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Plexus Holdings plc

Annual Report & Accounts

2009

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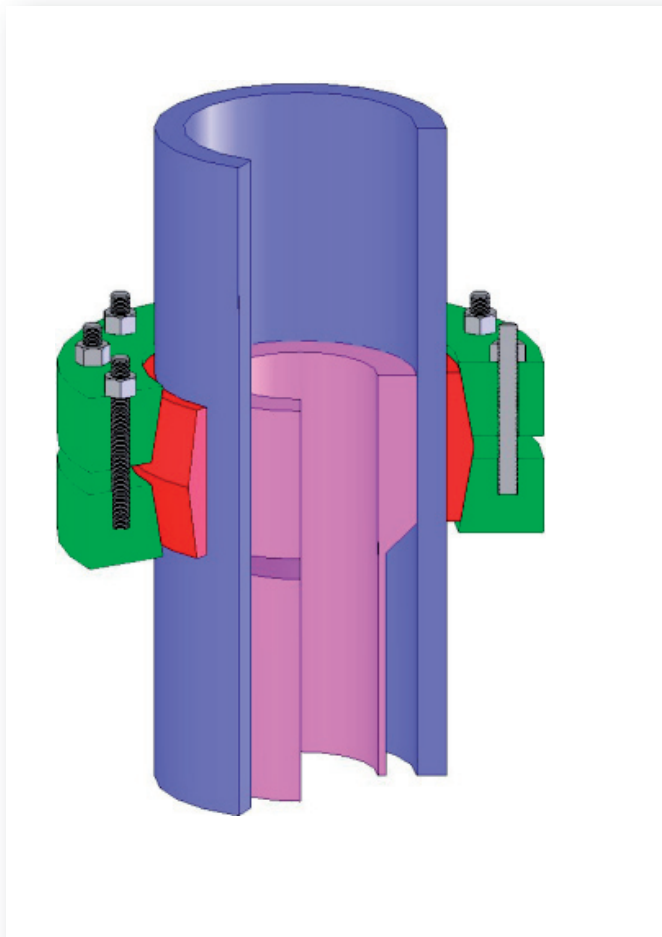
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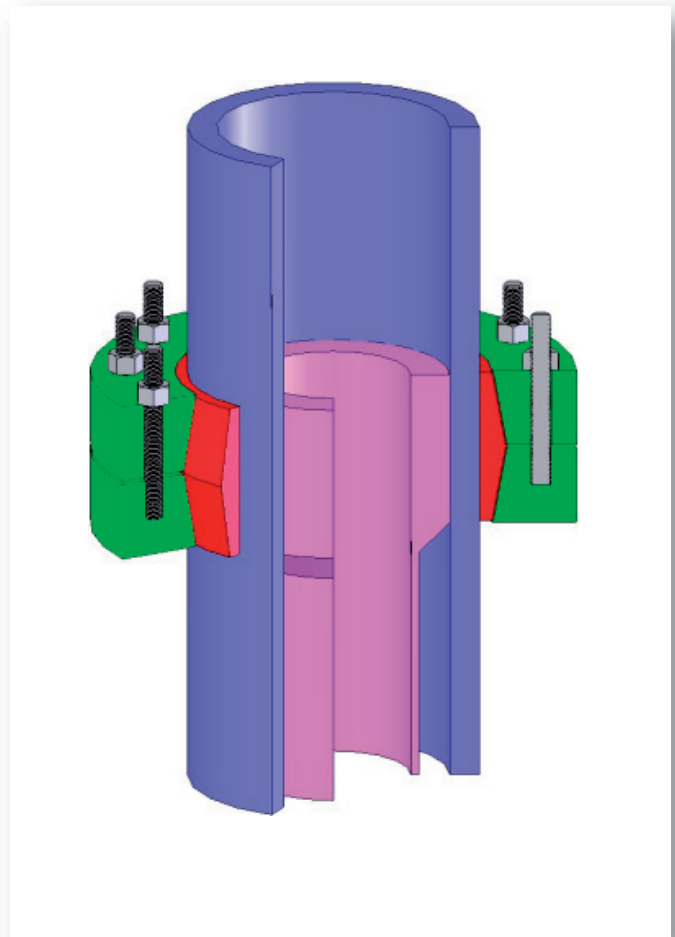
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POS-GRIP in OPEN position



POS-GRIP in CLOSED position

POS-GRIP® Technology - a patented method of engineering which the Director's believe has wide ranging applications both within and outside the oil and gas industry. For the upstream oil and gas market POS-GRIP has been developed to employ a method of elastically deflecting an outer wellhead body onto an inner casing hanger or tubing hanger, locking them in place to support tubular weight, and activate seals. The system is energised by reusable hydraulic devices which are fitted temporarily to flanges on the outside of the wellhead. The simplified drawings above show how a POS-GRIP clamp arrangement can be configured to squeeze the outer pipe so that it grips the smaller pipe inside. Advantages of POS-GRIP over existing wellhead technology can include improved technical performance; installation time savings; reduced operating costs; and enhanced safety.

Results

- 14% increase in turnover to £15.1m (2008: £13.3m)
- 13% increase in EBITDA to £4.3m before IFRS 2 share based payment charges of £0.19m (2008: £3.8m before IFRS 2 share based payment charges of £0.18m)
- Profit before tax of £1.8m (2008: £1.9m)
- Gross margin increase to 57.9% (2008: 54.7%)
- Net cash inflow of £1.8m before drawdown of bank loan of £4m (2008: net cash outflow of £1.4m)
- Basic earnings per share of 1.27p (2008: 1.61p)

Highlights

- Continuing to secure and extend contracts with major international oil and gas companies to supply its proprietary POS-GRIP® wellhead equipment
- 35% increase in High Pressure/High Temperature ('HP/HT') sales
- Secured £1.7m HP/HT and Extreme High Pressure/High Temperature ('X-HP/HT') contract with ConocoPhillips – revenues impacting Q2 FY 2010
- Continued to develop working relationship with Royal Dutch Shell plc ('Shell')
 - First contract win with Shell Egypt August 2008 worth £0.75m commencing Q2 FY 2010
 - Brunei Shell Petroleum Sdn Bhd ('Shell Brunei') committed to a second contract for four years in January 2009, with an initial value of £0.8m commencing Q4 FY 2010
- £1.6m contract extension with BP Egypt May 2009 to supply HP/HT wellhead systems with revenues continuing into 2010
- £1.2m new customer contract with Red Sea Petroleum Operating Company ('RSPOC') June 2009 to supply HP/HT equipment for exploration wells in the Red Sea
- Further penetration into the significant Egyptian market with a first £0.6m contract with GDF Suez Egypt ('GDF Suez') secured post-period July 2009
- £1.5m two year contract with Talisman Energy Inc. for the supply of both HP/HT and standard pressure POS-GRIP wellhead equipment in the Norwegian North Sea signed post-period July 2009
- Capital expenditure of £3.2m made during the year, of which £2.7m was in property, plant and equipment reflecting the 20% growth in rental inventory over the past year
- 20% increase in personnel to 89 as at year end (2008: personnel 74)
- Renewal, increase, and extension of bank facilities in January 2009 – 25% increase, £4m credit facility on a three year revolving basis with additional £1m overdraft on yearly term
- Payment of maiden dividend 30 June 2009 of 0.3118p per share
- Board is today proposing a final dividend of 0.38p per share, which will be subject to shareholder approval at the Annual General Meeting ('AGM') to be held on 1 December 2009
- Anticipate challenging market conditions to continue into 2010 – Company well positioned with strong client base validating its POS-GRIP wellhead technology and robust balance sheet

Chief Executive Ben van Bilderbeek said:

'I am pleased with the financial results and overall operational performance Plexus has delivered during this period of global uncertainty and financial pressures, which impacted the oil and gas industry in terms of oil price volatility and resultant investment decisions.

“Despite these challenges Plexus has delivered record sales and profits at the EBITDA level, resulting in healthy positive cash flow. This has enabled your Board to initiate the payment of a maiden dividend and

to adopt a progressive dividend policy subject to trading results, the economic outlook, and availability of distributable reserves. With this in mind I am pleased to confirm that the Directors propose a final dividend of 0.38p per share for the year ended 30 June 2009 which will be submitted for formal approval at the Annual General Meeting.

