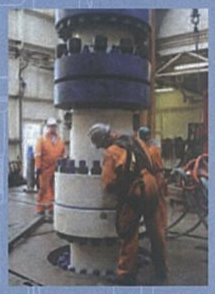
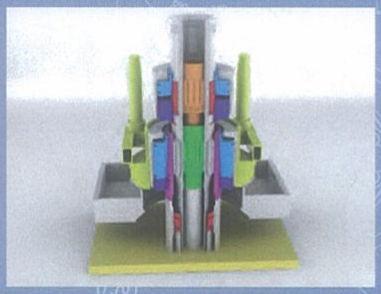
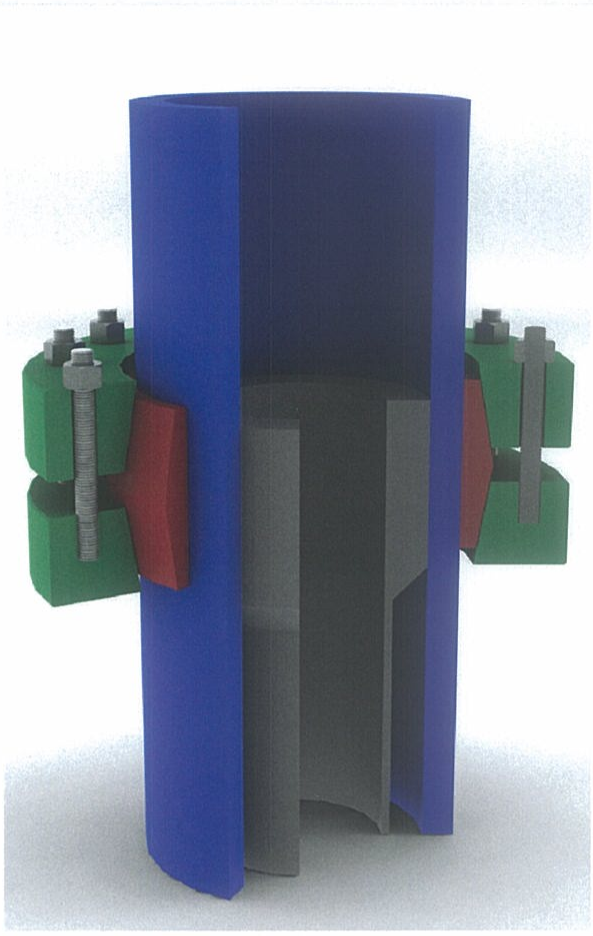


