

SATURDAY



A2N70FHU

A24

14/12/2013

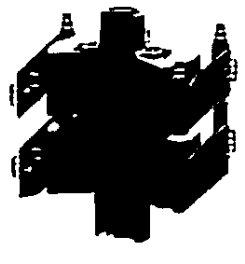
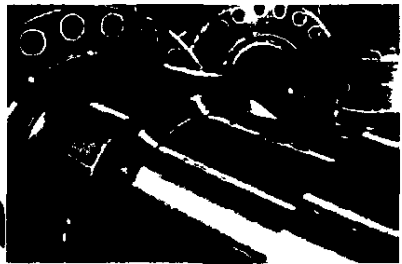
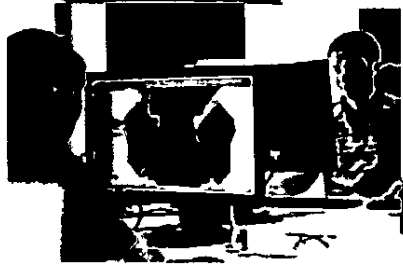
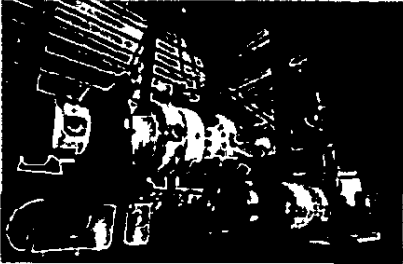
#143

COMPANIES HOUSE

Plexus Holdings plc

ANNUAL REPORT
& ACCOUNTS

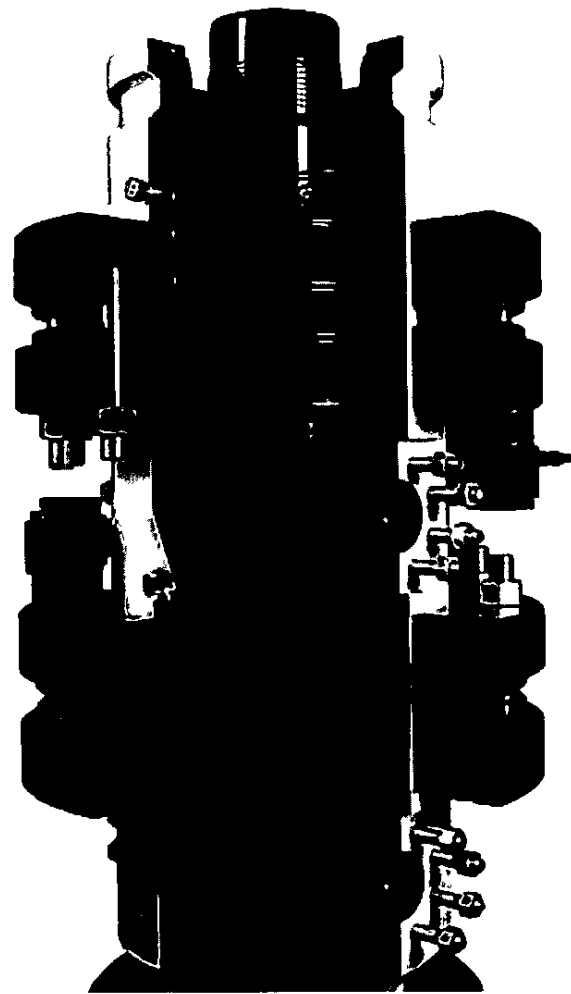
2013



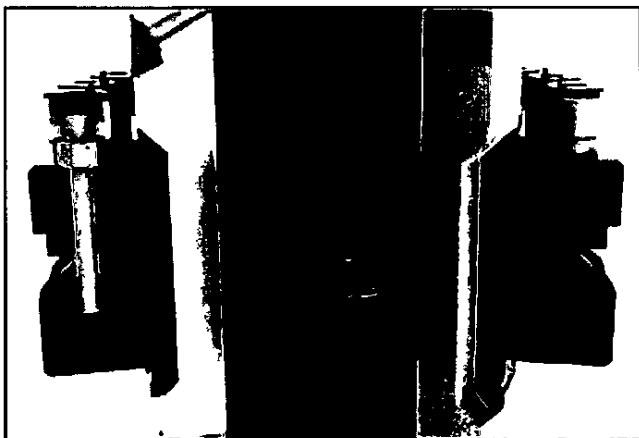
POS-GRIP®

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 active seals. The system is **POS-GRIP** energised by reusable hydraulic devices which are fitted temporarily to flanges on the outside of the wellhead.

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



A cutaway of a POS-GRIP HG Platform Wellhead System



POS-GRIP in OPEN position



POS-GRIP in CLOSED position

Results

- Record revenue, EBITDA, profit before tax and profit after tax
- 29.7% increase in revenue to £25.57m (2012: £19.71m)
- 38.3% increase in profit before tax to £4.27m (2012: £3.09m)
- 25.7% increase in profit after tax to £3.06m (2012: £2.43m)
- 21.8% increase in EBITDA to £7.60m (2012: £6.24m)
- 23.6% increase in basic earnings per share to 3.69p (2012: 2.99p)

Highlights

- Strong sales revenues as a result of POS-GRIP® friction-grip rental wellhead equipment continuing to gain market share following contract wins with a number of new international oil and gas operators, and existing customers
- Growing evidence of heightened awareness for the need to adopt the best available and safest technology ('BAST') driven by regulator and industry bodies leading to calls for initiatives to solve long term challenges such as subsea annulus monitoring and management
- Further industry support secured for on-going Joint Industry Project ('JIP') for the development of the new Plexus POS-GRIP HGSS™ subsea wellhead design, with Total E&P Recherche Developpement SAS ('Total') signing up as an additional consulting partner alongside existing partners Eni S p A ('Eni'), Maersk Oil North Sea UK Ltd ('Maersk'), Shell International Exploration and Production B V ('Shell'), Tullow Oil plc ('Tullow'), and Wintershall Noordzee B V ('Wintershall')
- Secured initial High Pressure/High Temperature ('HP/HT') contracts from three new customers totalling £3.7m: Lotos Exploration and Production Norge AS ('Lotos') for £1.0m, Lundin Norway AS ('Lundin') for £2.0m, and Glencore Exploration Cameroon Ltd ('Glencore') for £0.7m
- HP/HT contract wins with existing customers included Talisman Energy Inc ('Talisman') for £1.15m, Maersk for £1.5m, Gaz de France Suez E&P UK Ltd ('GDF') for £1.0m, and Det Norske Oljeselskap ASA ('DetNor') for £2.0m
- Additional 4 year multi-well contract secured with Brunei Shell Petroleum Sdn Bhd ('Shell Brunei') for the supply of standard pressure and HP/HT exploration wellhead equipment with an initial value of circa £2.0m
- Post period end secured a first time contract with new customer Eni Australia Limited ('Eni Aus') for the supply of standard pressure equipment, an HP/HT contract from Statoil Petroleum AS ('Statoil') for £2.5m, a standard pressure contract for Centrica Energy Norway ('Centrica') for £0.75m, and an additional standard pressure contract for BG International Egypt ('BG Egypt') for £0.35m
- Post period end acquisition of a 25% interest in a private manufacturer of specialist oil and gas equipment for a consideration of £0.73m
- Post period end, HP/HT Tie-Back has successfully completed the full 'internals' testing cycle and will be shortly completing the 'externals' testing requirements after which we will begin to engage through the sales team with the industry
- Initiatives underway to strengthen Plexus presence in the important Asian region, particularly Singapore, Malaysia, and Brunei with new subsidiaries incorporated in Singapore and Brunei
- Capital investment, primarily in additional wellhead rental inventory sets, increased by 76.2% to £8.14m (2012: £4.62m)
- Research and Development ('R&D') spend, excluding costs of building new test fixtures, increased by 22.0% to £1.46m (2012: £1.20m)
- Renewal of bank facilities in October 2013 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 0.55p per share (2012: 0.5p), which will be subject to shareholder approval at the Annual General Meeting ('AGM') to be held on 5th December 2013. That follows on from the 12.8% increase in the interim dividend (to 0.44p) making a total dividend for the financial year of 0.99p per share. If approved the final dividend will be paid on 13th December 2013 to all members appearing on the register of members on the record date 1st November 2013. The ex-dividend date for the shares is 30th October 2013.

Chief Executive Ben van Bilderbeek said:

“It is once again pleasing to be able to report an excellent set of financial results achieved in a year that was particularly active for Plexus, which delivered record revenues, profits, and earnings per share. This strong on-going progress means that I am delighted to announce that the Board proposes a 10% increase in the final dividend of 0.55p per share for the year ended 30 June 2013, which will be submitted for approval at the Annual General Meeting.

“The strong year on year growth in revenues is an important indicator of the momentum that we are continuing to build in a market dominated by a small number of large multi-national oil service companies. I have always believed in the superior nature of our proprietary patented POS-GRIP friction-grip method of engineering when compared to conventional technology, and at a time when the industry is calling for solutions to problems such as long term wellhead integrity including seal life, monitoring, and pressure management, this belief can only strengthen. The number of new and repeat orders that we have reported, and expect to report in the current year with major oil and gas operators around the world is an endorsement of our technology and the multiple benefits and advantages that our equipment offers customers in terms of safety, functionality, and cost and time savings.

“Post the 2010 Gulf of Mexico incident there is an increased awareness among regulators and operators of the need for improved safety procedures, the selection of BAST equipment, and of heightened standards and practices. I should note that as has been widely reported, July 2013 marked twenty five years since the Piper Alpha tragedy, and this anniversary highlights the need to focus on safety with a renewed sense of purpose. The Cullen Inquiry twenty five years ago transformed the approach to oil and gas safety in the North Sea and helped propel UK standards to be recognised as some of the best in the world. Nevertheless, as the Oil & Gas UK Piper 25 Conference held in June reminded the audience there is no room for complacency. Such a warning is wholly appropriate because although operators are required to demonstrate a safety case that they have reduced the risks of operation to ‘as low as reasonably practical’ (‘ALARP’), there is still room for ambiguity with regard to certain key practices and equipment selection options. For example, unlike POS-GRIP wellheads which are known as “through the blow out preventer (‘BOP’)”, some designs of surface wellheads require the blowout preventers to be removed to allow access to install the casing hanger and annulus seal assembly. I have been saying for over twenty five years that such a practice is dangerous, unless absolutely necessary, as there is a risk that the well may become unstable which can lead to an uncontrolled major blowout incident, as indeed happened with the Montara well offshore Australia in 2009. The Health and Safety Executive (‘HSE’) and Oil & Gas UK state that the use of such a wellhead “should be discouraged” and “should not be used”. I maintain that clearer direction is warranted and that “should” ought to in fact be “must”. The need for such clearer industry guidelines is something we are actively encouraging, and I will once again be communicating these messages later this month when presenting at the Oil & Gas IQ “HP/HT Wells Summit 2013”.

“In addition to our organic operational activities we continue to actively pursue various strategic initiatives. The HP/HT Tie-Back system design up to 20,000 psi JIP is progressing well and subject to final testing, we are preparing to initiate sales promotion activity. Meanwhile, although the design process of the HGSS subsea wellhead design JIP has been completed, in response to industry demands we are now considering accelerating the inclusion of annulus monitoring, one of the target features which has gained prominence alongside instant casing lock down, as evidenced by a recent call made by the Industry Technology Facilitator (‘ITF’). With regard to on-going sales and marketing initiatives, we are putting in place a strategy to expand our sales activities in Asia, including Australia, and this is already generating a number of exciting opportunities.

“I believe our proprietary patented technology places us in a unique position to benefit from industry demands both in terms of safety and operational capability. This is particularly the case for HP/HT and X-HP/HT where the Chairman of BG Group, one of our customers, only last month wrote that “HP/HT subsea well systems will be a game-changer in terms of cost and reliability”. We agree with such comments and fully expect to be able to play an important role in such future developments, which is why the Board remains confident about the future and our ability to continue to deliver significant value to shareholders over the coming years.”