“Our ongoing capital investment in additional rental inventory, particularly HP/HT exploration wellhead equipment has enabled us to continue to grow sales revenues and win new customers. Although there are some reports of excess industry capacity and caution being aired by operators, resulting in the shortening of forward order visibility, our POS-GRIP wellhead technology continues to be selected against established alternative standards for its ability to deliver a range of operational advantages including improved technical performance, installation time savings, reduced operating costs and enhanced safety. For this reason we firmly believe that our Company and POS-GRIP technology will play a major role in the industry in the years ahead and will in due course be able to penetrate the volume production wellhead market either through organic expansion or in conjunction with potential licensees and alliance partners which will in turn deliver significant value to shareholders.”

Summary of Results for the year ended 30 June 2009

	2009 £'000	2008 £'000
Turnover	15,105	13,275
EBITDA – before the effect of IFRS 2	4,316	3,810
EBITDA – after the effect of IFRS 2	4,126	3,628
Profit before taxation	1,798	1,905
Basic earnings per share (pence)	1.27	1.61

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Chairman's Statement

Business progress

I am pleased to report that the Group made strong progress in the second half of the financial year, and consequently reports a 14% increase in turnover to £15.1m for the year to 30 June 2009, and a 13% increase in EBITDA to £4.3m (before IFRS share based payment charges of £0.19m), resulting in earnings per share of 1.27p.

Strategy

Plexus continued to make excellent progress during the last financial year which saw, as anticipated at the time of our interim results, sales revenues and margins being weighted towards the second half, mostly driven by our HP/HT POS-GRIP wellhead rental activities. The growing recognition of the benefits of our proprietary POS-GRIP technology for HP/HT and X-HP/HT applications has been a key part of the strategy that we have pursued since our AIM admission in December 2005. It is therefore pleasing to see the significant levels of investment that we have made over the past few years in rental inventory, infrastructure, and personnel coming together and to enable us to support a growing number of customers around the world. In Egypt for example we now supply BP, Shell, and GDF Suez, which demonstrates how it is possible to establish an initial presence in a new market with new technology and then grow both our reputation and sales revenues.

At the same time however it is impossible to ignore the challenging and volatile global economic trading conditions which have inevitably caused disruption to a number of operators' spending plans which has in turn led to some delays and postponement of planned projects. Bain & Company Inc. ('Bain'), a leading global management consulting firm, in its recent mid-year review explained that operators cutting costs and stalling expansion plans is affecting various projects and reducing oil production capacity that will further add to price volatility when the major markets eventually pick up in North America, China and India. The impact of this is to reduce forward order book levels and associated visibility. However despite these short to medium term considerations from which Plexus is not immune, we will continue to invest in capital equipment, infrastructure, and people as our goal has always been to establish over time POS-GRIP technology as a new industry standard for wellheads and to migrate our equipment from primarily the jack-up rig sector into both subsea and the major production wellhead market. We believe that this is the right course of action, particularly as Bain estimates that for upstream oil projects the tipping point where industry's need to contain costs is overtaken by the desire to expand and grow is around US\$65 per barrel. Therefore it is important that Plexus is ready to benefit from what will at some point be an increased level of new exploration, development and production.

Whilst we continue to pursue organic growth from existing activities and seek to encourage interest from potential third party licensees and alliance partners, Plexus maintains an active product research and development programme. These activities not only support our core technology and applications, but also work to identify additional commercial opportunities for exploiting our POS-GRIP technology. The importance of such a strategy is underlined in a recent Ernst & Young oilfield service sector update report where it was concluded that the most successful oil field service companies are likely to be those with a number of specific attributes which include the "development or ownership of specialist proprietary technology".

One such exciting strategic initiative that is currently being pursued by the Company concerns HP/HT exploration wells drilled from a jack-up rig where the weight of casing strings needs to be suspended at the sea bed. Currently once the well has been drilled, irrespective of whether the well is assessed as being commercially viable as a producing well or not, the well has had to be permanently abandoned at the sea bed as no products currently exist which can achieve a tieback to these wells under HP/HT conditions. This is because existing standard mudline suspension technology, unlike POS-GRIP, uses threaded connections which cannot be reliably reconnected or tested with the corrosion resistant materials required for HP/HT production and as each well could cost anywhere from £50m to £200m to drill these are very expensive "throw away" wells. Plexus has already completed a "proof of concept" exercise using field proven

Chairman's Statement

POS-GRIP technology which demonstrates that a 15,000 psi HP/HT Mudline Tieback can be achieved which does not require any rotation to make up and uses POS-GRIP to set metal to metal "HG"® seals (offering a tieback connection which can be qualified to the same standards as existing casing connections in the well). We believe that the potential of POS-GRIP in this application is one of the most far reaching developments in many years for the economics of HP/HT jack-up drilling programmes. We are already in preliminary discussions with several large international oil companies about a Joint Industry Project which would take approximately twelve months to bring the technology to realisation. A further commercial benefit to Plexus would be that any customer wanting to take advantage of this innovation would have to use a Plexus POS-GRIP exploration wellhead for the initial drilling of any well.

Additionally we were delighted to be able to secure a 25% increase in our banking facilities with the Bank of Scotland Corporate. Plexus now has a £4m credit facility on a three year revolving basis with an additional £1m overdraft facility agreed on a yearly term.

A further development of a financial nature concerned the Board's announcement at the end of June 2009 of a maiden interim dividend of 0.3118p per share, totalling £0.25m. We see this milestone as a demonstration of the confidence the Board has in the Group's cashflow, the financial strength of our Group's business model and future prospects. We intend to maintain a progressive dividend policy, but subject always to trading results, economic outlook, and the availability of distributable reserves. Accordingly, the Directors have also decided to propose a final dividend of 0.38p per share, totalling £0.3m. This will be submitted for formal approval at the Annual General Meeting.

Staff

On behalf of the Board, I would like to thank all of our employees, many of whom are new to the Company, for their dedication and hard work during a year that has delivered excellent results and further strengthened our reputation in the HP/HT sector.

Outlook

The last financial year was challenging for the global economy, the oil and gas industry, and for Plexus, and these trading conditions have continued into this financial year even if there are signs of recovery in certain sectors of the economy. We have been fortunate that a combination of longer term contracts with blue chip international oil companies, resultant forward order visibility, and the more stable trading platform that comes from owning a patented proprietary technology has allowed us to report an excellent set of results. However we view the current year with a degree of caution, remaining mindful of the economic slowdown and the resulting postponement of certain oil company investment decisions and associated exploration activity. The impact of these factors is a reduced forward order book as compared to this time last year and therefore less visibility, although with an extensive equipment inventory we are in a position to respond quickly to customer needs as they arise which has already proved to be advantageous. Looking to the future it is important to note that we continue to dialogue with key organisations within the industry about the role that we feel POS-GRIP will be able to play. I therefore remain confident that Plexus and its POS-GRIP technology will gain the recognition of the industry as a key component to be selected in preference to traditional alternatives for the unconventional and HP/HT and X-HP/HT applications arena, and that this will deliver significant shareholder value.

Robert Adair

Non-Executive Chairman

19 October 2009

Chief Executive's Review

Plexus had another successful year despite challenging market conditions dominated by falling oil prices causing a number of oil service companies to report a slowdown in activity. As reported at the half year, turnover geared towards the second half impacted significantly as a result of higher sales revenues and gross margins associated with HP/HT contracts.

Despite the presence of a number of uncertainties in the global economy Plexus has continued to pursue its goal of expanding its rental exploration equipment activities through a combination of winning new blue chip customers and building on relationships with existing customers. These organic activities have resulted in Plexus winning a number of important contracts during the year the most significant of which together with certain commercial developments were as follows:

- In August last year efforts to build on existing activities in the North African region successfully resulted in an inaugural contract with Shell Egypt for the supply of HP/HT exploration rental systems anticipated to be worth £0.75m.
- In September 2008 the developing relationship with ConocoPhillips resulted in a £1.7m contract for the supply of 15,000 psi HP/HT and 20,000 psi X-HP/HT exploration rental systems for two wells being drilled in the Norwegian North Sea. This further enhances our reputation in both the HP/HT arena and in the North Sea where we see the opportunity for similar contracts growing over time.
- In January 2009 Shell Brunei committed to a second contract for four years following on from the successful execution of the first contract which had been for a period of two years. The new contract operates on a well to well call-off basis and has an initial value of £0.8m for two wells, one of which is HP/HT, with revenues commencing in the second half of the financial year.
- In May 2009 BP Egypt awarded a contract extension for the supply of HP/HT wellhead systems together with service and support for the Nile delta. The value of the contract is estimated at £1.6m and follows on from the first contract awarded in 2006, and which expired at the end of 2008.
- In June 2009 Plexus signed an agreement with RSPOC to supply HP/HT exploration rental equipment for wells being drilled in the Red Sea. The value of the contract is estimated at £1.2m and could increase to £2.4m if RSPOC takes up an option to increase the order if further wells are required.
- Post year end in July 2009 two new contracts were awarded to Plexus. Firstly a two year contract awarded by Talisman Energy Inc. ('Talisman') for the supply of both HP/HT and standard pressure POS-GRIP wellhead and mudline suspension equipment in the Norwegian North Sea with an initial value of approximately £1.5m. Secondly, GDF Suez awarded a first time £0.6m contract for two wells against a competitive tender amongst international suppliers for the supply of both HP/HT and standard pressure exploration wellhead systems. This GDF Suez contract further expands Plexus' reputation and range of activities in the North African region which now include BP Egypt and Shell Egypt.
- As announced in August 2009, we undertook the construction of a new assembly and test facility at our premises in Dyce, Aberdeen at a capital cost of approximately £0.5m. This new development will provide 4,000 sq. ft. of additional workshop area and at 60ft high has been specifically designed to allow more efficient handling, assembly and testing of POS-GRIP HP/HT wellhead systems. It will include 50 tonne and 25 tonne overhead cranes and a test pit to enable the function of pressure testing of larger HP/HT and X-HP/HT equipment and assemblies which we see as essential for supporting the future growth of these more technically challenging applications.

Having a number of existing and new long-term contracts with many of the international oil and gas companies has provided Plexus with a degree of stability and visibility which has allowed us to continue to invest for the future both in the development of our POS-GRIP technology and rental inventory. This has underpinned our ability to service a larger number of customers and to operate and support a wider range of geographical locations, and I believe demonstrates that our wellhead technology is increasingly being

Chief Executive's Review

recognised for its ability to deliver a range of operational advantages including improved technical performance, installation time savings, reduced operating costs and enhanced safety.

The success of this strategy and the growing awareness of POS-GRIP technology in areas outside of the North Sea delivered a year on year revenue growth of 14% resulting in sales of £15.1m. Once again, rental of exploration wellhead equipment accounted for the majority of sales revenue with HP/HT generating the largest year on year sales increase of 35% which helped to increase gross margins to 57.9% compared to 54.8% in the prior year. The combination of growth in sales and spread of areas of operation resulted in the need to increase both the number of personnel, general overhead, and investment in rental inventory. As at the year end the number of personnel had grown by 20% to 89 from 74 at the same time last year, total overheads rose to £5.9m against £4.5m in the prior year and capital expenditure totalled £3.2m. I am especially pleased that these results achieved a balance between profitability, cash flow, and capital expenditure that enabled Plexus, as indicated at the half year to initiate the payment of a maiden dividend on the 30 June 2009 and for this to be followed up with a full year dividend subject to shareholder approval at the forthcoming AGM.

Looking to the future I am confident that the long term prospects for the oil and gas industry in general and Plexus together with our POS-GRIP technology in particular remain. Despite the recent oil price declines and related uncertainties the consensus appears to be that the outlook for energy demand and the prospect of a rise in the oil price remains strong. Indeed, even following the recent announcement of a number of large finds in Brazil, Africa, and the Gulf of Mexico which will take some years to come on stream, it is reported that a number of influential organisations see demand exceeding supply if the world economy returns to previous growth rate levels. The importance of enabling technology and new methods of engineering like POS-GRIP to combat such trends is illustrated by a recent warning by an analyst at Wood Mackenzie, the oil and gas consultancy, who stated that supply forecasters already factor into their projections “yet to be discovered fields” because of the incremental technology advances the industry makes, allowing companies to drill deeper and more challenging wells.

I am confident that POS-GRIP is moving ever closer to the point where it will be widely recognised as an essential component of the complex technologies required to exploit the growing number of unconventional reservoirs that exist around the world. Such progress will be key to translating the market success we have had with our exploration equipment methods into the significantly larger volume production wellhead market, and to attracting the support of potential licensees and alliance partners who we continue to interact with as part of our strategy of helping to raise the operational standards, performance, and safety levels of the wellhead industry.

Ben van Bilderbeek

Chief Executive

19 October 2009

Financial Review

Turnover

Turnover for the year was £15.1m, up 14% from £13.3m in the previous year.

The rental business and related equipment and services accounted for over 85% of turnover which was unchanged from last year. Rental of HP/HT exploration equipment once again generated the largest year on year sales increase of 35% as Plexus continued to gain market share in this specialised field. Turnover includes £0.1m of engineering and testing which is significantly reduced from the prior year's level of £1.5m as the need for ongoing development of POS-GRIP technology reduces as a result of our technology being developed to a level where we can now offer POS-GRIP wellhead equipment from inventory across a range of pressures.

Margin

Gross margins have increased to 57.9% from 54.8% in the previous year as HP/HT rental sales further increased as a percentage of total revenues and related economies of scale benefits flowed through.

Overhead expenses

Overhead expenses have increased so as to be able to provide the necessary operational support structure to service an expanding number of customers around the world. Furthermore the increase in overheads that took place in Q4 2008 have now been incurred for a full year. This resulted in total overheads increasing to £5.9m from £4.5m in the previous year, an increase of 31%. Of this increase, overhead staff costs increased by 25% to £3.5m from £2.8m, reflecting the ongoing need to expand headcount to support increased activity levels and more complex projects. Employee headcount at the year end was 89 compared to 74 for the prior year. Other items which increased significantly year on year were overseas base costs, rent and rates related to additional warehousing and storage capacity, travel, and equipment hire costs as a result of the international profile of customers and business activities.

EBITDA

The EBITDA for the year (before IFRS2 share based payment charges of £0.19m) was £4.3m, up from £3.8m (before IFRS2 share based payment charges of £0.18m) the previous year, an increase of 13%. EBITDA margin for the year was marginally lower at 28.6% as compared to 28.7% last year. The Group's ongoing significant investment in people, infrastructure, and inventory has enabled Plexus to in particular grow HP/HT rental sales and this has helped to deliver the year on year EBITDA growth due to the higher gross margins that are generated from these activities.

Profit before tax

Profit before tax of £1.8m compares to a profit last year of £1.9m. It should be noted that although a small decrease this profit is achieved after absorbing a 35% increase in rental asset and other property, plant and equipment depreciation and amortisation of £2.1m, up from £1.6m last year reflecting ongoing significant levels of capital expenditure, and in particular a further expansion of the rental asset inventory. The profit before tax is stated after the IFRS2 charge for share based payments under reporting standard IFRS 2; the charge for the full year is £0.19m compared to £0.18m last year.

Tax

The Group UK Corporation Tax charge was slightly higher than the prior year. This resulted in a tax charge of £0.78m for the year as compared to £0.62m last year.

Financial Review

EPS

The Group reports basic earnings per share of 1.27p compared to 1.61p.

Cash and Balance Sheet

The balance sheet reflects the development of the business during the year and ongoing capital expenditure with the net book value of property, plant and equipment including items in the course of construction increasing to £8.3m from £7.3m last year. Debtors decreased to £4.8m as compared to £6.9m as a result of a number of large contracts being settled during the period. Net bank borrowings closed at £1.3m compared to £3.1m last year reflecting net cash inflow for the year of £1.8m before the drawdown on the bank loan of £4m, as compared to net cash outflow of £1.4m last year. This was driven by a combination of debtor inflows and growth in profits at the EBITDA level combined with a reduction in capital expenditure. In recognition of the turbulent nature of the capital markets in 2008, and the restrictions being placed on banks' lending capacity the Group took the decision to review the annual overdraft facility arrangement of £4m with the Bank of Scotland Corporate. As a result in January 2009 bank facilities available to the Group were increased to £5m of which £4m of the credit facility is on a three year revolving basis, and £1m is an overdraft facility on a yearly term.

Intellectual property

The Group carries in its balance sheet goodwill and intangible assets of £7.3m. 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.

IFRS 2 (Share Based Payments)

IFRS2 charges have been included in the accounts, in line with reporting standards. The "fair value" of share based payments has been computed independently by specialist consultants and is amortised evenly over the expected vesting period from the date of grant. The charge for the year was £0.19m which compares to £0.18m for last year.

Dividends

The Company announced on 17 June 2009 the payment of a maiden interim dividend of 0.3118p per share, totalling £0.25m. This was paid on 30 June 2009.

The Directors have further decided to propose a final dividend of 0.38p per share, totalling £0.3m, for the year ending 30 June 2009, and which will be recommended for formal approval at the Annual General Meeting to be held on 1 December 2009. Subject to this the dividend will be paid before the end of 2009.