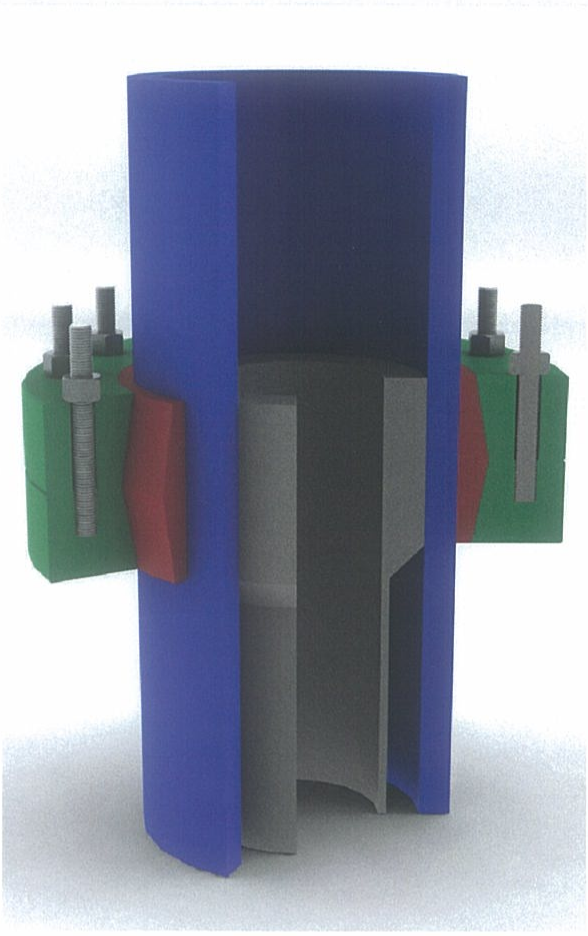


Plexus Holdings plc

Annual Report & Accounts 2010



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

- Revenue of £13.1m (2009: £15.1m)
- Profit before tax of £0.6m (2009: £1.8m)
- EBITDA of £3.4m before IFRS 2 share based payment charges of £0.21m (2009: £4.3m before IFRS 2 share based payment charges of £0.19m)
- Gross margin increase to 58.5% (2009: 57.9%)
- Basic earnings per share of 0.88p (2009: 1.27p)

Highlights

- EBITDA and profit before tax in line with market expectations; profit after tax ahead of market expectations
- Increasing industry awareness of the benefits of POS-GRIP® friction grip technology wellhead equipment following recent events in the Gulf of Mexico
- Initiation of Joint Industry Project ('JIP') inviting investment for the accelerated development of a POS-GRIP "HGSS"™ subsea wellhead
- New assembly and test facility building in Aberdeen opened May 2010 to support anticipated future growth in High Pressure/High Temperature ('HP/HT') and Extreme High Pressure/High Temperature ('X-HP/HT') activities
- HP/HT contract wins with GDF Suez Egypt for £0.6m, Maersk Oil North Sea UK Limited ('Maersk') for an estimated initial £3.0m, Sonangol Pesquisa e Producao ('Sonangol') for £0.7m, and new customer Senergy Limited at £0.7m
- Expanding geographic reach – winning of business with new customers in three new territories; offshore Cameroon in West Africa with Bowleven plc, offshore Tunisia in North Africa with Cairn Energy PLC Group, and offshore Angola in South West Africa with Sonangol
- Further contract wins with Dubai Petroleum Establishment, Transocean Drilling U.K. Limited and Wintershall Noordzee B.V.
- Post period end Plexus is confident that it will be awarded its first contract win in Australia with another new customer
- Continued capital investment of £3.3m (2009: £3.1m) including the addition of two more HP/HT wellhead equipment sets at a cost of circa £1.5m
- Research and Development ('R&D') spend, excluding costs of building new test fixtures, increased by 114% to £0.75m (2009: £0.35m)
- Strengthened the Board – appointed industry and wellhead equipment specialist Geoff Thompson as Non-Executive Director in June 2010
- Post period end, renewal, increase, and extension of bank facilities in September 2010. New £5m credit facility on a three year revolving basis increased from £4m, with additional £1m overdraft on a yearly term
- The Board is today proposing an increased final dividend of 0.39p per share (2009: 0.38p), which will be subject to shareholder approval at the Annual General Meeting ('AGM') to be held on 30 November 2010. If approved the dividend will be paid on 10 December 2010 to all members appearing on the register of members on the record date 29 October 2010. The ex-dividend date for the shares is 27 October 2010

Chief Executive Ben van Bilderbeek said:

"I am pleased to report that Plexus has maintained its level of key POS-GRIP HP/HT wellhead revenues and has also continued to win new customers in new territories around the world. This resulted in sales being wider spread than ever before with our UK and European sales in the year accounting for under half of revenues. This has been achieved despite the difficult trading conditions faced by the oil and gas industry

and the world economy as a whole over the last financial year, from which Plexus was not immune. Continuing oil and gas price volatility, which by mid 2009 had taken prices close to levels last seen in 2005, combined with continuing bank funding constraints for smaller operators, inevitably meant that oil companies reduced investment plans, and the associated expenditure on oil services is only anticipated to strengthen in the second half of 2010 and beyond. In the meantime a number of large mergers and acquisitions have taken place between oil services companies, particularly in the USA, which further underlines the changing nature of the industry.