Summary of Results for the year ended 30 June 2013

	2013	2012
	£'000	£'000
Revenue	25,566	19,706
EBITDA – before the effect of IFRS 2	7,598	6,238
EBITDA – after the effect of IFRS 2	7,457	5,987
Profit before taxation	4,269	3,088
Basic earnings per share (pence)	3.69	2.99

Contents

	<i>Page</i>
Chairman's Statement	5
Chief Executive's Review	8
Financial Review	12
Board of Directors	15
Directors' Report	16
Corporate Governance Report	20
Remuneration Committee Report	23
Statement of Directors' Responsibilities	26
Independent Auditor's Report to the Shareholders of Plexus Holdings plc	27
Consolidated Statement of Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	32
Notes to the Consolidated Financial Statements	33
Independent Auditor's Report to the Shareholders of Plexus Holdings plc	55
Parent Company Statement of Financial Position	57
Parent Company Statement of Changes in Equity	58
Parent Company Statement of Cash Flows	59
Notes to the Parent Company Financial Statements	60
Corporate Information	70

Chairman's Statement

Business progress

I am pleased to report that the Group made significant progress during the year, both at the operational and financial level. The increase in activity levels seen in the first half accelerated into the second half, resulting in a 29.7% increase in turnover to £25.57m for the year to 30 June 2013 (2012: £19.71m), a 21.8% increase in EBITDA to £7.59m (2012: £6.24m), a 38.3% increase in profit before tax to £4.27m (2012: £3.09m), and a 25.7% increase in profit after tax to £3.06m (2012: £2.43m), delivering a 23.6% increase in basic earnings per share of 3.69p (2012: 2.99p). The increase in sales revenues was driven by a combination of repeat and new business contract wins for our exploration rental wellheads, particularly for the more technically challenging HP/HT applications where our reputation continues to grow. Importantly, industry support for our proprietary POS-GRIP friction-grip method of engineering is gaining momentum not only in terms of rental contract wins, but also in terms of our strategic initiatives, particularly our new HGSS subsea wellhead design JIP, which saw Total join a number of other major operating companies as a consulting partner.

Strategy

As can be seen from the strong set of financial results, Plexus has made excellent progress across all aspects of our business, in terms of organic sales of our POS-GRIP wellhead rental equipment in the North Sea and other regions around the world, and also with regards to a range of strategic initiatives associated with extending the range of applications that our patented friction-grip method of engineering can be designed for. Importantly, all the activity undertaken during the year under review further raises the profile and awareness of our technology and the many safety and operational advantages that it delivers.

It is important to highlight that the market share penetration, primarily in the jack-up drilling sector, that we have achieved to date with a range of blue chip international oil and gas operators, has been achieved by winning business from major multi-national competitors. Our ability to do this is made possible by the fact that our proprietary wellhead technology is superior when compared against established conventional technology, particularly for HP/HT fields. The industry is now clearly recognising that the range of features that we have built into our designs is more relevant than ever, especially with wellhead integrity a priority in a heightened safety and regulatory environment.

POS-GRIP wellhead technology is unique. As a result we are focused on ensuring that the industry, whether customers, competitors, or regulators understand what our core wellhead design features offer. These include not lifting the BOP for all surface drilling applications, casing and casing tubing hangers being able to be locked down 'instantly' and with sufficient capacity, and seals that do not lose integrity throughout the life cycle of the well. Crucially we maintain that we are able to provide a wellhead that can meet enhanced test standards that reflect 'true' field life conditions and match the accepted higher standards of premium couplings, ensuring the wellhead is not the weak link in the well architecture 'chain'. These are simple but powerful messages and ones where more than ever before common sense and logic is beginning to prevail, for example in relation to the 'instant' locking down of casing which industry best practice calls for, because an unlocked casing has the potential to lift, destroying the annular seals and with it the integrity of the well. It is therefore very surprising that before the 2010 Gulf of Mexico incident it was common practice to leave off locking rings on subsea wellheads and hence leave the casings unlocked. The reason for this is that most subsea locking devices are difficult to deploy and are unreliable, hence why they can by choice be left off meaning that the operator relies instead on a lockdown sleeve which is run at the end of the drilling process. Clearly such practices are risky, and a new technology such as ours that is aiming to resolve such issues for subsea wellheads is we believe exactly the sort of 'game changer' that is being demanded.

The growing realisation and acknowledgement that conventional equipment and methods need to be revised and improved, particularly for HP/HT and subsea environments has been widely reported. An important manifestation of such developments is the establishment by the USA Bureau of Safety and Environmental Enforcement ('BSEE') of the independent Ocean Energy Safety Institute ('OESI'). The US Department of the Interior announced in May that the OESI will assess best international practices, and that importantly it will form a balanced panel of technical experts to make recommendations to the BSEE on issues relating to BAST. In particular, "this will include making recommendations on candidate technologies for evaluation and estimated budgets and timelines for such technologies", and will "work with standards organisations to develop testing

Chairman's Statement continued

protocols" We see these changes as very positive, particularly as they begin to address the controlling influence that the American Petroleum Institute ('API') has had over wellhead standards for many years, which we have always maintained has acted as a brake on the adoption of new and superior technology I make no apologies for illustrating the clear need for these changes by quoting from the U S National Commission that reported directly to President Obama on the Gulf of Mexico spill The report stated that, based on meetings and discussions with leading members of the oil and gas industry, " it is clear that API's ability to serve as a reliable standard-setter for drilling safety is compromised by its role as the industry's principal lobbyist and public policy advocate " The Report goes on to say that, "According to statements made by industry officials to the Commission, API's proffered safety and technical standards were a major casualty of this conflicted role", and that, "API proposed safety standards have increasingly failed to reflect "best industry practices" and have instead expressed the "lowest common denominator" "

Our ability to communicate these messages and the important role that Plexus can play in addressing these issues all stems from the fact that as far as we are concerned the wellhead is 'Job 1' This is behind the growth that we are seeing, and gives us the confidence to invest further in developing our IP, and the funding of new initiatives such as our two current JIPs Furthermore we are experiencing an increased level of interest in our views and technology For example Plexus has been invited to speak at the Oil & Gas IQ "HP/HT Wells Summit 2013" on pioneering techniques and technology in HP/HT drilling and completions, which includes looking at gaps in available technologies Events such as these, and the growing emphasis on preventing incidents through the use of superior engineering design methodology and practices is not difficult to find high level support for It was only in 2010 that ExxonMobil's Rex Tillerson said to Congress that the emphasis must be on preventing blowouts in the first place "because when they happen, we're not very well equipped to deal with them" Such focus on safety issues extends to academic institutions For this reason we continue to sponsor the "Plexus Industrial Safety Lecture" with the University of Aberdeen Industrial Psychology Research Centre This year's speaker was Professor Patrick Hudson PhD of the Universiteit Leiden, Netherlands who is one of the world's leading authorities on the human factors of safety management, who gave a lecture in August titled "The Macondo Blowout A Systemic Analysis" The nature of such safety driven developments was clearly summarised at a European Drilling Engineering Association event in September 2013 at which Plexus was invited to present a paper - "Quality assurance and well integrity" The event discussed the industry pushing wells to longer reach, higher temperatures, higher pressures, while at the same time the public pressure and demand for minimising environmental impact and maximizing safety has become stronger, which is why there is such a push for new and improved well integrity related features

A specific example of such needs was a research 'call' in June 2013 by the ITF, a not for profit organisation owned by major international oil and gas operators and service companies, whose objectives are to identify technology needs, foster innovation and facilitate the development and implementation of new technologies The call, which we have responded to, seeks solutions to deal with subsea annulus pressure management, a major issue for the industry for many years, and which we believe POS-GRIP technology is uniquely able to address Annulus management capability is sought to deal with sustained casing pressure ('SCP') situations that can be caused when fluid is trapped between the cement seal lower down the annulus and the casing hanger seal in the wellhead heats up during production, leading to well control incidents On surface applications access to the casing annulus is readily available, but to date such annulus management facilities and capabilities are simply not available subsea It is key innovative solutions such as these that we are engineering into our new HGSS subsea wellhead design The issue with current subsea wellheads is that unlike operating on the surface, one cannot readily and safely provide penetrations through the wellhead body to gain access to the various casing annuli The POS-GRIP engineering method however will be designed to provide removable seal sleeves in the wellhead bore to open and close porting systems which remain within the wellhead shell, and these monitoring ports can eventually be directed through the tubing hanger into the subsea tree, providing operators with continuous access to selected casing annuli

The HGSS JIP project has been underway for nearly eighteen months and now, with the addition of Total, has the support of six major oil and gas operators, as well as the interest of others A number of key milestones have been reached Our HG[®] annular seal system, which is at the heart of our technology, has been qualified to 20,000 psi at 375°F Our target is to qualify the system to a standard that exceeds the requirements as defined by the API, which for the first time will match the integrity of premium casing couplings The activation method for

Chairman's Statement continued

POS-GRIP mechanisms has been finalised, the non-requirement for wearbushings has been agreed by JIP members, and simple non rotational casing hanger running tools have been developed. The manufacture of test fixtures is expected to commence end of calendar year 2013 into first quarter 2014, with system testing expected to be completed during the third quarter of 2014 calendar year. As the project progresses additional opportunities arise to extend the initial scope and features of the JIP, and as was seen with the ITF call the renewed emphasis on addressing SCP and annulus pressure management has encouraged us to look sooner at providing monitoring, bleed-off, and an ability to remediate both the B and C annuli.

Our second on-going JIP that I would like to report on is our unique up to 20,000 psi Tie-Back Connector which has the support of Maersk. This product has been designed to enable for the first time HP/HT exploration and pre-drilled production wells to be converted to either subsea or platform producing wells. Conventional wellhead technology is not able to offer such a solution as it uses threaded connections which cannot be reliably engaged and disengaged in a subsea controlled, remote, HP/HT environment. The connector has been tested successfully with external pressures at 350°F and the final test procedures are now underway. Once testing is complete the next step will be a field trial. We remain excited about this additional POS-GRIP application and its scope for operators to make significant cost and capex savings. Currently exploration and pre-drilled production wells are abandoned after costs ranging between £50m and £200m have been incurred, and the anticipated first time user of the system estimates a saving for such a well in the region of £80m.

The common thread that runs through all these various strategic opportunities is our ability to design and develop POS-GRIP patented friction-grip method of engineering equipment. Whether our equipment designs are for the surface or subsea the on-going development and protection of our intellectual property ('IP') is key, which is why we continue to invest in R&D and patents. As a result the time spent by our engineers on R&D increased 25.1% during the year. Meanwhile patent filing activity costs increased 235.1% year on year, as we extended our patent activities, particularly in the subsea arena, where the HGSS JIP has generated a number of innovative features and improvements which also apply across all our POS-GRIP and HG seal technology. It should be noted that the strength of our patent suite and extensive know-how built up over many years underpins our sales and profits, and for this reason the start of the 'Patent Box' tax regime from the 1st April 2013 is particularly relevant. This legislation has been introduced to encourage innovation, and a key benefit is a lower effective rate of corporation tax on profits attributable to UK or European patents. This is a transitional arrangement, but subject to tax computations and qualification we would expect shareholders to benefit as the corporation tax rate on applicable profits reduces to circa 15% and then 10% by 2017.

None of this progress would of course be possible without our ability to recruit and retain skilled staff across all areas of the business including engineering, finance, human resources, marketing, operations, and sales. This focus has enabled us to increase our headcount by 19.5% year on year, whilst successfully maintaining a fast moving 'can do' culture that fits well with an innovative company, and which we believe sets us apart from our competitors. Employee development and satisfaction is important to our company, and a Plexus Management Development programme has now been implemented for all supervisors and managers, whilst also bolstering technical training for Field Service Technicians and enhancing onshore training facilities. Such personnel initiatives are a key part of building, developing, and improving the infrastructure needed to support the growth of our organic and strategic initiatives. As we look to expand our product range, and explore the possibility of creating one or more additional rental inventory 'hubs', we took the opportunity post period end to acquire a 25% interest in a private UK engineering company, a manufacturer of specialist oil and gas equipment for a consideration of £0.73m. We believe this is a sound investment which will help support the anticipated growing need for manufacturing capacity.

Regarding our bank facilities I am pleased to report that we continue to operate comfortably within our established bank facilities with Bank of Scotland Corporate, which have recently been renewed at last year's level of £6.0m.

Staff

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during another successful year that has not only delivered another set of record financial results but which, importantly and necessarily, has also seen us increase our staff numbers from 113 at the beginning of July 2012 to 135 at the end of June 2013 and 142 currently as we continue to expand our business activities particularly in the HP/HT rental wellhead market and progress various on-going strategic initiatives.

Chairman's Statement continued

Outlook

It is clear that a number of important macro dynamics are supporting us in our quest for our equipment to become a new and superior standard that can in time become the industry's wellhead of choice. Our ability to deliver enhanced safety, time savings, and operational efficiencies at the surface, particularly for HP/HT wells, together with our belief that we will also in due course be offering the market a unique combination of design features for subsea exploration and production wells such as instant casing hanger lockdown, long term metal-to-metal seals, annulus pressure monitoring, all combine to ensure a positive outlook for Plexus.

One such dynamic is record global expenditure by oil and gas companies as reported by Barclays in their June "Global 2013 E&P Spending Update". Barclays believes the industry is "in the early stages of a strong sustained upcycle". Longer term prospects are also healthy, and only this month Peter Voser the CEO of Royal Dutch Shell, predicted that demand for energy will double over the next 50 years spurred by rapid industrialisation of China and across Asia. We look forward to benefitting accordingly, and are developing plans to accelerate sales in key regions such as Asia, including Australia. Following the incorporation of new subsidiaries in Singapore and Brunei to compliment Plexus Malaysia, we are strengthening our relationships in the region with both customers and local manufacturing and engineering companies, and we are also looking to establish a local inventory of rental equipment.