Graham Stevens

Finance Director

19 October 2009

Board of Directors

Robert Fredrik Martin Adair MA(Oxon) ACA CTA FGS (aged 52), Non-Executive Chairman

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

Bernard Herman van Bilderbeek BSc MEng (aged 61), Chief Executive

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

Graham Paul Stevens BA (Hons) (aged 51), Finance Director

Until 2002, Graham was managing director of and a shareholder in The Law Trading Company Limited which was acquired by Beltpacker plc. He has broad experience within both public and private companies, including Fii Group plc, Sketchley Group plc, BSM Group Limited, and J Sainsbury plc. He is a non-executive director of Netplay TV PLC, the AIM listed interactive TV gaming company.

Craig Hendrie M.Eng(Oxon) (aged 36), Technical Director

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

Jerome Jeffrey Thrall BBA MBA (aged 59), Non-Executive Director

Jeff joined Thrall Enterprises, Inc. ('TEI'), a family owned holding company headquartered in Chicago, USA, in 1980 as vice president of corporate development of TEI's subsidiary, Nazdar Company, a manufacturer and distributor of screen printing and digital inks and supplies. Prior to joining TEI, Jeff's professional career included a number of appointments in investment banking, commercial lending and administration.

Augusto Licinio Carmona Da Mota MSc Eng (aged 70), Non-Executive Director

Augusto retired from Shell International in 1999 after a career of 34 years in the oil business, mainly in oil well engineering and worked in a variety of jurisdictions including Portugal, France, Spain, Scotland and The Netherlands. At the Shell Central Offices in the Netherlands, he co-ordinated Shell's well equipment and was guest lecturer at the Shell Training Centre. Augusto is currently a consultant to Shell.

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2009.

Principal activities

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

Business review

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

Research and development

The Group actively engages in an ongoing research and development programme designed to expand and develop the range of commercial applications deriving from its proprietary POS-GRIP technology. For the year research and development expenditure totalled £0.9m (2008: £1.2m) being amounts expensed through the income statement and capitalised on the balance sheet during the year.

Results and dividends

The results for the year, showing a profit before taxation of £1.8m (2008: £1.9m), are set out on page 22.

The directors have proposed a final dividend for the year ended 30 June 2009 of 0.38p per share.

Political and charitable donations

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

Corporate governance

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

Related party transactions

Details of related party transactions are set out in Note 28 in the financial statements.

Financial instruments and risk management

The Group maintains a commercial objective of contracting in Sterling whenever possible. In circumstances where this is not possible, the board will consider contracting for financial hedging products, on a case by case basis. The Group maintains risk management policies which are set out in more detail in note 25 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.

Directors' Report

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 2009 were as follows:

	Number of Ordinary Shares of 1p each 2009	Number of Ordinary Shares of 1p each 2008
Robert Adair ¹	3,505,425	3,505,425
Ben van Bilderbeek ²	60,000,001	60,000,001
Graham Stevens	12,600	12,600
Craig Hendrie	12,600	12,600
J Jeffrey Thrall ³	60,700,001	60,700,001
Augusto Da Mota	—	—

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

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

Retirement and re-election

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

Substantial shareholdings and interests

Shares

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

	% issued share capital
Mutual Holdings Ltd 60,000,001	74.83
Skye Investments Limited 3,505,425	4.37
The Bank of New York (Nominees) Limited 3,174,800	3.96

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

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

Directors' Report

Supplier's payment policy

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

The Group's and Company's average trade creditor days for the year ended 30 June 2009 were 32 days and 31 days respectively (2008: 63 days and 30 days respectively), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Group and the Company by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Employees

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

Post balance sheet events

The Directors have no post year end events to report.

Disclosure of information to auditors

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 1 December 2009. 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 6 (inclusive) there are two items of special business, namely the proposed resolutions numbered 7 and 8, the effects of which are 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

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

Company number

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

By order of the Board

Martha Bruce FCIS

Company Secretary

19 October 2009

Corporate Governance Report

Introduction

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

The Board

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

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

During the year to 30 June 2009 the Board met a total of six times.

Board Committees

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

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

Audit Committee

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

During the year to 30 June 2009 the Audit Committee met on two occasions.

Remuneration Committee

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

During the year to 30 June 2009 the Remuneration Committee met on two occasions.

Retirement and re-election

Mr. van Bilderbeek and Mr. Hendrie 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.posgrip.com) to provide further information to shareholders.

Corporate Governance Report

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 19.

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, as was seen at the beginning of the year with the disruption caused to North Sea exploration activity as a result of rig availability shortages. To help address such risks, the Group has continued to expand its geographic footprint and customer base.

Corporate Governance Report

(b) Technology

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

(c) Competitive risk

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

(d) Liquidity and finance requirements

In the current economic climate 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 towards the end of the last calendar year to mitigate this risk by successfully renewing, increasing, and extending its bank facilities with the Bank of Scotland Corporate. The successful outcome of this initiative resulted in a 25% increase in the Groups banking facilities structured on a longer term basis of a £4m credit facility on a three year revolving basis with an additional £1m overdraft facility agreed on a yearly term.

Risk assessment

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

Remuneration Committee Report

Introduction

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

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

Remuneration policy

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

Service contracts

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

Pensions

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

Non-executive Directors

The Non-executive Directors entered into Letters of Appointment with the Company dated 25 November 2005 for an initial term through to the first AGM and having all been re-elected as directors either party can terminate upon three months' notice being given.

Directors' remuneration (audited information)

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

	Salary £	Benefits £	Pension £	2009 Total	2008 Total
Executive Directors					
Ben van Bilderbeek	184,642	11,228	16,786	212,656	196,211
Graham Stevens	120,973	3,996	10,997	135,966	127,523
Craig Hendrie	120,973	499	23,094	144,566	124,488
Non-executive Directors					
Robert Adair	25,000	—	—	25,000	20,000
J Jeffrey Thrall	20,000	—	—	20,000	15,000
Augusto Da Mota	20,000	—	—	20,000	15,000
Total	491,588	15,723	50,877	558,188	498,222

Remuneration Committee Report

Directors' interest in share options (audited information)

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

Executive 2005 Share Option Scheme

Name	No of Options			No of Options			No of Options			Date of Grant	No of Options Vested At 30/06/09	Expiry Date	Exercise Price (£)
	At 01/07/07	Granted During 07/08	Lapsed During 07/08	At 30/06/08	Granted During 08/09	Lapsed During 08/09	At 30/06/09						
B. van Bilderbeek	491,525	–	–	491,525	–	(103,221)	388,304	09/12/05	388,304	08/12/15	0.59		
B. van Bilderbeek	197,727	–	–	197,727	–	–	197,727	20/06/07	65,902	19/06/17	0.385		
B. van Bilderbeek	–	102,476	–	102,476	–	–	102,476	19/06/08	–	18/06/18	0.78		
G. Stevens	322,034	–	–	322,034	–	(67,627)	254,407	09/12/05	254,407	08/12/15	0.59		
G. Stevens	129,545	–	–	129,545	–	–	129,545	20/06/07	43,177	19/06/17	0.385		
G. Stevens	–	67,140	–	67,140	–	–	67,140	19/06/08	–	18/06/18	0.78		
C. Hendrie	322,034	–	–	322,034	–	(67,627)	254,407	09/12/05	254,407	08/12/15	0.59		
C. Hendrie	129,545	–	–	129,545	–	–	129,545	20/06/07	43,177	19/06/17	0.385		
C. Hendrie	–	67,140	–	67,140	–	–	67,140	19/06/08	–	18/06/18	0.78		

Non-executive 2005 Share Option Scheme

Name	No of Options			No of Options			No of Options			Date of Grant	No of Options Vested At 30/06/09	Expiry Date	Exercise Price (£)
	At 01/07/07	Granted During 07/08	Lapsed During 07/08	At 30/06/08	Granted During 08/09	Lapsed During 08/09	At 30/06/09						
R. Adair	101,695	–	–	101,695	–	(21,356)	80,339	09/12/05	80,339	08/12/15	0.59		
A. Da Mota	76,271	–	–	76,271	–	(16,017)	60,254	09/12/05	60,254	08/12/15	0.59		
J. Thrall	50,847	–	–	50,847	–	(10,678)	40,169	09/12/05	40,169	08/12/15	0.59		

304,561 are expected to lapse at the AGM.