''Looking to the future it is inevitable that many of our current engineering initiatives, which form an important part of our growth strategy, have to be considered against the back-drop of the recent incident in the Gulf of Mexico earlier this year. Although it is still unclear what the definitive causes were as the official reports have not yet been published, or indeed what the full regulatory impact and industry responses will be over the coming months and years, what is clear is that there will be more scrutiny and assessment of current drilling practices and technologies than ever before.

''Plexus has consistently maintained that the unique advantages of its proprietary POS-GRIP technology in terms of safety, operational performance, and cost savings will result in its wider acceptance and deployment, not only for jack-up surface drilling but also for production wellheads and subsea wellhead applications, and we believe that the conditions for communicating this message are now more favourable than ever before.

''In view of these developments we make no apologies for repeating that we advocate, in the strongest possible terms, a number of basic engineering and common sense principles which POS-GRIP wellhead technology addresses. In simple terms these are that for all oil and gas drilling applications the blow out preventers ('BOP') should not be lifted from the well to enable the landing of casing and energising of seals; that all casing and tubing hangers should be locked down with sufficient capacity to withstand the forces that can manifest themselves in the well; that wellheads which have to provide effective sealing throughout and beyond the productive life of a well should be designed using seals which avoid the loss of integrity over time as is often the case with alternative sealing methods; and that wellhead equipment test standards need to reflect a system's ability to withstand 'true' field life conditions, and need to match the accepted higher standards of other critical performance items of equipment in the well such as casing and tubing couplings.

''For these reasons we remain confident that our organic business and relationships with key customers will continue to develop and grow, whilst at the same time we pursue commercial opportunities with potential licensees and alliance partners over the coming years. Finally, I am pleased to announce that the Directors propose an increased final dividend of 0.39p per share for the year ended 30 June 2010 which will be submitted for formal approval at the Annual General Meeting.''

Summary of Results for the year ended 30 June 2010

	2010 £'000	2009 £'000
Revenue	**13,142**	15,105
EBITDA – before the effect of IFRS 2	**3,416**	4,316
EBITDA – after the effect of IFRS 2	**3,202**	4,126
Profit before taxation	**645**	1,798
Basic earnings per share (pence)	**0.88**	1.27

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Chairman's Statement

Business progress

I am pleased to report that the Group made strong progress in a number of strategic areas including the winning of new customers and expansion into new territories together with the ongoing development of key intellectual property and associated research and development. A stronger second half resulted in a full year EBITDA of £3.4m (before IFRS 2 share based payment charges of £0.21m) in line with market expectations, resulting in earnings per share of 0.88p.

Strategy

As Plexus continues to extend its geographic reach, which during the last financial year included for the first time offshore Cameroon, Tunisia, and Angola we are in no doubt that the industry is becoming increasingly aware of our proprietary and patented friction grip technology and the significant advantages that it can deliver in terms of safety, time savings, and operational performance throughout the field life of a well. We are committed to the growth of our organic exploration wellhead rental business and are continuing to invest in the necessary infrastructure, systems, and processes to support this strategy. At the same time we fully recognise that the POS-GRIP method of engineering also delivers particular advantages for production wellhead applications and for subsea wellheads, as well as related new product development opportunities such as our 15,000psi Tieback project which we hope will be of major benefit to the HP/HT jack-up drilling exploration sector, hence the 114% increase in our R&D spend (excluding costs of building new test fixtures) during the last financial year.

Our continued investment in a number of key areas has given strategic support to our day to day operations during the last financial year, and is an indicator of the continuing maturity of the business and our ability to play an important role in the oil services arena. These included the £0.6m investment in a new assembly and test building at our facility in Aberdeen which opened on time and on budget in May 2010, the initiation of a number of new patents which we believe will have considerable value over the coming years, and the successful certification of the Plexus management system for both ISO 9001:2008 and OHSAS 18001:2007. Such systems and health and safety initiatives are an increasingly important part of our customers' requirements and both standards are recognised throughout the industry as important operational and commercial milestones.