A second important element which we believe improves our outlook further is the growing regulatory pressure emanating particularly from the USA, for example the formation of the OESI, to pursue the use of BAST equipment and technology. For a number of reasons we believe that our POS-GRIP wellhead designs have the ability to be promoted as the BAST option, particularly as we believe we can match our wellhead standards to those required for premium couplings so that the wellhead can no longer be described as the 'weak link'. We see such developments as evidence that the industry is finally moving away from treating the wellhead as a "commodity item", and is the reason why the industry is actively pursuing new and innovative engineering solutions, and why our subsea wellhead JIP is so well supported by a range of major international oil companies.

All of these positive indicators are reasons why we look forward to the future with confidence and believe that the long term prospects and outlook for Plexus are excellent. As a result we believe shareholder value will continue to grow over time. Such progress will be achieved through organic growth, combined with the increasing prospect of securing potential alliance partners and licencees for our technology, as we begin to focus on opportunities to make our surface production wellhead applications, and our emerging subsea exploration and production applications, more widely available. The 10% increase in our final dividend is a further demonstration of the Board's confidence in the future.

J Jeffrey Thrall

Non-Executive Chairman

22 October 2013

Chief Executive's Review

Plexus has delivered another record set of results and made excellent progress throughout the period with a particularly active second half of the year that led to a profit upgrade announcement at the end of July 2013. These results were achieved during a period where the oil price volatility that existed during the prior year settled to a point where the Brent Crude price per barrel was reported as ranging from USD\$92 at the beginning of the financial year to USD\$100 at the end. Looking forward Barclays in its "Global 2013 E&P Spending Update" reported that exploration and production companies were basing their spending budgets on oil prices of USD\$101 for Brent.

These more positive macro trading conditions, together with the growing recognition of the range of features that our POS-GRIP friction-grip method of engineering can deliver to the operator, resulted in a number of new contracts for our rental sales from both existing and new customers in different regions around the world. Such progress stems from the benefits of our unique technology in terms of operational performance, time savings, and enhanced safety which are particularly relevant for HP/HT applications, an area which once again saw the most growth. As a result sales increased across all of our key geographic regions including the UK continental shelf ('UKCS') where sales rose by 5.4% to £9.66m, and the European Continental Shelf where sales rose by 2.1% to £7.16m. Of particular note however was the performance of the rest of the world which accounted for 34.2% of all sales, nearly double the 17.9% reported in the 2012 financial year. The key growth regions were seen in Australia where sales increased 584.7% over last year, Africa where sales increased by 170.3%, and encouragingly the Asian region continued last year's momentum and delivered a year on year sales increase of 125.6%. Our growing confidence in the Asian region where we are developing commercial relationships in Brunei, Malaysia, and Singapore, has led us to incorporate subsidiaries in both Singapore and Brunei and we will be looking to secure warehouse and office space in Singapore and recruit associated staff during the current 2014 financial year.

The contract wins secured from existing and new customers in relation to our core rental exploration wellhead business activities all help to underpin our future order book, and demonstrate the broadening base of our organic business model. The most significant developments during the period were as follows:

- October 2012 – a further four years contract with Shell Brunei for the supply of HP/HT and standard pressure wellhead systems for a multi-well exploration programme in Brunei. Initial value estimated at £2.0m.
- October 2012 – Talisman contract for a standard pressure and an HP/HT well with a value of £1.15m in the Norwegian North Sea.
- October 2012 – new customer win with Lotos for the supply of HP/HT wellhead equipment in the Norwegian North Sea with a value of £1.0m.
- October 2012 – new customer win with Lundin, another Norwegian operator, for two HP/HT wells with a value of £2.0m.
- January 2013 – new customer win for the supply of HP/HT wellhead equipment to Glencore in Cameroon initially for one well with a value of circa £0.7m.
- February 2013 – contract extension with Maersk for the supply of HP/HT equipment with an initial value of £1.5m.
- May 2013 – continuing business with GDF for the supply of one HP/HT wellhead system for the UK North Sea with a value of £1.0m.
- June 2013 – additional contract signed with DetNor for £2.0m for two HP/HT wells to be drilled in Norwegian Continental Shelf – new contract for 2 wells.

Post year end wellhead rental exploration activity has continued to remain buoyant. This activity level has validated the decision to significantly increase capital expenditure particularly in relation to the addition of ten HP/HT wellhead sets during the financial year.

- July 2013 – new customer win with Eni Aus for a standard pressure wellhead system with an initial value of circa £280k and an option for continuing use which could lead to a further three wells. This was the third customer secured in Australia following on from Apache Energy Australia and Santos Ltd, and bodes well for future business in the region.

Chief Executive's Review continued

- July 2013 – award of new contract from Statoil for two HP/HT wells in the Norwegian Continental Shelf with a value of approximately £2.5m. Statoil are recognised as operating at the pinnacle of operational and equipment safety standards and requirements, and we believe that Plexus' equipment fits such criteria.
- September 2013 – HP/HT Tie-Back has successfully completed the full 'internals' testing cycle and will be shortly completing the 'externals' testing requirements after which we will begin to engage through the sales team with the industry.
- October 2013 – award of a new standard pressure well contract from Centrica Energy Norway for £0.75m, and an additional standard pressure well contract for BG Egypt for £0.35m.

In support of current and anticipated future growth, Plexus acquired post period end the whole issued share capital of a private company which holds a 25% interest in a private UK engineering company which is a manufacturer of specialist oil and gas equipment for a consideration of £0.73m. At the current time Plexus continues to choose not to own its own manufacturing facility, and therefore this strategic investment compliments our on-going growth strategy as it helps to support our capital equipment needs whether these are for increased organic wellhead rental inventory, or for new engineering and prototype development capacity for our on-going JIP's.

In addition to our expanding organic business activities which centre on the rental of exploration wellhead equipment around the world, it is clear to us that significant commercial opportunities exist for our proprietary POS-GRIP technology particularly in the subsea and surface production wellhead market sectors. What unites all these opportunities is an increasing global awareness of the technical challenges posed by the need to explore and produce from ever more complex and hostile environments, and in particular in deeper formations where extreme HP/HT conditions exist. These challenges were of course brought into sharp focus following the 2010 Gulf of Mexico incident, and the ramifications of the lessons learned are still very much being felt today, especially in terms of increased regulation and the call for the introduction of higher industry standards and improved safety procedures and equipment, including for wellheads. In the USA these initiatives have in part come together under one banner known as the need for identifying and using BAST.

Plexus believes that it is uniquely placed to address such considerations where the wellhead is concerned and in the future where HP/HT wells will require limits of up to 30,000 psi and/or temperatures of up to 500°F. There has clearly therefore never been a more important time for wellhead standards to be raised, and indeed for wellheads to have an ability to match the standards of premium couplings, which is not the case at the moment. In our opinion, this currently leaves the wellhead as the weak link in the well architecture chain, unacceptable in light of the dangers that are now so much better understood. Only recently Oil and Gas IQ, in advance of the 9th Annual HP/HT Wells Summit 2013 at which I will be presenting, highlighted that HP/HT wells have become more numerous as conventional reserves become depleted, and identified the biggest challenges faced by HP/HT operators as well control and intervention. Crucially for Plexus the area with the single largest knowledge gap is seals where our technology excels. Indeed only recently the vice president for drilling and completion for Total, when being interviewed about critical challenges, said that HP/HT "remains a frontier technology" and that "it makes us review all or many of our standard practices". As POS-GRIP wellheads are able to offer operators superior long term metal-to-metal seal performance together with a range of other unique safety and time saving features, we are confident in our ability to set and achieve such evolving and more stringent standards, and in the process continue to gain market share.

Such key industry issues and concerns, following the 2010 Gulf of Mexico incident, acted as the catalyst for Plexus originally being asked to bring our wellhead technology from the surface to subsea, leading to the establishment of our JIP to develop a new superior subsea wellhead. The goal is for the new HGSS subsea wellhead design to address the main technical issues and requirements highlighted by regulators and incorporating into our wellhead design a combination of safety and performance features never before seen in a subsea wellhead. The project is progressing well and the design concept has been finalised in terms of the original scope. We are now considering expanding the scope of the original design to incorporate new and evolving industry requirements. Importantly the JIP continues to gain support from the industry and major international oil companies including Maersk, Shell, Wintershall, Tullow and Eni. I was very pleased to welcome Total, the major worldwide French oil and gas operator, as a new consulting partner last December.

Chief Executive's Review continued

Total's contribution to the on-going project is welcomed and it is hoped that in the future they will become an end user of the HGSS wellhead

It is once again pleasing to be able to report that the efforts by the Plexus team, together with increased levels of investment in R&D and IP have not only continued to develop and enhance our core POS-GRIP technology but have delivered a record set of financial results for shareholders. Revenues increased 29.7% year on year resulting in sales of £25.57m, with rental of HP/HT exploration equipment accounting for the majority at £22.01m, an increase of 36.6% over the prior year. The continued growth in our HP/HT business, where the benefits of our technology can be most easily demonstrated, helped to maintain gross margins at a level of 71.0% as compared to 70.9% last year, while EBITDA increased by 21.8% to £7.60m from £6.24m. Profits before tax increased by 38.3% to £4.27m compared to £3.09m last year and profit after tax increased 25.7% to £3.06m, against £2.43m last year. Sales by territory reflected the increasing global nature of our business activities with the UK accounting for 38% of sales compared to 46% last year, Europe 28%, Africa 13%, Asia 12%, Australia 8% and Americas 1%.

As industry interest in, and customer support for, our equipment continues to grow, it is essential that the necessary level of investment is made in personnel and infrastructure to support operations in the field. In a critical industry such as oil and gas it would be unacceptable to grow sales and not be able to properly execute, especially where a new and fast emerging technology is in many cases being tried for the first time by customers. Expenditure has therefore increased across a range of activities, including human resources, particularly in relation to recruitment and training, and IT hardware and software. Management information systems have been further developed, and inventory management, workflow and equipment scheduling have also been upgraded. Overhead costs therefore increased to £13.77m from £10.78m in the previous year, and our employee headcount increased by 19.5% to 135 at the year end, compared to 113 in the prior year, and currently stands at 142. This increase follows on from a 24.2% increase in the prior year, and in view of the widely recognised tightness of the oil and gas labour market demonstrates the effectiveness of our HR department, and the attractiveness of our technology and company prospects to potential candidates. Looking to the future and the need to expand our sales capacity in terms of hardware rather than simply infrastructure, we continued our capital expenditure programme, the largest element of which was the addition of new rental wellhead sets at £5.72m. Total year on year capex spend increased by 76.2% to £8.14m compared to £4.62m last year. An additional area of investment is R&D where spend (inclusive of new test fixtures) totalled £1.90m, a 38.1% increase over £1.38m in the prior year which demonstrates the progress we are making both with regard to the continual development of our POS-GRIP technology and new applications.

The strong progress made at both the organic and strategic level has enabled us to engage with a wider industry audience covering engineering, corporate, and public relations. The resultant raised profile and market presence is ensuring that we are being offered a greater number of opportunities to present our views and technology, and this can only help the future prospects for our superior wellhead technology being seen as a new, superior, and necessary standard. In addition to a number of speeches, events, and submissions that we were invited to and engaged with, we once again exhibited at the bi-annual "Offshore Europe" tradeshow in Aberdeen in September 2013. Our stand featured our new HGSS subsea technology and once again provided a good opportunity to promote our technology to a range of interested parties that included industry, operators, and regulators.

Although separate from day to day Plexus activities, I should mention that, as a reflection of the achievements of all of the Plexus team, I was pleased to receive in January the "Entrepreneur of the Year 2013" award at the annual Grant Thornton Quoted Company Awards, and more importantly to also receive in February the award for "Best Oil & Gas Plc" at the annual Stock Market Wire Awards 2013. Such awards are not of course our priority but I view them as recognition of the flair, professionalism, and dedication of all of our personnel. In addition they also provide further encouragement and proof that the message we are bringing both to the financial markets and the oil and gas industry itself, is one that is increasingly being heard as we all work hard to become a new global wellhead standard not only for surface applications, but in due course for subsea.