The exercise of the options granted on 19 June 2008 are subject to the following vesting conditions being satisfied:

Date Option capable of exercise

14 days after Company Annual General Meeting (AGM) following end of First Assessment Period – 1 July 2007 to 30 June 2008

14 days after Company AGM following end of Second Assessment Period – 1 July 2008 to 30 June 2009

14 days after Company AGM following end of Third Assessment Period – 1 July 2009 to 30 June 2010

14 days after Company AGM following end of Complete Assessment Period – 1 July 2006 to 30 June 2010

Number of Shares over which Option could be capable of exercise depending on TSR Growth

Up to $\frac{1}{3}$ of Shares under Option

Up to $\frac{1}{3}$ of Shares under Option

Up to $\frac{1}{3}$ of Shares under Option

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 2009 was 24p on 2 April 2009, and the high in the period to 30 June 2009 was 77p on 27 August 2008. The mid market price on 30 June 2009 was 40.5p.

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

We have audited the group financial statements of Plexus Holdings plc for the year ended 30 June 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement 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 Sections 495 to 496 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.

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 2009 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

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 2009.

Stephen Gale FCA

Senior Statutory Auditor

for and on behalf of

Horwath Clark Whitehill LLP, Statutory Auditor

19 October 2009

London

Consolidated Income Statement

for the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
Revenue	2	15,105	13,275
Cost of sales		(6,364)	(6,003)
		<hr/>	<hr/>
Gross profit		8,741	7,272
Administrative expenses		(6,799)	(5,167)
		<hr/>	<hr/>
Operating profit		1,942	2,105
Finance income	6	8	14
Finance costs	7	(197)	(156)
Share of profit/(loss) of associate		45	(58)
		<hr/>	<hr/>
Profit before taxation	4	1,798	1,905
Income tax expense	8	(780)	(616)
		<hr/>	<hr/>
Profit after taxation being profit for the financial year	22	1,018	1,289
		<hr/>	<hr/>
Earnings per share	10		
Profit for the year attributable to Plexus Holdings shareholders			
Basic		1.27p	1.61p
Diluted		1.27p	1.60p

Consolidated Balance Sheet

at 30 June 2009

	Notes	2009 £'000	2008 £'000
Assets			
Goodwill	11	722	722
Intangible assets	12	6,618	6,661
Financial assets	13	60	–
Investment in associate	14	1	–
Property, plant and equipment	15	8,335	7,329
Total non-current assets		15,736	14,712
Non-current assets			
Inventories	16	3,794	3,478
Trade and other receivables	17	4,799	6,907
Cash and cash equivalents		2,655	456
Total current assets		11,248	10,841
Total Assets		26,984	25,553
Equity and Liabilities			
Called up share capital	20	802	802
Share premium account	22	15,596	15,596
Share based payments reserve	22	550	360
Retained earnings	22	1,499	787
Total equity		18,447	17,545
Liabilities			
Deferred tax liabilities	8	546	377
Bank loans	25	4,000	–
Total non-current liabilities		4,546	377
Trade and other payables	19	3,331	3,521
Current income tax liabilities		660	510
Borrowings		–	3,600
Total current liabilities		3,991	7,631
Total liabilities		8,537	8,008
Total Equity and Liabilities		26,984	25,553

These financial statements were approved and authorised for issue by the board of directors on 19 October 2009 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2009

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2007	802	15,596	179	(502)	16,075
Profit for the year	–	–	–	1,289	1,289
Share based payments reserve charge	–	–	181	–	181
Balance as at 30 June 2008	802	15,596	360	787	17,545
Profit for the year	–	–	–	1,018	1,018
Share based payments reserve charge	–	–	190	–	190
Deferred tax movement on share options	–	–	–	(56)	(56)
Interim ordinary dividends	–	–	–	(250)	(250)
Balance as at 30 June 2009	802	15,596	550	1,499	18,447

Consolidated Cash Flow Statement

for the year ended 30 June 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Profit before taxation		1,798	1,905
Adjustments for:			
Depreciation, amortisation and impairment charges		2,139	1,581
Loss on disposal of property, plant and equipment		24	84
Charge for share based payments		190	181
Investment income		(8)	(14)
Interest expense		197	156
Changes in working capital:			
Increase in inventories		(316)	(355)
Decrease/(increase) in trade and other receivables		2,084	(1,920)
(Decrease)/increase in trade and other payables		(29)	27
Cash generated from operations		6,079	1,645
Income taxes paid		(517)	(155)
Net cash generated from operations		5,562	1,490
Cash flows from investing activities			
Acquisition of subsidiary entity		–	(254)
Deferred consideration in respect of acquisition of subsidiary entity		(151)	–
Acquisition of financial asset		(80)	–
Adjustment to value of associate undertaking		(1)	–
Purchase of intangible assets		(370)	(356)
Purchase of property, plant and equipment		(2,736)	(2,360)
Proceeds of sale of property, plant and equipment		–	258
Net cash used in investing activities		(3,338)	(2,712)
Cash flows from financing activities			
Loans drawn down		4,000	–
Interest paid		(207)	(152)
Interest received		32	3
Equity dividends paid		(250)	–
Net cash generated from/(used in) financing activities		3,575	(149)
Net increase/(decrease) in cash and cash equivalents		5,799	(1,371)
Cash and cash equivalents at 1 July 2008		(3,144)	(1,773)
Cash and cash equivalents at 30 June 2009	25	2,655	(3,144)

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 Article 4 of the EU IAS Regulation and are in accordance with the Companies Act 2006.

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

- IFRS 2 (amendment) Share based payments
- IFRS 3 (revised) Consolidated financial statements
- IFRS 8 Operating Segments
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non Cash Assets to Owners
- IAS 1 (revised) Presentation of financial statements
- IAS 23 (revised) Borrowing costs
- IAS 27 (revised) Consolidated and separate financial statements
- IAS 32 Financial Instruments – Presentation (amendments)
- IAS 39 Financial Instruments: Recognition and Measurement (amendment) – Eligible Hedged Items

Whilst having an impact on the disclosure in future periods the Directors do not anticipate that the adoption of these 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.

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.

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

b. Basis of consolidation

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

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

Notes to the Consolidated Financial Statements

c. Revenue

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

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

d. Associate

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

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

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

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

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

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

e. Goodwill

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

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

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

The key assumptions on which the valuation is based are that:

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

These assumptions were determined from the directors' knowledge and experience.

The cash flows are based upon a 20 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 10%.

Notes to the Consolidated Financial Statements

We do not believe it probable that any key assumptions would change to the degree that the carrying value would exceed the recoverable amount.

Goodwill arising prior to 1 July 2007 is stated at the previous carrying amount under UK GAAP being cost less accumulated amortisation.

f. Financial asset

The financial asset was initially recorded at fair value, being the purchase price. Subsequently, it is carried at fair value with gains or losses recognised in the income statement. Fair value is determined using a valuation technique.

g. Intangible assets and amortisation

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

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

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

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

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the income statement in the period in which it is incurred.

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

h. Property, plant and equipment

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

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

Equipment	10% – 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 income statement in the period the item is derecognised.

Notes to the Consolidated Financial Statements

i. Trade receivables

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

j. Trade payables

Trade and other payables are stated at cost.

k. Cash and cash equivalents

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

l. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

The functional currency of the group is pounds sterling.

m. Leases

Operating lease rentals are charged to the income statement 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 balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

n. Inventory

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

o. Construction contracts and work in progress

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover 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 income statement, after deducting foreseeable losses and payments on account not matched with turnover.

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

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

p. Taxation

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

Notes to the Consolidated Financial Statements

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

q. Pensions

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

r. Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM. Dividends unpaid at the balance sheet 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 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. 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.

Notes to the Consolidated Financial Statements

v. *Key assumptions and sources of estimation*

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

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.

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.

The fair value of the financial asset is estimated using a valuation technique provided by an industry expert.

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.

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

2. Revenue

	2009 £'000	2008 £'000
By geography		
UK	5,314	6,391
Europe	4,933	3,235
Rest of World	4,858	3,649
	<u>15,105</u>	<u>13,275</u>
By type		
Sale of goods	2,193	1,960
Services	11,613	11,315
Construction contract	1,299	–
	<u>15,105</u>	<u>13,275</u>

Turnover is shown by destination as the origin of turnover is all from the UK.