Turning to non organic strategic initiatives these inevitably centre on POS-GRIP friction grip technology and our ongoing drive and determination to gain the widest acceptance of our technology within the oil and gas industry. We believe that there are very good reasons for revisiting certain industry standards and practices surrounding wellhead equipment testing and design, some of which have been highlighted as a result of the Gulf of Mexico subsea incident in April 2010. For example the importance of casing being locked down in place in the seal assembly with sufficient force, and in a timely manner with the minimum opportunity for delays and failures as can happen with lock down rings has been cited by the USA Department of Interior. The simplicity and predictable nature of POS-GRIP technology addresses these issues in a uniquely beneficial way as inherent in the POS-GRIP design is anti-rotation and preloaded lockdown as friction works in all directions (i.e. tubular members are held radially and axially). Furthermore we believe that effective seals that provide protection beyond the productive life of a well and which do not rely on the use of elastomeric/resilient seals which lose integrity should be a basic requirement of well design. This is even more the case with subsea wellheads where unlike surface wellheads remedial solutions are not readily available, and where POS-GRIP can deliver true metal to metal seals with a large contact area activated by large external forces. To accelerate the possibility of developing a superior POS-GRIP subsea wellhead we have launched a JIP initiative that invites a number of key operators and oil service companies to participate in funding the development of a POS-GRIP HGSS subsea wellhead.

The subsea wellhead JIP is an exciting new development. We are proposing to develop and build a subsea wellhead system that will have fewer parts in the well bore than any other wellhead equipment available on the market, a system which seals and locks hangers down as soon as cementing is complete, and a system which is inherently resistant to contamination as our system has no moving parts exposed to well bore fluids.

Such Plexus initiatives to improve existing standards and practices extend also to surface wellheads where the chance of avoiding and controlling potential blow outs are clearly significantly increased by the use of ''through the BOP'' wellhead designs such as POS-GRIP, as opposed to spool type (often known as 'slip and seal') wellheads

where the removal of the BOP is required to cut casing. Such established procedures cost time and generate unnecessary risk to personnel and the environment, and are related to the fact that such designs are based around generally accepted American Petroleum Institute ('API') standards for conventional and historical wellhead designs. These standards are in turn supported by test standards for wellheads that do not require multi-sample testing, and some seals are not tested at all. Such tests do not reflect real field conditions, and are much less stringent than those required for example for casing and tubing couplings. We believe that this is because unlike POS-GRIP designs these conventional wellhead designs have been unable to pass such higher standards due to seals moving during testing and because annular pockets are non concentric.

Alongside our strategic focus on leveraging the technical benefits of POS-GRIP technology we continue to address the funding of future projects. I am pleased therefore to confirm that we have further strengthened our relationship with Bank of Scotland Corporate and have agreed the renewal, increase, and extension of bank facilities for a new £5m (increased from £4m) three year revolving credit facility plus a £1m overdraft on a yearly term. We do not intend to utilise all of these facilities during the current financial year, but believe that it is sensible to have secured the ability to invest in the future growth of the business as the need arises.

Staff

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during a year which has seen a continued broadening of our geographical areas of operation, further raising the awareness of the benefits of POS-GRIP friction grip technology. I would also like to welcome Geoff Thompson, a specialist in the design, testing, and specifications of oil industry well equipment, as a non-executive director to the Board.