In summary I am very pleased to be able to report another strong set of results. It is particularly gratifying that the hard work and significant investment over the last few years has once again been successfully translated into record sales and profits after tax. Importantly for our long term growth prospects, our loyal customer base continued to generate repeat business whilst at the same time we added three new customers during the financial

Chief Executive's Review continued

year, and one post year end. This strong performance funds the continuing development of our proprietary IP, and other important on-going strategic initiatives, in particular our HP/HT Tie-Back JIP, and our HGSS subsea wellhead design JIP where in the current year we are moving to the stage of purchasing raw material for the subsea test fixture. An important backdrop to these operational activities is the potentially game changing need for oil and gas service companies to be able to design and supply drilling equipment that can perform in the most challenging conditions, particularly the evermore complex and hostile HP/HT and Ultra-HP/HT environments where we can demonstrate that our POS-GRIP technology is uniquely advantageous. This need is being driven by both operators and regulators and opens up significant commercial opportunities for innovative companies such as Plexus, where the BAST concept creates more of a 'level playing field' when being considered against conventional equipment which is now being increasingly questioned in terms of its ability to provide important features such as subsea annulus management functionality. To address such technical challenges the industry recognises the need for a new type of subsea wellhead which can give access to the annuli. As an industry drilling and completion vice president said earlier this year in an interview, "to expand HP/HT or combine HP/HT and subsea development wells, we will need a new type of subsea wellhead that gives access to the annular, and we know that it doesn't exist in the market". This is precisely the opportunity that we at Plexus are vigorously pursuing and which encouraged us to look at bringing forward the subsea annular monitoring feature as part of the current HGSS design. To further underpin these organic and strategic opportunities it is very positive that oil and gas company spending continues to increase not only in the UKCS but also globally. Barclays in its recent "Global 2013 E&P Spending Update" confirmed that oil and gas companies will spend a record USD\$678 billion on exploration and production ('E&P') in 2013, a 10% increase on the previous year. The report offered a bullish outlook on the energy industry with oil demand continuing to outstrip supply driving up exploration activity levels. Closer to home Malcolm Webb, CEO of Oil & Gas UK, has said that new tax allowances have encouraged investment in the UKCS and that it is expected that it will total an all-time record of £13.5bn in 2013, almost three times that of 2009. Such positive economic drivers can only be welcomed, and will further help us achieve our goal of Plexus becoming an increasingly important supplier to the industry that can deliver a new and superior standard of wellhead, not only independently, but also in time with the support of suitable partners and licencees.

Ben van Bilderbeek

Chief Executive

22 October 2013

Financial Review

Revenue

Revenue for the year was £25.57m, up 29.7% from £19.71m in the previous year, resulting from a strong sales performance led by a series of on-going and new contract wins both from existing and importantly, a number of new customers around the world. Particularly strong year on year performance was seen in Africa, Asia, and Australia.

The rental of exploration wellhead and related equipment and services accounted for over 95% of revenue which was slightly increased from last year and continues to reflect the fact that the company's business model is centred on the supply of rental exploration equipment and services as opposed to sold production well equipment. Looking to the future, whilst the company's rental equipment activities continue to expand around the world attention is beginning to be brought to bear on addressing additional wellhead market opportunities whether organically or in conjunction with potential partners, particularly the volume surface production wellhead market, and the fast expanding exploration and production subsea market. Once again HP/HT rental equipment sales category generated the largest year on year sales increase rising to £22.01m up from £16.11m last year, an increase of 36.6%, and accounted for 86.1% of total sales. The robust HP/HT revenue growth resulted from the increase in demand from both existing customers and three new customers in Lotos, Lundin, and Glencore, and post year end Eni Aus, and is supported by the increased wellhead inventory capacity made possible by the significant step up in capital expenditure, which in the year to end June 2013 resulted in ten more HP/HT wellhead sets, an increase of 40%. Standard pressure equipment sales reduced by 9.6% to £2.13m from £2.35m in the prior year, and accounted for 8.3% of total sales. This trend reflected a period of reduced exploration activity in the UKCS as previously reported by Oil & Gas UK, although according to Oil & Gas UK this decline is anticipated to reverse between 2013 and 2015 as access to finance shows signs of easing, although conversely access to drilling rigs remains a serious constraint on activity. This year, no revenues were generated by engineering and testing as opposed to £0.70m last year as customer support for the development of our technology consisted during the year of time and expertise commitment by a number of international oil companies as consulting partners to our on-going new subsea JIP.

Margin

Gross margins have essentially remained unchanged at 71.0% compared to 70.9% in the previous year as the higher percentage of HP/HT rental activity sales continued to deliver higher margins than low pressure equipment contracts.

Overhead expenses

As sales and product development activities continue to expand in absolute and global reach terms overhead expenses increased to provide the necessary additional infrastructure and personnel to support the organic and on-going new product development initiatives. This resulted in total overheads increasing to £13.78m from £10.78m in the previous year, of which overhead staff costs was the most significant and increased to £8.09m from £6.77m, reflecting the need to ensure that the Group's increased sales activity levels are able to be executed in line with customer and company operational requirements. In relation to staff levels and their associated costs the employee headcount at the year end increased to 135 compared to 113 for the prior year, an increase of 19.5%. Other items which increased significantly year on year as a result of the increased activity levels, staff increases, and expansion of infrastructure were overseas base costs, heat and light, freight and courier, professional fees, training, health and safety, and travel and subsistence.

EBITDA

EBITDA for the year (before IFRS2 share based payment charges of £0.14m) was ahead of recently upgraded market expectations at £7.60m, increased from £6.24m (before IFRS2 share based payment charges of £0.25m) the previous year, an increase of 21.8%. EBITDA margin for the year was marginally lower at 29.7% as compared to 31.6% last year. The continued strength of the company's EBITDA performance is the result of a combination of higher margins associated with HP/HT rental activity and the proprietary nature of the Plexus POS-GRIP friction-grip technology which supports a pricing model supported by the ability to deliver superior performance in terms of enhanced safety, time savings, and operational efficiencies.

Financial Review continued

Profit before tax

Profit before tax increased significantly to a record £4 27m compared to a profit last year of £3 09m, an increase of 38 3%, and was ahead of recently upgraded market expectations. This increase has been achieved after absorbing higher depreciation and amortisation charges of £2 96m, up from £2 71m last year, the largest component being depreciation of rental assets, reflecting the on-going investment in Plexus' wellhead rental inventory. The profit before tax is stated after an IFRS2 charge for share based payments under reporting standard IFRS 2, the charge for the full year is £0 14m compared to £0 25m last year.

Tax

Group UK Corporation Tax resulted in a tax charge of £1 21m for the year as compared to £0 66m for the prior year. The Group has an effective tax rate of 28% (2012 21%) which is above UK corporation tax rates mostly as a result of deferred tax adjustments in respect of prior years accelerated capital allowances.

EPS

The Group reports basic earnings per share of 3 69p compared to 2 99p in the prior year, an increase of 23 6%.

Cash and Statement of Financial Position

The statement of financial position reflects the growth in operations during the year and in particular a significant increase in capital expenditure. The net book value of property, plant and equipment including items in the course of construction increased by 44 0% to £13 17m compared to £9 14m last year. Importantly capital expenditure on tangible assets totalled £6 65m compared to £3 47m last year, an increase of 91 6%. This record increased investment level reflects the company's confidence in the future, particularly in relation to the £5 72m spend on the addition of ten more HP/HT wellhead equipment sets, bringing the HP/HT rental fleet to 35 from 25 last year. Receivables decreased to £4 92m as compared to £6 06m which reflects the contractual nature of the business and is in no way a reflection on the quality of the debtor book. Net bank borrowings closed at £1 39m compared to £0 26m last year reflecting net cash outflow for the year of £1 13m after absorbing a significant increase in total capital expenditure of £9 63m (2012 £4 62m). Although this compares to net cash inflow of £0 30m last year it should be noted that last year included the receipt of £1 68m from the placing of new shares in January 2012. The Group has decided to retain its existing £6 0m lending facilities structure with Bank of Scotland Corporate, and these facilities are anticipated to be more than adequate to meet on-going capital expenditure, R&D, and related project commitments.

Intellectual Property

The Group carries in its statement of financial position goodwill and intangible assets of £9 45m, an increase of 10 9% from £8 52m last year, reflecting the Group's on-going investment in the development of its POS-GRIP technology and in particular patent development fee costs which increased 235 1% year on year, the most important element of which was in relation to the new subsea wellhead development project. 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 expenditure continues to be a key element in the Group's development both in relation to the further development of our existing POS-GRIP equipment applications, and also with regard to new applications. Importantly for a proprietary technology led business, the active POS-GRIP technology R&D programme includes the development and application of extensive new as well as continuation patents which has the benefit of extending the life of technology related to existing patents, as well as the registration of new ones. As POS-GRIP is a proprietary method of engineering it has scope to be applied outside of the current surface rental

Financial Review continued

exploration wellhead technologies and into associated areas such as the new HP/HT Mudline Tie-Back product JIP and the new HGSS subsea wellhead design JIP. The Tie-Back product JIP, is nearing completion and is part way through its final testing programme and attention will turn towards the marketing of the product to the exploration and production companies so as to be able to offer the industry, for the first time, the ability to convert an HP/HT exploration well to a production well without having to abandon the well and re-drill leading to additional costs and delays. The HGSS subsea wellhead project, launched with the encouragement of the industry post the 2010 Gulf of Mexico incident, is approximately half way through the development timetable with the manufacture of special test fixtures planned for the end of 2013, with actual testing planned between quarter one 2014 calendar year through to quarter three, with a target prototype build date of quarter two 2015. R&D spend increased by 38.1%, including cost of building new test fixtures, to £1.91m from £1.38m in the prior year, and is expected to continue during the 2013/14 financial year as the subsea JIP progresses and the POS-GRIP product range broadens.

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 £0.14m which compares to £0.25m last year.

Dividends

The Company announced on 27 March 2013 the payment of an increased interim dividend of 0.44p per share which was approved for payment on 26 April 2013.

In further recognition of the Group's on-going progress the Directors have decided to propose a 10% increase in the final dividend of 0.55p per share for the year ending 30 June 2013 compared to 0.5p last year, which will be recommended for formal approval at the Annual General Meeting to be held on 5 December 2013. Subject to this the dividend will be paid on 13 December 2013.

Graham Stevens

Finance Director

22 October 2013

Board of Directors

Jerome Jeffrey Thrall BBA MBA (aged 63), Non-Executive Chairman

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.

Bernard Herman van Bilderbeek BSc M Eng (aged 65), Chief Executive

Ben founded the Plexus business in 1986. He has more than 35 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. In 1996 Ben regained the Plexus Ocean Systems Limited name through which POS-GRIP technology was invented and then developed and commercialised for the oil services wellhead equipment market.

Graham Paul Stevens BA (Hons) (aged 55), Finance Director

Graham has broad experience in financial, corporate, and operational management within both public and private companies including J Sainsbury plc, BSM Group Limited, Sketchley Group plc, and F11 Group 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 40), Technical Director

After gaining a Masters Degree in Engineering Science from the University of Oxford, Craig began his career with ICI plc in 1996 as a machines engineer. He joined Plexus in 1998 and was instrumental in the development, testing and analysis of the original POS-GRIP products. Craig is now Managing Director of Plexus in Aberdeen and is also responsible for overseeing new technology and concept development, product testing and analysis and day to day operations of the company.

Geoffrey Edmund Thompson BSc (Hons) M.Eng (aged 59), Non-Executive Director

Geoff has over 38 years' experience in the international oil and gas arena. Geoff's expertise lies in the field of wellhead equipment including high pressure high temperature technology. He has recently joined Maersk Oil in Denmark as a Principal Drilling Equipment Engineer, but prior to this, he was contracted as an independent consultant for 31 years advising international operators and oil service companies including a number of Shell Group Operating Companies on well equipment and all mechanical aspects of well design and technology. Additionally Geoff has an established relationship with the Company having worked with Plexus on an independent basis previously.

Christopher James Watts Fraser BA (Hons) OBE (aged 50), Non-Executive Director

Christopher has experience in managing large, diverse corporate projects in complex business environments on a global scale. His wide-ranging career includes two terms as a Member of Parliament, as well as a number of years as a management consultant and corporate advisor. Christopher also founded and ran an international marketing and communications group, which had clients in the oil and gas sector.

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2013

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 5 and the Chief Executive's Review on page 8. In addition the Financial Review on page 12 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 certain financial and non-financial indicators included in the highlights on page 1, the Financial Review on page 12, and the Directors' Report on page 16 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 20.

Research and development

The Group actively engages in an on-going 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 £1.91m (2012 £1.38m), 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 £4.27m (2012 £3.09m), are set out on page 29.

The directors have proposed a final dividend for the year ended 30 June 2013 of 0.55p per share (2012 0.5p).

Key performance indicators

The Directors have monitored the performance of the Group by reference to certain financial and non-financial key performance indicators. The financial indicators include revenue, EBITDA, profit and earnings per share. Non-financial indicators include equipment utilisation rate, geographical diversity of customer revenues, and employee headcount and turnover rates.

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 20.

Directors' Report continued

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 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 maintains risk management policies which are set out in more detail in note 23 to the accounts.

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 2013 were as follows:

	Number of Ordinary Shares of 1p each 2013	Number of Ordinary Shares of 1p each 2012
J Jeffrey Thrall ¹	43,404,001	59,400,001
Ben van Bilderbeek ²	58,700,001	58,700,001
Graham Stevens	15,100	12,600
Craig Hendrie	12,600	12,600
Geoff Thompson	–	–
Christopher Fraser	10,000	–

1 Jeffrey Thrall, in addition to his own beneficial interest of 704,000 ordinary shares held by Thrall Enterprises, has an indirect beneficial interest in a company which controls 32.477% (2012: 23.625%) of Mutual Holdings Limited. The number of shares held by Mutual Holdings Limited in the Company at 30 June 2012 was 58,700,001. During the year Mutual Holdings Limited transferred 16,000,000 ordinary shares to OFM Investment Limited which represented no change to the ultimate beneficial ownership, following which Mutual Holdings Limited now holds 42,700,001 ordinary shares. Accordingly, Jeffrey Thrall's underlying interest through Mutual Holdings Limited remained unchanged from 30 June 2012.

