the Directors,
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 30 December 2012, and
 - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry

Authority to Dis-apply Pre-emption Rights

- 10 That, subject to Resolution 9 above being passed and Section 551 of the Act, the Directors be empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities
- (a) during the period expiring on the date of the next Annual General Meeting of the Company or, if earlier, on 30 December 2012 but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power,
 - (b) up to an aggregate nominal amount of £80,182 57 representing the nominal value of 10% of the Company's issued share capital at the date of this Notice, and
 - (c) and shall include the power to sell treasury shares under Section 727 of the Act

Date 17 October 2011

By Order of the Board

Martha Bruce FCIS
Company Secretary

Registered Office
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.

Your attention is drawn to the notes appearing overleaf.

Notice of Annual General Meeting continued

Notes

- 1 A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
- 2 The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of such power or authority certified by a notary, must be completed and returned to the offices of the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, to arrive not less than 48 hours before the date set for the meeting or adjourned meeting.
- 3 In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, (as amended) only those persons entered in the register of members of the company as the holders of Ordinary shares at 6.00pm on the pre-penultimate day of the AGM, are entitled to attend and vote at the meeting in respect of the shares held by them at the relevant time. Any changes made to the register of members of the company after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
- 4 **Resolutions 4 and 5** – Article 72 (B) of the Company's articles of association require that one third of the directors of the Company who have held office since the last annual general meeting must retire by rotation and, if they are eligible, may offer themselves for re-election.
- 5 **Resolutions 6 and 7** – The Auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the re-appointment of Crowe Clark Whitehill LLP. Resolution 7 is proposed to authorise the Board to fix the remuneration of the Auditors.
- 6 **Resolution 8** – This resolution is to renew the authority given to the directors to allot shares or rights to subscribe for or convert security into shares in the capital of the Company subject to the conditions of the Act. The authority to be given by this resolution is limited to the allotment of 24,054,770 Ordinary shares representing 30% of the issued share capital at the date of this Notice and shall be in substitution for all existing authorities but shall be without prejudice to any allotment of shares or grant of rights to subscribe for or convert security into shares already made or offered or agreed to be made pursuant to such authorities.
- 7 **Resolution 9** – This resolution is to authorise the Company to make market purchases of up to 5% of its own Shares in issue as set out in the resolution. The authority will expire at the next Annual General Meeting or on 30 December 2012, whichever is earlier.

The Directors consider that in certain circumstances it may be advantageous for the Company to purchase its own Shares at a discount to net asset value. Purchases will only be made on the London Stock Exchange within guidelines established from time to time by the Board.

The Directors would only consider exercising this authority if it is considered that such purchases would to the advantage of the Company and its shareholders as a whole. The principal aim of this share buy back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the directors consider this to be appropriate. The purchase of shares when they are trading at a discount to net asset value per share, and their cancellation, should result in an increase in the resulting net asset value per share for the remaining Ordinary shares. The Company will also be in a better position to address any imbalance between supply and demand for the shares that may be reflected in the discount to net asset value at which the Company's shares trade on the London Stock Exchange.

The Directors intend that any Shares purchased under this authority will be held by the Company as treasury shares within the limits allowed by the law, unless the Directors consider that purchasing the Shares and cancelling them would be to the advantage of the Company and its shareholders. The Directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to rights of pre-emption granted by shareholders in general meeting (see Resolution 10 and the note thereto).
- 8 **Resolution 10** – When shares are to be allotted for cash, section 561(1) of the Companies Act 2006 provides that existing shareholders have pre-emption rights and that any new shares are offered first to such shareholders in proportion to their existing shareholdings. This resolution is seeking to authorise the Directors to allot Shares of up to an aggregate nominal amount of £80,182.57 otherwise than on a pro-rata basis. This represents 10% of the Company's issued share capital on the date of this document. This authority shall expire at the next Annual General Meeting or on 30 December 2012, whichever is earlier.

Whilst the Directors have no intention at the present time of issuing relevant securities, other than pursuant to existing rights under employee share schemes, they are seeking annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing capital resources.
- 9 The following documents, which are available for inspection during normal business hours at the registered office of the Company on any business day, will also be available for inspection on the day of the meeting until the Company's normal close of business:
 - (a) copies of Executive Directors' service contracts with the Company,
 - (b) copies of Non Executive Directors' letters of appointment, and
 - (c) a copy of the Company's Memorandum & Articles of Association

Form of Proxy

Plexus Holdings plc ("the Company")

For use at the Annual General Meeting of the Company to be held at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS on Wednesday 30th November 2011 at 2:00p.m

I/We
(in BLOCK CAPITALS please)

of _____ being a shareholder(s) of the above-named Company, appoint the Chairman of the Meeting or _____ to act as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday 30 November 2011 and at every adjournment thereof and to vote for me/us on my/our behalf as directed below

Please indicate with an 'X' in the spaces below how you wish you vote to be cast. If no indication is given your proxy will vote for or against the resolutions or abstain from voting as he thinks fit

	Resolutions	For	Against	Abstain
1	To receive the accounts for the year ended 30 June 2011			
2	To declare a final dividend of 0.43p per share as recommended by the directors			
3	To approve the Report on Directors' Remuneration			
4	To re-elect Robert Adair as a director of the Company			
5	To re-elect Graham Stevens as a director of the Company			
6	To re-appoint Crowe Clark Whitehill LLP as auditors of the Company			
7	To authorise the Board to determine the auditors' remuneration			
8	To authorise the directors to allot shares in the capital of the Company			
9	To authorise the Company to make market purchases as set out in the Notice of the Meeting			
10	To dis-apply pre-emption rights on allotment of equity securities as set out in the Notice of the Meeting			

Signed _____

Dated _____

2011

Notes

- 1 A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
- 2 If any other proxy is preferred, strike out the words 'Chairman of the Meeting' and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
- 3 If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorised in writing.
- 4 The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
- 5 To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach the registrars of the Company at SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
- 6 The completion of this form will not preclude a member from attending the Meeting and voting in person.
- 7 Any alteration of this form must be initialled.

BUSINESS REPLY SERVICE
Licence No RRRG-ELUY-YCCB



SLC Registrars
Thames House
Portsmouth Road
Esher
KT10 9AD

THIRD FOLD AND TUCK IN

SECOND FOLD

FIRST FOLD