Outlook

Plexus has continued to make strong progress during the year through a number of key strategic activities all of which centre around our patented proprietary POS-GRIP friction grip technology. We believe that we are able to offer the oil and gas industry a range of superior wellhead equipment not only for exploration, but also for production operations whether for surface or in due course subsea. The fact that we continue to win business from some of the largest operators for some of the most challenging conditions particularly for use in HP/HT wells, demonstrates that our technology has an increasingly important role to play at a time when access to innovative and enabling technology with clear safety advantages is so necessary, particularly as the incidence of blow outs is significantly higher in HP/HT versus normal pressured wells. Furthermore we believe these initiatives will also enable us to over time broaden our range of products to include for example valves and connectors. In the meantime our main goal is to address some of the technical and engineering issues that have been brought sharply into focus following the recent Gulf of Mexico incident. Of particular note is the importance of full metal to metal sealing capability for the life of a well together with the provision of effective and fast locking down of the casing, where we believe conventional technology and traditional methods have performance limitations which can be empirically proven. This is especially relevant where HP/HT conditions exist and which lead to axial and radial movement of tubular members which if not contained can be so damaging to the integrity of wellhead seals. This is why we have launched our JIP initiative inviting the industry to participate in the development of a new and we believe superior POS-GRIP HGSS subsea wellhead.

For these reasons I look forward to the future with confidence, and although global economic conditions remain volatile, and indeed in some areas fragile, Plexus is beginning to see signs of increased organic activity as energy prices stabilise and demand strengthens. At the same time a number of important dialogues are being maintained with a range of key industry entities. These include operators, oil services companies, regulators, standards organisations, and health and safety bodies which we hope will further move us towards a point where we will be able to secure the interest of potential licensees and alliance partners which will help accelerate the roll out of our technology which we believe will deliver significant value for our shareholders.

Robert Adair
Non-Executive Chairman

18 October 2010

Chief Executive's Review

Plexus as reported at the half year has been operating in challenging market conditions both in global economic terms and within an oil and gas industry where the prospects of oil service companies are unavoidably related to energy prices. At the beginning of the financial year continuing oil and gas price volatility had reduced oil prices to levels last seen in 2005 of c.$45USD per barrel which was approximately one third of peak levels that had been reached in late 2008 of c.$140USD per barrel. The subsequent slow down and reduction in investment plans, combined in some instances with constraints on securing adequate capital funding, impacted on the sector as a whole.

I am pleased to report however that despite a difficult trading environment Plexus has continued to make strong progress in terms of increasing the awareness of POS-GRIP friction grip technology wellhead equipment. With the stabilising of the oil price at levels which ensures the viability of more projects, we are beginning to see an increasing level of activity as we move into 2011.

In particular our focus on winning new contracts both from existing customers and new customers in new regions around the world has continued to be successful, and resulted for FY2010 in our Rest of the World (non UK and non European) sales accounting for 56.3% of revenue. The most significant contract wins together with certain other notable commercial developments were as follows:

- In July 2009 Plexus signed a two year contract with a further two year option with Talisman Energy Inc. with an initial value of approximately £1.5m for the supply of HP/HT and standard pressure wellhead and mudline suspension equipment in the Norwegian North Sea.
- In July 2009, and following on from a first agreement in 2007 with Gaz de France Britain Ltd to supply wellhead systems in the North Sea, Plexus won a contract to supply GDF Suez Egypt with its POS-GRIP 15,000psi HP/HT and standard 10,000psi wellhead equipment. This was not only a new customer win but also the addition of a third customer in the region to add to Shell Egypt and BP Egypt.
- In December 2009 Maersk extended the working relationship with Plexus by awarding a three year contract with a further two year option for the supply of HP/HT wellhead equipment with an initial estimated value of £3m for the exploration of a minimum of two wells in the UK's central North Sea.
- Over the three month period of January to March 2010 Plexus won a series of contracts with three new customers in West Africa, North Africa, and South West Africa. These were for supplying standard pressure equipment for exploration drilling to Bowleven plc in offshore Cameroon, Cairn Energy plc Group in offshore Tunisia, and for HP/HT wellhead equipment for Sonangol in offshore Angola. It is hoped that as our reputation grows in these important regions additional contract opportunities will follow.
- In May 2010 Plexus won a further HP/HT contract in the North Sea from Senergy Limited, which is managing exploration activities for Valiant Petroleum plc, with an approximate value of £0.7m. This further underpins Plexus' strong presence in the North Sea where we are one of the leading suppliers for wellhead equipment for HP/HT drilling activities.
- Post year end Plexus has been pursuing its first contract win opportunity in Australia with another new customer and is confident that this will be secured over the coming weeks and which will be announced in due course.
- Since August 2009 as part of Plexus' ongoing expansion plans, £0.6m has been invested in the construction of a new assembly and test building at our main facility in Dyce Aberdeen. The building was completed on time at the end of April and officially opened in May and has been specially designed to allow more efficient handling, assembly, qualification and testing of our POS-GRIP HP/HT and X-HP/HT wellhead systems.
- Continuing focus on the 15,000psi HP/HT Mudline Tieback project to demonstrate to the industry that tie back can for the first time be achieved for HP/HT exploration wells and pre-drilled production wells by using POS-GRIP set metal to metal "HG"® seals. The technical specification, detailed design of the system, and the test fixture for qualification testing of the prototype have now been completed, and the testing and manufacture of the prototype will begin shortly.