2 Ben van Bilderbeek is one of the beneficiaries of a trust which controls 59.962% (2012: 70.875%) of the shares of Mutual Holdings Limited and the entire issued share capital of OFM Investment Limited. The respective amounts of shares held by Mutual Holdings Limited and OFM Investment Limited in the Company at the date of this report are disclosed in Note 1 above.

Directors' Report continued

Retirement and re-election

Mr van Bilderbeek and Mr Thompson will 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 Annual Report the Company is aware of the following shareholdings in excess of 3% of the Company's issued ordinary share capital

	% issued share capital
Mutual Holdings Limited 42,700,001	51.6%
OFM Investment Limited 16,000,000	19.3%
J M Finn Nominees Limited 4,719,713	5.7%
BlackRock Investment Management 2,981,715	3.6%

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 23

Suppliers' 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 2013 were 21 days and 18 days respectively (2012 43 days and 35 days respectively), calculated in accordance with the requirements set down in the Act. 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.

Events subsequent to 30 June 2013

The Group acquired the whole issued share capital of a private company which holds a 25% interest in a private UK engineering company which is a manufacturer of specialist oil and gas equipment. The consideration for the purchase was £0.73m.

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.

Directors' Report continued

Annual General Meeting

The Annual General Meeting of the Company will be held on 5 December 2013. 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, 9 and 10, the effects of which are to renew the authority given to the directors to allot shares in the 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

Douglas Armour FCIS
Company Secretary

22 October 2013

Corporate Governance

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 in respect of each meeting 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 2013 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, J. Jeffrey Thrall and Christopher Fraser 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 2013 the Audit Committee met on two occasions.

Remuneration Committee

The Remuneration Committee comprises two Non-executive Directors, J. Jeffrey Thrall and Christopher Fraser 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 2013 the Remuneration Committee met on three occasions.

Retirement and re-election

Ben van Bilderbeek and Geoffrey Thompson are to retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

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.plexusplc.com) to provide further information to shareholders.

Corporate Governance continued

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 26

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

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. 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, particularly with regard to new product developments. Current and future contracts may be

Corporate Governance continued

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 on-going 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 and extending its bank facilities with Bank of Scotland Corporate.

Risk assessment

The Board has established an on-going 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 J Jeffrey Thrall and Christopher Fraser, and is required to meet at least once a year.

Remuneration policy

Remuneration packages are designed to be competitive. Executive Directors receive salary, annual bonuses, share options, medical cover 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

The Group offers 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 been re-elected as directors either party can terminate upon three months' notice being given. The subsequently appointed Non-executive Directors, Geoff Thompson and Christopher Fraser, entered into their Letters of Appointment with the Company dated 8 June 2010 and 15 March 2012 respectively, and having been re-elected as a director at the AGMs held in 2010 and 2012 respectively, are subject to the same termination conditions as applicable to their fellow Non-executive Directors.

Remuneration Committee Report continued

Directors' remuneration

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	2013 Total	2012 Total
	Salary & Fees (incl annual bonus)	Benefits	Pension		£	£
	£	£	£	£		
Executive Directors						
Ben van Bilderbeek	377,480	10,859	–	12,966	401,305	446,688
Graham Stevens	231,122	8,062	22,740	7,778	269,702	286,724
Craig Hendrie	230,862	795	23,823	8,119	263,599	299,492
Non-executive Directors						
J Jeffrey Thrall	32,500	–	–	–	32,500	25,061
Geoff Thompson	20,000	–	–	480	20,480	32,540
Christopher Fraser	30,000	–	–	14,949	44,949	8,750
Robert Adair	–	–	–	–	–	19,479
Total	921,964	19,716	46,563	44,292	1,032,535	1,118,734

Directors' interest in share options

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 At 30/06/11	Granted During 11/12	Lapsed During 11/12	No of Options At 30/06/12	Granted During 12/13	Lapsed During 12/13	No of Options At 30/06/13	Date of Grant	No of Options Vested At 30/06/13	Expiry Date	Exercise Price (£)
B van Bilderbeek	388,304	–	–	388,304	–	–	388,304	09/12/05	388,304	08/12/15	0.59
B van Bilderbeek	65,902	–	–	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	332,110	16/12/19	0.41
B van Bilderbeek	169,642	–	–	169,642	–	–	169,642	25/03/11	56,542	24/03/21	0.60
G Stevens	254,407	–	–	254,407	–	–	254,407	09/12/05	254,407	08/12/15	0.59
G Stevens	43,177	–	–	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	217,795	16/12/19	0.41
G Stevens	101,042	–	–	101,042	–	–	101,042	25/03/11	33,678	24/03/21	0.60
C Hendrie	254,407	–	–	254,407	–	–	254,407	09/12/05	254,407	08/12/15	0.59
C Hendrie	43,177	–	–	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	217,795	16/12/19	0.41
C Hendrie	105,853	–	–	105,853	–	–	105,853	25/03/11	35,281	24/03/21	0.60

Non-executive 2005 Share Option Scheme

Name	No of Options At 30/06/11	Granted During 11/12	Lapsed During 11/12	No of Options At 30/06/12	Granted During 12/13	Lapsed During 12/13	No of Options At 30/06/13	Date of Grant	No of Options Vested At 30/06/12	Expiry Date	Exercise Price (£)
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	100,000	07/06/20	0.60
C Fraser	–	–	–	–	100,000	–	100,000	05/07/12	–	04/07/22	1.18

No options are expected to lapse at the AGM

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 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 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 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 exercise of the options granted on 5 July 2012 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 AGM following end of First Assessment Period – 1 July 2012 to 30 June 2013	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2013 to 30 June 2014	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2014 to 30 June 2015	Up to 1/3 of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2012 to 30 June 2015	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 2013 was 117 5p on 2 July 2012, and the high in the period to 30 June 2013 was 289p on 10 December 2012. The mid-market price on 30 June 2013 was 195p

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.plexusplc.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 2013 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 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, Chief Executive's Review, Financial Review, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audited 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 2013 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 contd

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 2013

Matthew Stallabrass

Senior Statutory Auditor

for and on behalf of

Crowe Clark Whitehill LLP, Statutory Auditor

London

22 October 2013

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Revenue	2	25,566	19,706
Cost of sales		(7,402)	(5,727)
Gross profit		18,164	13,979
Administrative expenses		(13,772)	(10,770)
Operating profit	4	4,392	3,209
Finance income	6	7	8
Finance costs	7	(130)	(129)
Profit before taxation	4	4,269	3,088
Income tax expense	8	(1,213)	(657)
Profit after taxation and total comprehensive income for the year attributable to the owners of the parent		3,056	2,431
Earnings per share	10		
Basic		3.69p	2.99p
Diluted		3.51p	2.92p

All income arises from continuing operations

Consolidated Statement of Financial Position

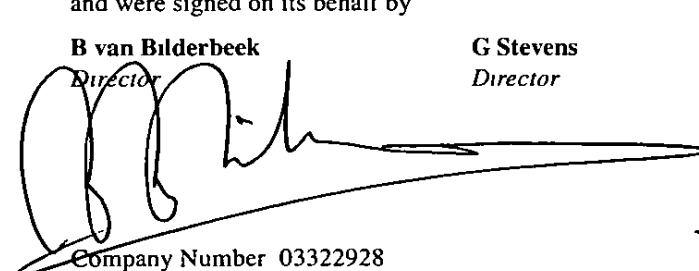
at 30 June 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Assets			
Goodwill	11	760	760
Intangible assets	12	8,691	7,762
Financial assets	13	–	60
Property, plant and equipment	15	13,168	9,145
Deferred tax assets	8	545	473
Total non-current assets		23,164	18,200
Inventories	16	6,032	6,047
Trade and other receivables	17	4,922	6,060
Cash and cash equivalents		2,609	3,739
Total current assets		13,563	15,846
Total Assets		36,727	34,046
Equity and Liabilities			
Called up share capital	19	828	827
Share premium account	19	17,288	17,280
Share based payments reserve	20	2,741	1,726
Retained earnings		6,335	4,057
Total equity attributable to equity holders of the parent		27,192	23,890
Liabilities			
Bank loans	23	4,000	4,000
Total non-current liabilities		4,000	4,000
Trade and other payables	18	5,226	5,332
Current income tax liabilities		309	824
Total current liabilities		5,535	6,156
Total liabilities		9,535	10,156
Total Equity and Liabilities		36,727	34,046

These financial statements were approved and authorised for issue by the board of directors on 22 October 2013 and were signed on its behalf by

B van Bilderbeek
Director

G Stevens
Director




Company Number 03322928

Consolidated Statement of Changes in Equity

for the year ended 30 June 2013

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2011	802	15,596	950	2,293	19,641
Total comprehensive income for the period	–	–	–	2,431	2,431
Share based payments reserve charge	–	–	251	–	251
Issue of ordinary shares	25	1,975	–	–	2,000
Share issue costs	–	(291)	–	–	(291)
Deferred tax movement on share options	–	–	525	–	525
Dividends	–	–	–	(667)	(667)
Balance as at 30 June 2012	827	17,280	1,726	4,057	23,890
Total comprehensive income for the period	–	–	–	3,056	3,056
Share based payments reserve charge	–	–	141	–	141
Issue of ordinary shares	1	8	–	–	9
Deferred tax movement on share options	–	–	874	–	874
Dividends	–	–	–	(778)	(778)
Balance as at 30 June 2013	828	17,288	2,741	6,335	27,192

Consolidated Statement of Cash Flows

for the year ended 30 June 2013

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Profit before taxation		4,269	3,088
Adjustments for			
Depreciation, amortisation and impairment charges		2,956	2,709
Loss on disposal of property, plant and equipment		108	70
Loss on expiry of option		60	–
Charge for share based payments		141	251
Investment income		(7)	(8)
Interest expense		130	129
Changes in working capital			
Decrease/(increase) in inventories		15	(1,998)
Decrease/(increase) in trade and other receivables		1,138	(2,517)
(Decrease)/increase in trade and other payables		(106)	2,645
		<hr/>	<hr/>
Cash generated from operating activities		8,704	4,369
Income taxes paid		(926)	(426)
		<hr/>	<hr/>
Net cash generated from operating activities		7,778	3,943
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible assets		(1,491)	(1,150)
Purchase of property, plant and equipment		(6,650)	(3,471)
Proceeds of sale of property, plant and equipment		125	55
		<hr/>	<hr/>
Net cash used in investing activities		(8,016)	(4,566)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issue of new ordinary shares		9	2,000
Transaction costs from issue of new ordinary shares		–	(291)
Interest paid		(130)	(129)
Interest received		7	8
Equity dividends paid		(778)	(667)
		<hr/>	<hr/>
Net cash (used in)/generated from financing activities		(892)	921
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(1,130)	298
Cash and cash equivalents at 1 July 2012		3,739	3,441
		<hr/>	<hr/>
Cash and cash equivalents at 30 June 2013	23	2,609	3,739
		<hr/>	<hr/>

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

Issued and EU adopted

- IFRS 1 – Amendments – Government loans
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair value measurement
- IAS 1 – (amended) – Presentation of items of other comprehensive income
- IAS 12 – (amended) – Deferred tax recovery of underlying assets
- IAS 19 – (amended) – Employee benefits
- IAS 27 – Separate financial statements
- IAS 28 – Investments in associates and joint ventures
- IFRS 7 and IAS 32 – Offsetting financial assets and financial liabilities
- IFRIC 20 – Stripping costs in the production phase of a surface mine

Issued but not yet EU adopted

- IFRS 9 – (amended) – Financial instruments
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC 21 Levies
- IAS 36 Amendments Recoverable Amount Disclosures for non-Financial Assets
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

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 results

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 Going concern

The Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Chief Executive's Review on pages 8 to 11. The revenue, trading results and cash flows are explained in the Financial Review on pages 12 to 14

Notes to the Consolidated Financial Statements continued

Note 23 to the Financial Statements sets out the company's financial risks and the management of capital risks

The Group has bank facilities of £6m comprising a £5m revolving credit facility repayable in September 2016 and a £1m overdraft repayable on demand. Together with the profitable trading of the business, these facilities are anticipated to provide sufficient funding for the foreseeable future.

Accordingly, after careful enquiry and review of available financial information, including projections of profitability and cash flows for the year to 30 June 2014, the Directors believe that the company has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the consolidated and company financial statements.

c 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.