3. Segment reporting

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

Notes to the Consolidated Financial Statements

4. Notes to the income statement

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

	2009 £'000	2008 £'000
Depreciation of tangible assets	1,706	1,238
Amortisation of intangible assets:		
– Intellectual property rights	330	270
– Research and development	61	46
– Computer software	22	27
Impairment of financial assets	20	–
Other research and development charges	17	749
Operating lease charges:		
– land and buildings	256	172
– other	48	46
Foreign currency exchange loss	41	18
Loss on disposal of property, plant and equipment	24	22
Directors' emoluments	558	498
Inventory write down provision	(1)	95
Bad debt provision	–	(5)
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10	10
The audit of the Company's subsidiary pursuant to legislation	23	19
Total audit fees	33	29
Non-audit fees: other services	4	–

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

5. Staff numbers and costs

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

	2009 Number	2008 Number
Management	10	10
Technical	59	48
Administrative	15	11
	84	69

The aggregate payroll costs of these persons were as follows:

	2009 £'000	2008 £'000
Wages and salaries	3,823	3,228
Social security costs	418	279
Pension contributions to defined contribution plans	192	109
Share based payments	190	181
	4,623	3,797

Notes to the Consolidated Financial Statements

6. Finance income	2009	2008
	£'000	£'000
Bank interest receivable	5	3
Other interest	3	11
	<u>8</u>	<u>14</u>
7. Finance costs	2009	2008
	£'000	£'000
On bank loans and overdraft	186	150
Other interest	11	6
	<u>197</u>	<u>156</u>
8. Income tax expense	2009	2008
<i>(i) The taxation charge for the year comprises:</i>	£'000	£'000
UK Corporation tax:		
Current tax on income for the year	678	507
Adjustment in respect of prior years	(36)	2
	<u>642</u>	<u>509</u>
Foreign tax		
Current tax on income for the year	25	52
	<u>667</u>	<u>561</u>
Total current tax		
Deferred tax:		
Origination and reversal of timing differences	109	35
Adjustment in respect of prior years	4	20
	<u>113</u>	<u>55</u>
Total deferred tax		
Total tax charge	<u>780</u>	<u>616</u>
<i>(ii) Factors affecting the tax charge for the year</i>	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	1,798	1,905
Current tax charge at 28% (2008: 28%)	503	533
<i>Effects of:</i>		
Expenses not deductible for tax purposes	145	95
Capital allowances for the year less than/(in excess) of depreciation	36	(49)
Utilisation of tax losses	–	(75)
Foreign tax	19	26
Adjustments in respect of prior year	(36)	2
Effect of change in tax rate	–	29
	<u>667</u>	<u>561</u>
Current tax charge for the year		

Notes to the Consolidated Financial Statements

8. Income tax expense (continued)

(iii) Movement in deferred tax balance

	2009	2008
	£'000	£'000
Deferred tax liability at beginning of year	377	322
Charge to income statement	113	55
Deferred tax movement on share options	56	–
Deferred tax liability at end of year	546	377

(iv) Deferred tax balance

The deferred tax balance is made up of the following items:

	2009	2008
	£'000	£'000
Difference between depreciation and capital allowances	589	553
Share based payments	(5)	(138)
Tax losses	(38)	(38)
Deferred tax liability at end of year	546	377

9. Dividends

	2009	2008
	£'000	£'000
Ordinary Shares		
Interim paid of 0.3118p (2008: nil) per share for the year ended 30 June 2009	250	–
Ordinary Shares		
Final dividend after the year end of 0.38p (2008: nil) per share	305	–
The proposed final dividend has not been accrued at the balance sheet date.		

10. Earnings per share

	2009	2008
	£'000	£'000
Profit attributable to shareholders	1,018	1,289
	Number	Number
Weighted average number of shares in issue	80,182,569	80,182,569
Dilution effects of share schemes	205,301	409,284
Diluted weighted average number of shares in issue	80,387,870	80,591,853
Basic earnings per share	1.27p	1.61p
Diluted earnings per share	1.27p	1.60p

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

11. Goodwill	£'000
Cost	
As at 1 July 2007	722
As at 1 July 2008	722
As at 30 June 2009	722
Impairment	
As at 1 July 2007	—
As at 1 July 2008	—
As at 30 June 2009	—
Net Book Value	
As at 30 June 2009	722
As at 30 June 2008	722
As at 30 June 2007	722

12. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2007	5,403	708	62	6,173
Additions	1,037	344	12	1,393
As at 1 July 2008	6,440	1,052	74	7,566
Additions	—	331	39	370
As at 30 June 2009	6,440	1,383	113	7,936
Amortisation				
As at 1 July 2007	443	85	34	562
Charge for the year	270	46	27	343
As at 1 July 2008	713	131	61	905
Charge for the year	330	61	22	413
As at 30 June 2009	1,043	192	83	1,318
Net Book Value				
As at 30 June 2009	5,397	1,191	30	6,618
As at 30 June 2008	5,727	921	13	6,661
As at 30 June 2007	4,960	623	28	5,611

Patent and other development costs are internally generated.

Notes to the Consolidated Financial Statements

13. Financial assets	£'000
Cost	
As at 1 July 2007	—
As at 1 July 2008	—
Additions	80
As at 30 June 2009	80
Impairment	
As at 1 July 2007	—
As at 1 July 2008	—
Charge for the year	20
As at 30 June 2009	20
Net Book Value	
As at 30 June 2009	60
As at 30 June 2008	—
As at 30 June 2007	—

The financial asset represents an option to purchase leasehold property.

14. Investments

The Company's subsidiary undertakings are:

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Design, sale and rental of equipment for the underwater drilling and mining industry	100%
Plexus Holdings USA, Inc.	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Design, sale and rental of equipment for the subsea drilling and mining industry	100%
Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Sdn Bhd	Malaysia	Design, sale and rental of equipment for the underwater drilling and mining industry	49%

The Group's investments are unlisted.

Notes to the Consolidated Financial Statements

14. Investments (continued)

The summary financial information of the Group's associate, extracted on a 100% basis from the accounts prepared under IFRS for the year ended 30 June are as follows:

	2009 £'000	2008 £'000
Assets	60	130
Liabilities	57	209
Revenue	360	–
Profit/(loss)	102	(117)
Value of associate investment		£'000
Investment in associate at 1 July 2008		–
Share of profit in the year		45
Write-back of loan written-down in previous year		(44)
Investment in associate at 30 June 2009		1

15. Property, plant and equipment

	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Cost				
As at 1 July 2007	6,400	1,570	27	7,997
Additions	78	2,281	1	2,360
Transfers	3,629	(3,629)	–	–
Disposals	(413)	–	(6)	(419)
As at 1 July 2008	9,694	222	22	9,938
Additions	189	2,547	–	2,736
Transfers	2,631	(2,631)	–	–
Disposals	(63)	–	–	(63)
As at 30 June 2009	12,451	138	22	12,611
Depreciation				
As at 1 July 2007	1,432	–	16	1,448
Charge for the year	1,234	–	4	1,238
On disposals	(71)	–	(6)	(77)
As at 1 July 2008	2,595	–	14	2,609
Charge for the year	1,702	–	4	1,706
On disposals	(39)	–	–	(39)
As at 30 June 2009	4,258	–	18	4,276
Net book value				
As at 30 June 2009	8,193	138	4	8,335
As at 30 June 2008	7,099	222	8	7,329
As at 30 June 2007	4,968	1,570	11	6,549

Notes to the Consolidated Financial Statements

16. Inventories

	2009 £'000	2008 £'000
Raw materials and consumables	1,389	860
Work in progress	214	325
Finished goods and goods for resale	2,191	2,293
	<u>3,794</u>	<u>3,478</u>

17. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	4,263	4,271
Construction work in progress	–	1,479
Receivables due from associate companies	42	165
Receivables due from related parties	–	18
Prepayments and other amounts	494	974
	<u>4,799</u>	<u>6,907</u>

18. Construction contracts

	2009 £'000	2008 £'000
<i>For contracts in progress, the details are:</i>		
Aggregate costs incurred	5,527	4,228
Aggregate recognised profit	1,733	1,464
Advances received	–	–
Retentions	–	–
	<u>–</u>	<u>–</u>

19. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	971	1,802
Trade payables due to related parties	35	1
Non trade payables and accrued expenses	2,325	1,718
	<u>3,331</u>	<u>3,521</u>

20. Share Capital

	2009 £'000	2008 £'000
Authorised:		
Equity: 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid:		
Equity: 80,182,569 Ordinary shares of 1p each	802	802
	<u>802</u>	<u>802</u>

Notes to the Consolidated Financial Statements

21. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2018 at prices ranging from £0.385 to £0.78. At 30 June 2009, there were 2,591,302 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:

	2009		2008	
	No of Shares	Weighted average price	No of Shares	Weighted average price
Outstanding at the beginning of the period	3,889,332	0.49	3,028,182	0.49
Granted during the period	–	–	914,316	0.78
Lapsed due to failure to meet TSR criteria during the period	(347,034)	0.59	–	–
Forfeited during the period	(96,146)	0.62	(53,166)	0.385
Exercised during the period	–	–	–	–
Outstanding at the end of the period	3,446,152	0.56	3,889,332	0.56
Exercisable at the end of the period	1,732,869	0.54	550,847	0.59

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2009 is £515,915 (2008: £739,720). The inputs to the Stochastic model for the computation of the fair value of the options are as follows:

Share price at date of grant	varies from	£0.385 to £0.78
Option exercise price at date of grant	varies from	£0.385 to £0.78
Expected volatility	varies from	35.7% to 38.6%
Expected term	varies from	5 years to 6.3 years
Risk-free interest rate	varies from	4.4% to 5.7%
Expected dividend yield		0%

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. 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 options no dividends had been paid and the directors did not envisage paying one therefore the dividend yield is 0%.