The financial statements of the Company and its subsidiaries are prepared in sterling (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group. Transactions and balances in foreign currencies are converted into sterling in accordance with the principles set forth by IAS 21 ("The Effects of Changes in Foreign Exchange Rates"). Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the balance sheet date, and
- Income and expense items – at exchange rates applicable as of the date of recognition of those items. Non-monetary items are converted at the rate of exchange used to convert the related balance sheet items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognised in the consolidated statement of comprehensive income.

d 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 (n) below.

e Income taxes and deferred taxation

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements continued

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As set out in note 20 the group operates a share option scheme. Where the market price of the shares at the year-end exceeds the option price there is a potential tax deduction. This is treated as a deferred tax asset. This is recognised in the income statement to the extent that a charge has been recognised as a cost on the share option. The balance of the credit is recognised directly in equity.

f 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 13 year period, 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 8.08%. The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments.

Management regularly assesses 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.

It would require a very substantial movement in any of these assumptions before there would be any impairment to goodwill.

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.

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

Notes to the Consolidated Financial Statements continued

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

In all cases the amortisation period represents the expected useful life of the asset

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 on-going 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

The cash flows are based upon a 13 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 8.08% The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments

It would require a very substantial movement in any of these assumptions before there would be any impairment to intangible assets

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

h 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 During the year the financial asset lapsed due to the expiry of the option period

i 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

Notes to the Consolidated Financial Statements continued

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
Tenant improvements	Over the remaining life of the lease of the relevant building
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

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

j Trade receivables

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

k Trade payables

Trade and other payables are stated at cost

l 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

m 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

n 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

o 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

Notes to the Consolidated Financial Statements continued

p 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.

q Pensions

The Group offers 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.

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.

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

Notes to the Consolidated Financial Statements continued

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.

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 20.

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.

Notes to the Consolidated Financial Statements continued

2. Revenue

	2013 £'000	2012 £'000
By geography		
UK	9,663	9,172
Europe	7,157	7,009
Rest of World	8,746	3,525
	<u>25,566</u>	<u>19,706</u>

The revenue information above is based on the location of the customer

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 on-going 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.

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

	2013 £'000	2012 £'000
Customer 1	3,590	2,554
Customer 2	3,020	1,283

4. Group operating profit

Profit on ordinary activities before taxation is stated after charging

	2013 £'000	2012 £'000
Depreciation of tangible assets	2,394	2,194
Amortisation of intangible assets		
– Intellectual property rights	330	330
– Research and development	219	163
– Computer software	13	23
Operating lease charges		
– land and buildings	517	311
– other	92	135
Foreign currency exchange loss	7	65
Loss on disposal of property, plant and equipment	108	70
Loss on expiry of option	60	–
Directors' emoluments	988	1,031
Inventories recognised as expense	1,892	1,436
Inventory write down provision	159	10

Notes to the Consolidated Financial Statements continued

4. Group operating profit (continued)

Auditors' remuneration

Fees payable to the Company's auditors for the audit of the Company's annual accounts	12	15
The audit of the Company's subsidiary pursuant to legislation	23	25
Audit related assurance services	2	2
	<u>37</u>	<u>42</u>

Key management are considered to be the Board of Directors and details of Directors' remuneration are given in the remuneration report on page 23 and this forms part of the financial statements

5. Staff numbers and costs

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

	2013 Number	2012 Number
Management	10	10
Technical	91	69
Administrative	28	22
	<u>129</u>	<u>101</u>

The aggregate payroll costs of these persons were as follows

	2013 £'000	2012 £'000
Wages and salaries	9,270	6,871
Social security costs	645	568
Pension contributions to defined contribution plans	584	446
Share based payments	141	264
	<u>10,640</u>	<u>8,149</u>

Details of Directors remuneration is given in the remuneration report on page 23 and this forms part of the financial statements

6. Finance income

	2013 £'000	2012 £'000
Bank interest receivable	-	3
Other interest	7	5
	<u>7</u>	<u>8</u>

Notes to the Consolidated Financial Statements continued

7. Finance costs

	2013 £'000	2012 £'000
On bank loans and overdraft	122	128
Other interest	8	1
	<u>130</u>	<u>129</u>

8. Income tax expense

(i) *The taxation charge for the year comprises*

	2013 £'000	2012 £'000
UK Corporation tax:		
Current tax on income for the year	701	919
Adjustment in respect of prior years	(391)	(42)
	<u>310</u>	<u>877</u>
Foreign tax		
Current tax on income for the year	101	27
Total current tax	<u>411</u>	<u>904</u>
Deferred tax:		
Origination and reversal of timing differences	247	(243)
Adjustment in respect of prior years	555	(4)
Total deferred tax	<u>802</u>	<u>(247)</u>
Total tax charge	<u>1,213</u>	<u>657</u>

The effective rate of tax is 28% (2012 21%)

(ii) *Factors affecting the tax charge for the year*

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	4,269	3,088
Current tax charge at 23% (2012 24%)	982	741
<i>Effects of</i>		
Expenses not deductible for tax purposes	242	151
Capital allowances for the year (greater)/less than depreciation	(153)	122
Effect of R&D tax credits	(268)	(135)
Foreign tax	11	12
Adjustments in respect of prior year	(391)	(42)
Effect of change in tax rate	(12)	55
Current tax charge for the year	<u>411</u>	<u>904</u>

Notes to the Consolidated Financial Statements continued

8. Income tax expense (continued)

<i>(iii) Movement in deferred tax balance</i>	2013 £'000	2012 £'000
Deferred tax (asset)/liability at beginning of year	(473)	299
Charge to Statement of Comprehensive Income	802	(247)
Deferred tax movement on share options	(874)	(525)
Deferred tax asset at end of year	<u>(545)</u>	<u>(473)</u>

<i>(iv) Deferred tax balance</i>	2013 £'000	2012 £'000
The deferred tax balance is made up of the following items		
Difference between depreciation and capital allowances	1,107	336
Share based payments	(1,620)	(776)
Tax losses	(32)	(33)
Deferred tax asset at end of year	<u>(545)</u>	<u>(473)</u>

9 Dividends

	2013 £'000	2012 £'000
Ordinary Shares		
Interim paid of 0 44p (2012 0 39p) per share for the year ended 30 June 2013	<u>364</u>	<u>322</u>
Ordinary Shares		
Final dividend after the year end of 0 55p (2012 0 5p) per share	<u>455</u>	<u>414</u>

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

10. Earnings per share

	2013 £'000	2012 £'000
Profit attributable to shareholders	<u>3,056</u>	<u>2,431</u>
	Number	Number
Weighted average number of shares in issue	<u>82,747,275</u>	<u>81,331,287</u>
Dilution effects of share schemes	<u>4,275,461</u>	<u>2,054,063</u>
Diluted weighted average number of shares in issue	<u>87,022,736</u>	<u>83,385,350</u>
Basic earnings per share	<u>3.69p</u>	<u>2 99p</u>
Diluted earnings per share	<u>3.51p</u>	<u>2 92p</u>

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

Notes to the Consolidated Financial Statements continued

11. Goodwill

	£'000
Cost	
As at 1 July 2011	760
Additions	–
	<hr/>
As at 1 July 2012	760
Additions	–
	<hr/>
As at 30 June 2013	760
	<hr/>
Impairment	
As at 1 July 2011	–
	<hr/>
As at 1 July 2012	–
	<hr/>
As at 30 June 2013	–
	<hr/>
Net Book Value	
As at 30 June 2013	760
	<hr/>
As at 30 June 2012	760
	<hr/>
As at 30 June 2011	760
	<hr/>

12. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2011	6,440	2,758	144	9,342
Additions	–	1,137	13	1,150
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 July 2012	6,440	3,895	157	10,492
Additions	–	1,458	33	1,491
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2013	6,440	5,353	190	11,983
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
As at 1 July 2011	1,702	399	113	2,214
Charge for the year	330	163	23	516
	<hr/>	<hr/>	<hr/>	<hr/>
As at 1 July 2012	2,032	562	136	2,730
Charge for the year	330	219	13	562
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2013	2,362	781	149	3,292
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
As at 30 June 2013	4,078	4,572	41	8,691
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2012	4,408	3,333	21	7,762
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2011	4,738	2,359	31	7,128
	<hr/>	<hr/>	<hr/>	<hr/>

Patent and other development costs are internally generated

Notes to the Consolidated Financial Statements continued

13. Financial assets

	£'000
Cost	
As at 1 July 2011	80
As at 1 July 2012	80
Disposals	(80)
As at 30 June 2013	-
Impairment	
As at 1 July 2011	20
As at 1 July 2012	20
On disposals	(20)
As at 30 June 2013	-
Net Book Value	
As at 30 June 2013	-
As at 30 June 2012	60
As at 30 June 2011	60

The financial asset represented an option to purchase leasehold property. During the year the option lapsed due to the expiry of the option period.

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 Response Services Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Subsea 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%
Plexus Ocean Systems (Brunei) Sdn Bhd	Brunei	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Singapore) Pte Ltd	Singapore	Supply of wellheads and associated equipment for oil and gas drilling	100%

Notes to the Consolidated Financial Statements continued

15. Property, plant and equipment

	Buildings £'000	Tenant Improvements £'000	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Cost						
As at 1 July 2011	685	81	14,739	552	27	16,084
Additions	-	132	573	2,734	32	3,471
Transfers	-	-	2,435	(2,435)	-	-
Disposals	-	-	(653)	-	(12)	(665)
As at 1 July 2012	685	213	17,094	851	47	18,890
Additions	287	140	736	5,487	-	6,650
Transfers	-	-	5,679	(5,679)	-	-
Disposals	-	-	(915)	-	(5)	(920)
As at 30 June 2013	972	353	22,594	659	42	24,620
Depreciation						
As at 1 July 2011	135	-	7,942	-	15	8,092
Charge for the year	124	39	2,022	-	9	2,194
On disposals	-	-	(530)	-	(11)	(541)
As at 1 July 2012	259	39	9,434	-	13	9,745
Charge for the year	66	37	2,279	-	12	2,394
On disposals	-	-	(685)	-	(2)	(687)
As at 30 June 2013	325	76	11,028	-	23	11,452
Net book value						
As at 30 June 2013	647	277	11,566	659	19	13,168
As at 30 June 2012	426	174	7,660	851	34	9,145
As at 30 June 2011	550	81	6,797	552	12	7,992

Notes to the Consolidated Financial Statements continued

16. Inventories

	2013 £'000	2012 £'000
Raw materials and consumables	1,720	1,416
Work in progress	313	1,099
Finished goods and goods for resale	3,999	3,532
	<u>6,032</u>	<u>6,047</u>

17. Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	4,042	4,784
Prepayments and other amounts	880	1,276
	<u>4,922</u>	<u>6,060</u>

18. Trade and other payables

	2013 £'000	2012 £'000
Trade payables	1,007	1,658
Non trade payables and accrued expenses	4,219	3,674
	<u>5,226</u>	<u>5,332</u>

The maturity of aging of trade and other payables at the year end was

	2013	2012
Due within 30 days	2,168	2,329
Due in 30 – 90 days	255	1,387
Due in 90 days – 6 months	2,803	1,616
Due in 6 months – One year	–	–
	<u>5,226</u>	<u>5,332</u>

19. Share Capital

	2013 £'000	2012 £'000
Authorised Equity 110,000,000 (2012 110,000,000) Ordinary shares of 1p each	<u>1,100</u>	<u>1,100</u>
Allotted, called up and fully paid Equity 82,768,672 (2012 82,746,672) Ordinary shares of 1p each	<u>828</u>	<u>827</u>

Notes to the Consolidated Financial Statements continued

19. Share Capital (continued)

Share issue during the year	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 July 2012	82,746,672	827	17,280	18,107
On 21 June 2013	22,000	1	8	9
At 30 June 2013	82,768,672	828	17,288	18,116

On 21 June 2013, 10,000 ordinary shares with an aggregate nominal value of £100 were issued at a price of 38 5p per share and 12,000 ordinary shares with an aggregate nominal value of £120 were issued at a price of 41p per share, the total aggregate value was £8,770. The excess net proceeds have been credited to the share premium account.

20. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2022 at prices ranging from £0.385 to £1.18. At 30 June 2013, there were 5,300,522 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.

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

	2013		2012	
	No of Shares	Weighted average price	No of Shares	Weighted average price
Outstanding at the beginning of the period	5,513,982	0.49	5,619,045	0.51
Granted during the period	100,000	1.18	–	–
Lapsed due to failure to meet TSR criteria during the period	–	–	–	–
Forfeited during the period by leaving employment	(291,460)	0.55	(105,063)	0.51
Exercised during the period	(22,000)	0.40	–	–
Outstanding at the end of the period	5,300,522	0.52	5,513,982	0.51
Exercisable at the end of the period	4,214,636	0.48	3,076,792	0.49

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2013 is £1,004,201 (2012: £961,436). 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 £1.18
Option exercise price at date of grant	varies from	£0.385 to £1.18
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%

Notes to the Consolidated Financial Statements continued

20. Share based payments (continued)

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 £141,073 (2012: £250,571) towards equity settled share based payments.

The weighted average contractual life of the share options outstanding at the end of the period is 5 years and 9 months.

21. Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
(Decrease)/increase in cash in the year	(1,130)	298
Movement in net debt in year	(1,130)	298
Net debt at start of year	(261)	(559)
Net debt at end of year	(1,391)	(261)

22. Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	3,739	(1,130)	2,609
Bank loans	(4,000)	-	(4,000)
Total	(261)	(1,130)	(1,391)

23. 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.

Notes to the Consolidated Financial Statements continued

23. Financial instruments and risk management (continued)

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 £7k (2012 £235k) 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 £31k (2012 £77k) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the euro.

(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 (2012 £40k) 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.

Notes to the Consolidated Financial Statements continued

23 Financial instruments and risk management (continued)

Management review trade receivables across the Group based on receivable days calculations to assess performance. There is significant management focus on receivables that are overdue. All receivables are with large corporations with good credit history with which the entity has not experienced any recoverability issues in the past. No debtor allowance has been provided for within the accounts.

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

	2013 £'000	2012 £'000
Not past due	3,197	2,843
Past due 0-30 days	519	1,690
Past due 30+ days	326	251
	<u>4,042</u>	<u>4,784</u>

The currency composition of trade receivable at the year end was

	2013 £'000	2012 £'000
Sterling	2,861	3,347
US Dollar	168	1,298
Euro	123	139
Malaysian Ringgit	890	–
	<u>4,042</u>	<u>4,784</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.

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 2013			
Cash and liquid resources – Sterling	1,656	–	1,656
– US Dollar	561	44	605
– Euro	218	–	218
– Egyptian Pounds	–	1	1
– Malaysian Ringgit	–	126	126
– Brunei Dollar	–	3	3
	<u>2,435</u>	<u>174</u>	<u>2,609</u>

Notes to the Consolidated Financial Statements continued

23. Financial instruments and risk management (continued)

30 June 2012

Cash and liquid resources	– Sterling	1,083	–	1,083
	– US Dollar	2,010	–	2,010
	– Euro	643	–	643
	– Egyptian Pounds	–	1	1
	– Malaysian Ringgit	–	2	2
		<u>3,736</u>	<u>3</u>	<u>3,739</u>

At 30 June 2013 the Group had £2,609,425 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 2013 the Group had drawn £4,000,000 on that facility. The interest payable is on a floating rate basis and ranged between 3.0% and 3.1% in the year. The facility comprises of a £5,000,000 revolving credit facility repayable in September 2016 and a £1,000,000 overdraft repayable on demand.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2013 are as follows:

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000	
30 June 2013				
Bank revolving credit facility – Sterling	4,000	–	4,000	
30 June 2012				
Bank revolving credit facility – Sterling	4,000	–	4,000	
Maturity of Financial Liabilities:				
	Due within 1 Year £'000	Due between 2–5 Years £'000	Due after 5 Years £'000	Total £'000
30 June 2013				
Bank revolving credit facility – Sterling	–	4,000	–	4,000
30 June 2012				
Bank revolving credit facility – Sterling	–	4,000	–	4,000

24. 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:

	2013 £'000	2012 £'000
Within one year	468	492
Within two to five years	602	930
After five years	–	–
	<u>1,070</u>	<u>1,422</u>

Notes to the Consolidated Financial Statements continued

24. Operating lease commitments/Financial commitments (continued)

Operating lease commitments where the group is the lessor

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

	2013 £'000	2012 £'000
Within one year	701	1,491
Within two to five years	-	-
After five years	-	-
	<u>701</u>	<u>1,491</u>

The Group had no capital commitments as at 30 June 2013 (30 June 2012 £nil)

25. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2013 (30 June 2012 £nil)

26. Post balance sheet events

The Group acquired the whole issued share capital of a private company which holds a 25% interest in a private UK engineering company which is a manufacturer of specialist oil and gas equipment. The consideration for the purchase was £725,000.

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.

Transactions

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

	2013 £'000	2012 £'000
Purchase of goods and services from Other Related Parties	394	433

Other related parties were @SIPP (Pension Trustees) Limited, OFM Holdings Limited and Plexus Properties International Limited. The transactions related to rent and related charges @SIPP (Pension Trustees) Limited are the trustees of Ben van Bilderbeek's pension fund. OFM Holdings Limited is a trust of which Ben van Bilderbeek's family are beneficiaries. Plexus Properties International Limited is a company in which Ben van Bilderbeek's family are shareholders.

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 16.

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 2013 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 13

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, Chief Executive's Review, Financial Review, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audited 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 2013,
- 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

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.

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

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 2013

Matthew Stallabrass

Senior Statutory Auditor

for and on behalf of

Crowe Clark Whitehill LLP, Statutory Auditor

London

22 October 2013

Parent Company Statement of Financial Position

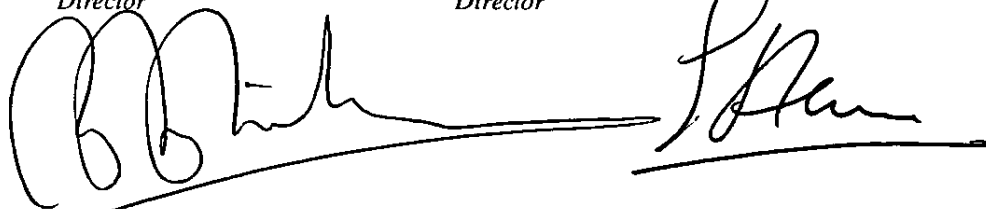
at 30 June 2013

	<i>Notes</i>	2013 £'000	2012 £'000
Assets			
Intangible assets	4	7,911	6,942
Investments	5	8,294	8,294
Deferred tax assets	3	–	257
Total Non-current assets		16,205	15,493
Trade and other receivables	6	3,038	5,717
Cash at bank and in hand	9	12	15
Total current assets		3,050	5,732
Total Assets		19,255	21,225
Equity and Liabilities			
Called up share capital	8	828	827
Share premium account		17,288	17,280
Share based payments reserve		930	632
Retained earnings		(678)	1,774
Total equity attributable to equity holders of the company		18,368	20,513
Liabilities			
Deferred tax liabilities	3	179	–
Total non-current liabilities		179	–
Trade and other payables	7	708	712
Current income tax liabilities		–	–
Total current liabilities		708	712
Total liabilities		887	712
Total Equity and Liabilities		19,255	21,225

These financial statements were approved and authorised for issue by the board of directors on 22 October 2013 and were signed on its behalf by

B van Bilderbeek
Director

G Stevens
Director



Company Number 03322928

Parent Company Statement of Changes in Equity

for the year ended 30 June 2013

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 30 June 2011	802	15,596	378	176	16,952
Total comprehensive income for the period	–	–	–	2,265	2,265
Share based payments reserve charge	–	–	68	–	68
Issue of ordinary shares	25	1,975	–	–	2,000
Share issue costs	–	(291)	–	–	(291)
Deferred tax movement relating to share options	–	–	186	–	186
Dividends	–	–	–	(667)	(667)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2012	827	17,280	632	1,774	20,513
Total comprehensive income for the period	–	–	–	(1,674)	(1,674)
Share based payments reserve charge	–	–	46	–	46
Issue of ordinary shares	1	8	–	–	9
Deferred tax movement relating to share options	–	–	252	–	252
Dividends	–	–	–	(778)	(778)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance as at 30 June 2013	828	17,288	930	(678)	18,368

Parent Company Statement of Cash Flows

at 30 June 2013

	<i>Notes</i>	2013	2012
		£'000	£'000
Cash flows from operating activities			
(Loss)/profit before taxation		(986)	2,185
Adjustments for			
Amortisation		489	433
Charge for share based payments		46	68
Investment income		(126)	(128)
Changes in working capital			
Decrease/(increase) in trade and other receivables		2,679	(2,627)
(Decrease)/increase in trade and other payables		(4)	34
		<hr/>	<hr/>
Cash generated from/(used in) operations		2,098	(35)
Income taxes paid		–	–
		<hr/>	<hr/>
Net cash generated from/(used in) operations		2,098	(35)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of intangible assets		(1,458)	(1,137)
		<hr/>	<hr/>
Net cash used in investing activities		(1,458)	(1,137)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issue of new ordinary shares		9	2,000
Transaction costs from issue of ordinary shares		–	(291)
Interest received		126	128
Equity dividends paid		(778)	(667)
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		(643)	1,170
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(3)	(2)
Cash and cash equivalents at 1 July 2012		15	17
		<hr/>	<hr/>
Cash and cash equivalents at 30 June 2013	<i>9</i>	12	15
		<hr/>	<hr/>

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 company 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

Issued and EU adopted

- IFRS 1 – Amendments – Government loans
- IFRS 10 – Consolidated financial statements
- IFRS 11 – Joint arrangements
- IFRS 12 – Disclosure of interests in other entities
- IFRS 13 – Fair value measurement
- IAS 1 – (amended) – Presentation of items of other comprehensive income
- IAS 12 – (amended) – Deferred tax recovery of underlying assets
- IAS 19 – (amended) – Employee benefits
- IAS 27 – Separate financial statements
- IAS 28 – Investments in associates and joint ventures
- IFRS 7 and IAS 32 – Offsetting financial assets and financial liabilities
- IFRIC 20 – Stripping costs in the production phase of a surface mine

Issued but not yet EU adopted

- IFRS 9 – (amended) – Financial instruments
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IFRIC 21 Levies
- IAS 36 Amendments Recoverable Amount Disclosures for non-Financial Assets
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

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 results

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 Income taxes and deferred taxation

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

Notes to the Parent Company Financial Statements continued

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As set out in note 20 of the group accounts, the company operates a share option scheme. Where the market price of the shares at the year-end exceeds the option price there is a potential tax deduction. This is treated as a deferred tax asset. This is recognised in the income statement to the extent that a charge has been recognised as a cost on the share option. The balance of the credit is recognised directly in equity.

c 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.

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 on-going basis by the directors and, where appropriate, provision is made for any impairment in value. It would require a very substantial movement in the assumptions employed in valuations before there would be any impairment to intangible assets.

d 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.

e Trade receivables

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

Notes to the Parent Company Financial Statements continued

1. Summary of significant accounting policies (continued)

f Trade payables

Trade and other payables are stated at cost

g 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.

h 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.

i Pensions

The Group offers 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.

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.

Notes to the Parent Company Financial Statements continued

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 20 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 Intellectual Property for impairment a range of assumptions are required and these are detailed in the Intangible Assets note above.

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 loss after tax for the year was £1,673,638 (2012 profit of £2,264,935).

3. Income tax expense

<i>(i) The taxation charge for the year comprises</i>	2013	2012
	£'000	£'000
UK Corporation tax:		
Current tax on income for the year	—	—
Total current tax	—	—
Deferred tax:		
Origination and reversal of timing differences	189	(80)
Adjustment in respect of prior years	500	—
Total deferred tax	689	(80)
Total tax charge	689	(80)

The effective rate of tax is (41)% (2012 (4)%)

Notes to the Parent Company Financial Statements continued

3. Income tax expense (continued)

<i>(ii) Factors affecting the tax charge for the year</i>	2013	2012
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(986)	2,184
Current tax charge at 23% (2012 24%)	(227)	524
<i>Effects of</i>		
Surrender of tax losses	227	115
Dividend income not subject to tax	-	(639)
Current tax charge for the year	-	-
 <i>(iii) Movement in deferred tax balance</i>	 2013	 2012
	£'000	£'000
Deferred tax (asset)/liability at beginning of year	(257)	9
(Credit)/charge to Statement of Comprehensive Income	689	(80)
Deferred tax movement on share options	(253)	(186)
Deferred tax liability/(asset) at end of year	179	(257)
 <i>(iv) Deferred tax balance</i>	 2013	 2012
	£'000	£'000
The deferred tax balance is made up of the following items		
Difference between depreciation and capital allowances	724	35
Share based payments	(545)	(292)
Deferred tax liability/(asset) at end of year	179	(257)

Notes to the Parent Company Financial Statements continued

4 Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Total £'000
Cost			
As at 1 July 2011	4,171	2,491	6,662
Additions	–	1,137	1,137
	<hr/>	<hr/>	<hr/>
As at 1 July 2012	4,171	3,628	7,799
Additions	–	1,458	1,458
	<hr/>	<hr/>	<hr/>
As at 30 June 2013	4,171	5,086	9,257
Amortisation			
As at 1 July 2011	293	131	424
Charge for the year	270	163	433
	<hr/>	<hr/>	<hr/>
As at 1 July 2012	563	294	857
Charge for the year	270	219	489
	<hr/>	<hr/>	<hr/>
As at 30 June 2013	833	513	1,346
Net Book Value			
As at 30 June 2013	3,338	4,573	7,911
	<hr/>	<hr/>	<hr/>
As at 30 June 2012	3,608	3,334	6,942
	<hr/>	<hr/>	<hr/>
As at 30 June 2011	3,878	2,360	6,238
	<hr/>	<hr/>	<hr/>

Patent and other development costs are internally generated

Notes to the Parent Company Financial Statements continued

5. Investments

	£'000
<i>Subsidiary undertaking</i>	
As at 1 July 2011	8,294
As at 30 June 2012	8,294
As at 30 June 2013	8,294

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 Response Services Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Subsea 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%
Plexus Ocean Systems (Brunei) Sdn Bhd	Brunei	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Singapore) Pte Ltd	Singapore	Supply of wellheads and associated equipment for oil and gas drilling	100%

Notes to the Parent Company Financial Statements continued

6. Trade and other receivables

	2013 £'000	2012 £'000
Receivables due from group companies	2,995	5,638
Prepayments and other amounts	43	79
	<u>3,038</u>	<u>5,717</u>

Receivables due from group companies relates to an amount due from a subsidiary which is not impaired and carries no credit risk. Prepayments relate to prepaid amounts for services to be consumed over the next 12 months. There is no indication of impairment of any of these amounts.