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 £189,868 (2008: £181,333) towards equity settled share based payments.

Notes to the Consolidated Financial Statements

22. Share premium and reserves

	Share premium £'000	Share based payments reserve £'000	Profit and loss account £'000
As at 30 June 2008	15,596	360	787
Reserve created in the year	–	190	–
Movement in deferred tax relating to share options	–	–	(56)
Profit for the year retained for equity shareholders	–	–	1,061
Interim ordinary dividends	–	–	(250)
As at 30 June 2009	15,596	550	1,499

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

	2009 £'000	2008 £'000
Increase/(decrease) in cash in the year	5,799	(1,371)
Cash inflow from increase in net debt	(4,000)	–
Movement in net debt in year	1,799	(1,371)
Net debt at start of year	(3,144)	(1,773)
Net debt at end of year	(1,345)	(3,144)

24. Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	456	2,199	2,655
Overdrafts	(3,600)	3,600	–
Bank loans	–	(4,000)	(4,000)
Total	(3,144)	1,799	(1,345)

Notes to the Consolidated Financial Statements

25. Financial instruments and risk management

Treasury management

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

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

(a) Market risks

(i) Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. In order to protect the Group's balance sheet 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.

(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.

(iii) Price risk

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

(b) Credit risk

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

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

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

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

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 Consolidated Financial Statements

25. Financial instruments and risk management (continued)

The aging of trade receivables at the year end was:	2009	2008
	£'000	£'000
Not past due	3,388	5,096
Past due 0-30 days	324	777
Past due 30+ days	651	1,034
	4,263	6,907

A receivable of £44k (2008: £nil) is impaired at the year end following a review of the scope of work undertaken as part of a customer contract resulting in an adjustment to invoices outstanding.

(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	Non-interest bearing	Book and fair value
	£'000	£'000	£'000
30 June 2009			
Cash and liquid resources – Sterling	1,575	–	1,575
– US Dollar	1,043	–	1,043
– Euro	37	–	37
	2,655	–	2,655
30 June 2008			
Cash and liquid resources – Sterling	1	–	1
– US Dollar	278	–	278
– Euro	98	–	98
– Egyptian Pounds	–	79	79
	377	79	456

At 30 June 2009 the Group had £2,655,488 of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 0% and 3.25% on sterling deposits.

The Group has a facility of £5,000,000 that is secured by a fixed and floating charge over the assets of the Group. At 30 June 2009 the Group had drawn £4,000,000 on that facility. The interest payable is on a floating rate basis and ranged between 3% and 7% in the year. The facility comprises of a £4,000,000 revolving credit facility repayable in January 2012 and a £1,000,000 overdraft repayable on demand.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2009 are as follows:

	Floating rates	Non-interest bearing	Book and fair value
	£'000	£'000	£'000
30 June 2009			
Bank overdraft – Sterling	(4,000)	–	(4,000)
30 June 2008			
Bank overdraft – Sterling	(3,601)	–	(3,601)

Notes to the Consolidated Financial Statements

26. 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:

	2009	2008
	£'000	£'000
Within one year	308	220
Within two to five years	794	808
After five years	230	404
	1,332	1,432

Operating lease commitments where the group is the lessor

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

	2009	2008
	£'000	£'000
Within one year	1,125	300
Within two to five years	–	–
After five years	–	–
	1,125	300

The Group had no capital commitments as at 30 June 2009 (30 June 2008: £nil).

27. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2009 (30 June 2008: £nil).

28. Related party transactions

Control

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

Ultimate parent company

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

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

Notes to the Consolidated Financial Statements

28. Related party transactions (continued)

Transactions

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

	2009	2008
	£'000	£'000
Recharge of expenses to Other Related Parties	–	43
Purchase of goods and services from Management	25	43
Purchase of goods and services from Other Related Parties	35	210
Purchase of goods and services from Associate Undertakings	360	–
Receivables from Other Related Parties	–	18
Receivables from Associate Undertakings	42	165
Payables to Management	13	1
Payables to Other Related Parties	21	–

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

During the year, Mr. B. van Bilderbeek, a director, advanced monies to the Group totalling £495k (2008: £nil). At 30 June 2009 this amount had been repaid in full. At 30 June 2009 the Group owed Mr. van Bilderbeek £13k, being the net balance due for reimbursement of business expenses incurred during the year. The interest rate on the loan to the Group was at Bank of England base rate plus 1.5% (the same as the effective rate charged by the Group's bankers) and the total interest paid for the year was £4k.

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 2009 which comprise the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Cash Flow Statement and the related notes numbered 1 to 12.

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

This report is made solely to the company's members, as a body, in accordance with Sections 495 to 496 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.

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 2009;
- 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.

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.

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

Other matter

We have reported separately on the group financial statements of Plexus Holdings plc for the year ended 30 June 2009.

Stephen Gale FCA

Senior Statutory Auditor

for and on behalf of

Horwath Clark Whitehill LLP, Statutory Auditor

19 October 2009

London

Parent Company Balance Sheet

at 30 June 2009

	Notes	2009 £'000	2008 £'000
Assets			
Investments	3	8,294	8,294
Non-current assets		8,294	8,294
Trade and other receivables	4	9,802	7,930
Deferred tax assets		39	96
Cash at bank and in hand		100	–
Total current assets		9,941	8,026
Total Assets		18,235	16,320
Equity and Liabilities			
Called up share capital	6	802	802
Share premium account	7	15,596	15,596
Share based payments reserve	7	275	213
Retained earnings	7	920	(1,073)
Total equity attributable to equity holders of the company		17,593	15,538
Trade and other payables	5	642	782
Current income tax liabilities		–	–
Total current liabilities		642	782
Total liabilities		642	782
Total Equity and Liabilities		18,235	16,320

These financial statements were approved and authorised for issue by the board of directors on 19 October 2009 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Parent Company Statement of Changes in Equity

for the year ended 30 June 2009

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2007	802	15,596	124	(540)	15,982
Loss for the year	—	—	—	(533)	(533)
Share based payments reserve charge	—	—	89	—	89
Balance as at 30 June 2008	802	15,596	213	(1,073)	15,538
Profit for the year	—	—	—	2,257	2,257
Share based payments reserve charge	—	—	62	—	62
Deferred tax movement relating to share options	—	—	—	(14)	(14)
Interim ordinary dividends	—	—	—	(250)	(250)
Balance as at 30 June 2009	802	15,596	275	920	17,593

Parent Company Cash Flow Statement

for the year ended 30 June 2009

	2009 £'000	2008 £'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,300	(594)
Adjustments for:		
Charge for share based payments	62	89
Investment income	(3)	—
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(1,872)	788
(Decrease)/increase in trade and other payables	(140)	754
Cash generated from operations	347	1,037
Income taxes paid	—	—
Net cash used in operations	347	1,037
Cash flows from investing activities		
Purchase of intangible assets	—	(1,037)
Net cash used in investing activities	—	(1,037)
Cash flows from financing activities		
Interest received	3	—
Equity dividends paid	(250)	—
Net cash used in financing activities	(247)	—
Net increase in cash and cash equivalents	100	—
Cash and cash equivalents at 1 July 2008	—	—
Cash and cash equivalents at 30 June 2009	100	—

Notes to the Parent Company Financial Statements

1. Summary of significant accounting policies

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

a. Basis of preparation

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

Under section 408(4) of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement.

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

- FRS 2 (amendment) Share based payments
- IFRS 3 (revised) Business combinations
- IFRS 8 Operating Segments
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non Cash Assets to Owners
- IAS 1 (revised) Presentation of financial statements
- IAS 23 (revised) Borrowing costs
- IAS 27 (revised) Consolidated and separate financial statements
- IAS 32 Financial Instruments – Presentation (amendments)
- IAS 39 Financial Instruments: Recognition and Measurement (amendment) – Eligible Hedged Items

Whilst having an impact on the disclosure in future periods the Directors do not anticipate that the adoption of these interpretations in future reporting periods will have a material impact on the Company'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. 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.

c. Trade receivables

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

d. Trade payables

Trade and other payables are stated at cost.

Notes to the Parent Company Financial Statements

e. 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.

f. 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 balance sheet date and the gains or losses on translation are included in the income statement.

g. Taxation

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

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

h. Pensions

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

i. 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 balance sheet 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.

j. 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.

Notes to the Parent Company Financial Statements

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.

k. 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.

l. Key assumptions and sources of estimation

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

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

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

2. Profit for the year

As permitted by section 480(4) of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The parent company's profit after tax for the year was £2,256,847 (2008: loss of £533,154).

3. Investments

	£'000
<i>Subsidiary undertaking</i>	
As at 1 July 2007	7,257
Additions	1,037
As at 30 June 2008	8,294
As at 30 June 2009	8,294

Notes to the Parent Company Financial Statements

3. Investments continued

The Company's subsidiary and associate undertakings are:

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Design, sale and rental of equipment for the underwater drilling and mining industry	100%
Plexus Holdings USA, Inc.	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Design, sale and rental of equipment for the subsea drilling and mining industry	100%
Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Sdn Bhd	Malaysia	Design, sale and rental of equipment for the underwater drilling and mining industry	49%

4. Trade and other receivables

	2009 £'000	2008 £'000
Receivables due from group companies	9,788	7,920
Prepayments and other amounts	14	10
	<u>9,802</u>	<u>7,930</u>

5. Trade and other payables

	2009 £'000	2008 £'000
Trade payables	19	—
Non trade payables and accrued expenses	623	782
	<u>642</u>	<u>782</u>

6. Share Capital

	2009 £'000	2008 £'000
Authorised: Equity: 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid: Equity: 80,182,569 Ordinary shares of 1p each	802	802

Notes to the Parent Company Financial Statements

7. Share premium and reserves

	Share premium £'000	Share based payments reserve £'000	Profit and loss account £'000
As at 1 July 2008	15,596	213	(1,073)
Reserve created in the year	–	62	–
Deferred tax movement relating to share options	–	–	(14)
Profit for the year retained for equity shareholders	–	–	2,257
Interim ordinary dividends	–	–	(250)
As at 30 June 2009	15,596	275	920

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

	2009 £'000	2008 £'000
Movement in net cash in year	–	–
Net cash at start of year	–	–
Net cash at end of year	–	–

9. Financial instruments and risk management

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

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

(a) Market risks

(i) Foreign currency exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. In order to protect the Company's balance sheet 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.

(ii) Interest rate risk

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

(iii) Price risk

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

Notes to the Parent Company Financial Statements

9. Financial instruments and risk management continued

(b) Credit risk

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

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

(c) Liquidity risk

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

10. Operating lease commitments/Financial commitments

The Company had no capital commitments as at 30 June 2009 (30 June 2008: £nil).

11. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2009 (30 June 2008: £nil).

12. Related party transactions

Control

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

Ultimate parent company

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

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

Transactions

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

	2009 £'000	2008 £'000
Receivables from Subsidiary Undertakings	9,788	7,920

Corporate Information

Directors

Robert Fredrik Martin Adair† (Non-Executive Chairman)
Bernard Herman van Bilderbeek (Chief Executive)
Graham Paul Stevens (Finance Director)
Craig Francis Bryce Hendrie (Technical Director)
Jerome Jeffery Thrall† (Non-Executive Director)
Augusto Licinio Carmona Da Mota (Non-Executive Director)

†Member of Audit and Remuneration committees

Registered Office

Plexus House
1 Cromwell Place
London
SW7 2JE

Company Number 3322928

Company Secretary

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

Nominated Adviser and Broker

Brewin Dolphin Limited
48 St Vincent Street
Glasgow
G2 5TS

Auditor

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

Solicitors to the Company

Jones Day
21 Tudor Street
London
EC4Y 0DJ

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 21 Upper Phillimore Gardens, Kensington, London, W8 7HF on Tuesday 1st December 2009 at 11:00 a.m., to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 6 (inclusive) will be proposed as ordinary resolutions and resolutions 7 and 8 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 2009.

Remuneration Report

2. To approve the Report on Directors' Remuneration for the year ended 30 June 2009.

Re-election of Directors Retiring by Rotation

3. To re-elect Ben van Bilderbeek as a Director.
4. To re-elect Craig Hendrie as a Director.

Re-appointment of Auditor

5. To re-appoint Horwath Clark Whitehill as auditor until the conclusion of the next annual general meeting of the Company at which accounts are laid.

Auditor's Remuneration

6. To authorise the directors to determine the remuneration of the Auditor.

Special Business:

Purchase of Own Shares

7. That the Company be generally and unconditionally authorised to make one or more market purchases, within the meaning of Section 693(2) of the Companies Act 2006 ("the Act"), of Ordinary shares of 1p each in the Company ("Shares") and to hold such Shares as treasury shares, provided that:
 - (a) the maximum number of Shares to be repurchased shall be 4,009,128 Shares representing the nominal value of 5% of the Company's issued share capital at the date of this Notice;
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p per share;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be an amount equal to 105% of the average market value of the Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Share is purchased;
 - (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per share as determined by the Directors;
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 December 2010; 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.

Notice of Annual General Meeting

Authority to Dis-apply Pre-emption Rights

8. That, subject to 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 2010 but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power;
 - (b) up to an aggregate nominal amount of £80,182.57 representing the nominal value of 10% of the Company's issued share capital at the date of this Notice; and
 - (c) and shall include the power to sell treasury shares under Section 727 of the Act.

Dated this 19th day of October 2009.

By Order of the Board

Martha Bruce FCIS
Company Secretary

Registered Office:
Plexus House
1 Cromwell Place
London SW7 2JE

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 below.

Notice of Annual General Meeting

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 Limited, 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 27 November 2009, 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 3 and 4** – 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 and, if they are eligible, may offer themselves for re-election.
5. **Resolution 5** – 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 Horwath Clark Whitehill.
6. **Resolution 7** – 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 2010, whichever is earlier. The Directors consider that in certain circumstances it may be advantageous for the Company to purchase its own Shares at a discount to net asset value. Purchases will only be made on the London Stock Exchange within guidelines established from time to time by the Board.

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

The Directors intend that any Shares purchased under this authority will be held by the Company as treasury shares, within the limits allowed by the law, unless the Directors consider that purchasing the Shares and cancelling them would be to the advantage of the Company and its shareholders. The Directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to rights of pre-emption granted by shareholders in general meeting (see Resolution 8 and the note thereto).
7. **Resolution 8** – When shares are to be allotted for cash, section 561(1) of the Companies Act 1985 provides that existing shareholders have pre-emption rights and that any new shares are offered first to such shareholders in proportion to their existing shareholdings. This resolution is seeking to authorise the Directors to allot Shares of up to an aggregate nominal amount of £80,182.57 otherwise than on a pro-rata basis. This represents 10% of the Company's issued share capital on the date of this document. This authority shall expire at the next Annual General Meeting or on 31 December 2010, 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.
8. 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 21 Upper Phillimore Gardens, Kensington, London, W8 7HF on Tuesday 1 December 2009 at 11:00am

I/We
(in BLOCK CAPITALS please)

of being a
shareholder(s) of the above-named Company, appoint the Chairman of the Meeting or
..... to act as my/our proxy to vote for me/us
and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 1 December
2009 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 2009.			
2.	To approve the Report on Directors' Remuneration.			
3.	To re-elect Ben van Bilderbeek as a director of the Company.			
4.	To re-elect Craig Hendrie as a director of the Company.			
5.	To re-appoint Horwath Clark Whitehill as auditors of the Company.			
6.	To authorise the Board to determine the auditors' remuneration.			
7.	To authorise the Company to make market purchases as set out in the Notice of the Meeting.			
8.	To dis-apply pre-emption rights on allotment of equity securities as set out in the Notice of the Meeting.			

Signed Dated 2009

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 of 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.



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Thames House
Portsmouth Road
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