7 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	20	44
Non trade payables and accrued expenses	688	668
	<u>708</u>	<u>712</u>

The maturity of aging of trade and non trade payables at the year end was

Due within 30 days	20	44
Due in 30 – 90 days	31	28
Due in 90 days – 6 months	657	640
Due in 6 months – One year	–	–
	<u>708</u>	<u>712</u>

8. Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid		
Equity 82,768,672 (2012 82,746,672) Ordinary shares of 1p each	828	827

Share issue during the year

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 1 July 2012	82,746,672	827	17,280	18,107
On 21 June 2013	22,000	1	8	9
At 30 June 2013	<u>82,768,672</u>	<u>828</u>	<u>17,288</u>	<u>18,116</u>

On 21 June 2013, 10,000 ordinary shares with an aggregate nominal value of £100 were issued at a price of 38.5p per share and 12,000 ordinary shares with an aggregate nominal value of £120 were issued at a price of 41p per share, the total aggregate value was £8,770. The excess net proceeds have been credited to the share premium account.

Notes to the Parent Company Financial Statements continued

9. Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
Movement in net cash in year	(3)	(2)
Net cash at start of year	15	17
Net cash at end of year	12	15

10. 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 £65k (2012 £64k).

(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.

(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.

Notes to the Parent Company Financial Statements continued

10. Financial instruments and risk management (continued)

(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.

The bank facility provided to the Group includes a fixed and floating charge over the assets of the Company.

11. Operating lease commitments/Financial commitments

The Company had no capital commitments as at 30 June 2013 (30 June 2012: £nil).

12. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2013 (30 June 2012: £nil).

13. 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:

	2013	2012
	£'000	£'000
Receivables from Subsidiary Undertakings	2,995	5,638

Corporate Information

Directors

Jerome Jeffery Thrall† (Non-Executive Chairman)
Bernard Herman van Bilderbeek (Chief Executive)
Graham Paul Stevens (Finance Director)
Craig Francis Bryce Hendrie (Technical Director)
Geoffrey Edmund Thompson (Non-Executive Director)
Christopher James Watts Fraser† (Non-Executive Director)

† Member of Audit and Remuneration committees

Registered Office

Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

Company Number 03322928

Company Secretary

Douglas Armour FCIS
David Venus & Company Limited
Thames House
Portsmouth Road
Esher
Surrey
KT10 9AD

Nominated Adviser and Broker

Cenkos Securities plc
66 Hanover Street
Edinburgh
EH2 1EL

6 7 8 Tokenhouse Yard
London
EC2R 7AS

Auditor

Crowe Clark Whitehull 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 Thursday 5 December 2013 at 2 30 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 2013

Final Dividend

- 2 To decide a final dividend of 0 55 pence per ordinary share as recommended by the directors to the shareholders on the register as at 1 November 2013, such dividend to be paid on 13 December 2013

Remuneration Report

- 3 To approve the Report on Directors' Remuneration for the year ended 30 June 2013

Re-election of Directors

- 4 To re-elect Ben van Bilderbeek as a director who is retiring in accordance with article 72 (B) of the Articles and being eligible, offers himself for re-election
- 5 To re-elect Geoffrey Thompson 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 £248,415 15 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 31 December 2014, 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 4,140,252 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 31 December 2014, 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 8 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 31 December 2014 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 £82,805.05 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 1 November 2013

By Order of the Board

Douglas Armour 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 24,841,515 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 31 December 2014, 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 be 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 £82,805.05 otherwise than on a pro-rata

Notice of Annual General Meeting continued

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 31 December 2014, 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 Thursday 5 December 2013 at 2 30 p m

I/We

(in BLOCK CAPITALS please)

of

shareholder(s) of the above-named Company, appoint the Chairman of the Meeting or

being a

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 Thursday 5 December 2013 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 2013			
2	To declare a final dividend of 0 55p per share as recommended by the directors			
3	To approve the Report on Directors' Remuneration			
4	To re-elect Ben van Bilderbeek as a director of the Company			
5	To re-elect Geoffrey Thompson 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

2013

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

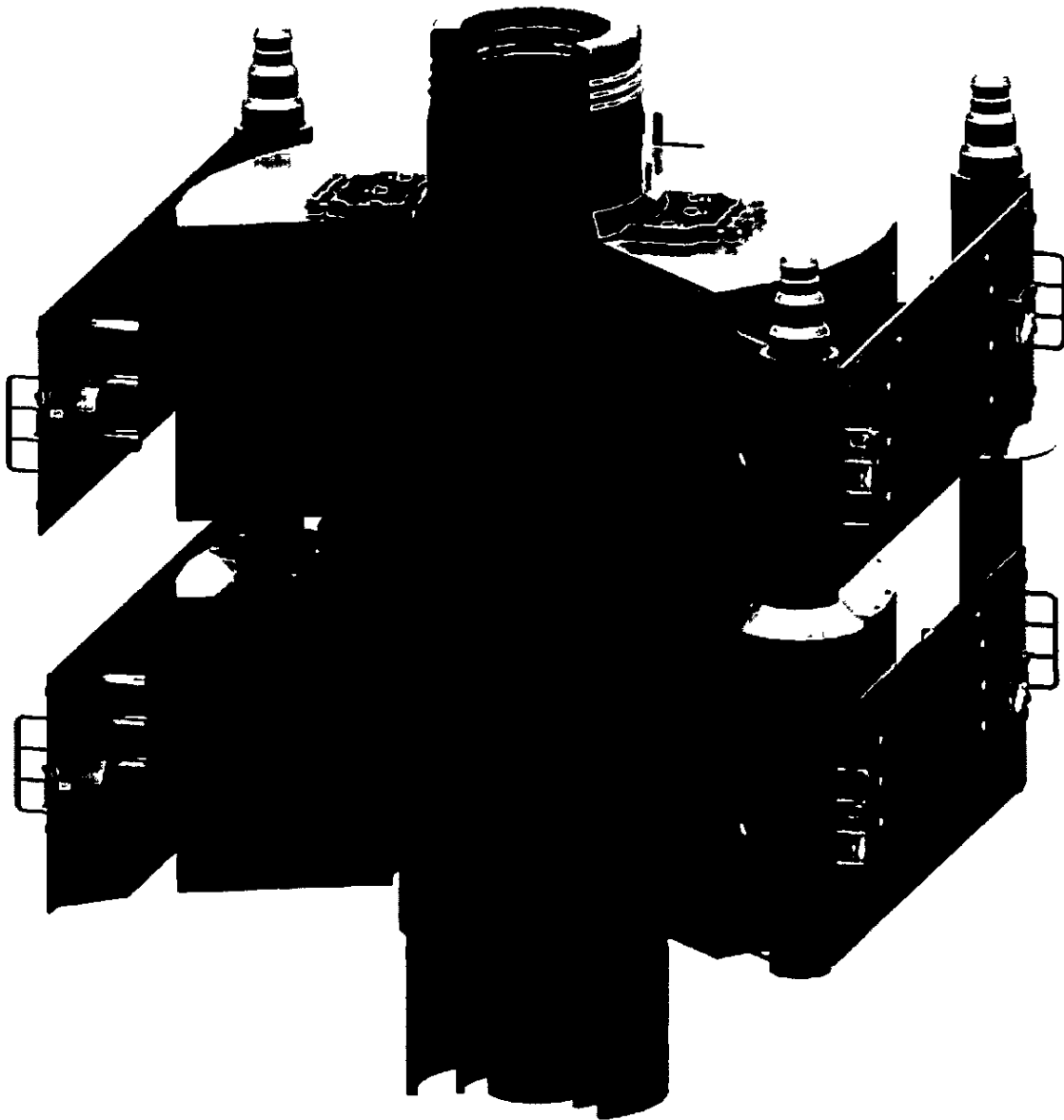


SLC Registrars
Thames House
Portsmouth Road
Esher
KT10 9AD

THIRD FOLD AND TUCK IN

FIRST FOLD

SECOND FOLD



© Plexus Ocean Systems Ltd All Rights Reserved

Instant Rigid Lockdown – Zero Movement | Major Time Savings | Enhanced Safety

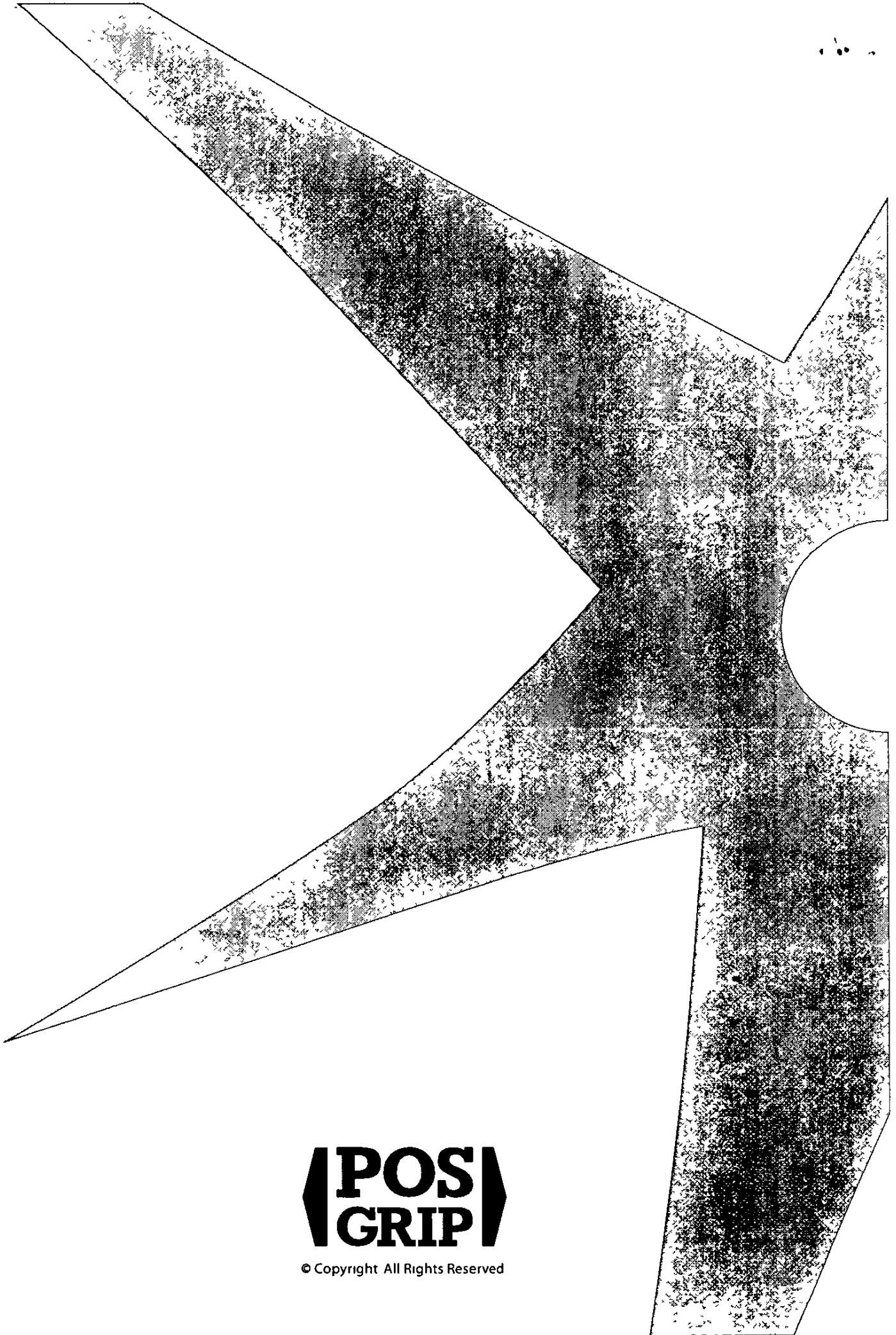
Annulus Monitoring Capability | Simple Tooling – No Complex CHASART Tools

Multiple “HG” Annular Seals - Tested to 20,000 psi, 0°F - 375°F | High Bending Capacity

4M Lbs Lockdown Capacity | Simple Retrieval for Side Tracks

Trips Reduced- No Lockdown Sleeve or Impression Tool runs

POS-GRIP HGSS™ subsea wellhead reaches final design stage



**POS
GRIP**

© Copyright All Rights Reserved