- In response to the growing focus on subsea drilling standards and technology Plexus has initiated the call for a JIP to look at funding the accelerated development of a POS-GRIP HGSS subsea wellhead system. This product would have fewer parts in the well bore than conventional systems, reliable metal to metal system seals, and locks hangers down as soon as cementing is complete. The system has an inherent resistance to contamination as there would be no moving parts exposed to well bore fluids.

It can be clearly seen that Plexus has been able to combine important organic developments together with a number of strategic initiatives which have underpinned our financial performance during the year, which strengthened significantly at the EBITDA and PBT level in the second half. I believe this has resulted in Plexus significantly raising industry awareness of the unique advantages of POS-GRIP technology as we pursue our goal of improving current industry wellhead equipment standards, particularly for HP/HT applications where our superior and enabling POS-GRIP technology is increasingly being recognised as having safety, operational, and time saving benefits.

The results for the year as indicated at the interims stage reflect the fact that Plexus was not immune from a range of adverse trading conditions particularly during the first half of the year. It should be noted that the reduction in sales revenues of £13.1m from £15.1m the previous year was achieved after a £1.1m reduction in sales relating to the BP Shah Deniz contract as this winds down from its inception in 2004. Our HP/HT rental revenues held steady year on year at £9.4m and our confidence that our expertise and growing reputation in this arena will become a key element of future trading was demonstrated by the addition of two new HP/HT wellhead equipment sets at a capital expenditure cost of c.£1.5m.

Perhaps one of the most important components of the year's activities concerns the investment in and expenditure on research and development and engineering and testing. These activities focus on the ongoing development of our patented POS-GRIP friction grip method of engineering both through patent improvements and continuations, and the design and development of new products such as our 15,000psi Tieback initiative, and the launching of a JIP seeking to fast-track the development of a POS-GRIP HGSS subsea wellhead. Such investment comes at an important time as following the incident in the Gulf of Mexico earlier this year a greater amount of attention has been directed both by regulators and the industry itself at current drilling practices and technologies than ever before. Instead of what historically has been a gradually evolving process for the development of methods and standards, it may well be that a number of 'step changes' will be required and in this environment it is essential that Plexus continues to invest in its POS-GRIP technology. As a result research and development spending (excluding the costs of building new test fixtures used in development testing) increased by 114% to £0.75m from £0.35m last year.

In summary I am pleased with the progress made during the year in a difficult market, particularly with regard to the winning of new customers and the expansion of our geographic reach around the world. However, what is particularly exciting is the progress we are making on a number of technical and product development fronts including the ongoing 15,000psi Tieback equipment project and the product design work that is now being aimed at accelerating our future role in the increasingly important subsea exploration and production arena. These initiatives are taking place at a time when the sector is showing signs of growth due to a recovery in the oil price, oil majors capex spend recovering, increased global demand for oil and gas as the world economy recovers, and the ongoing trend of extraction from challenging locations. Indeed some industry observers are saying that the North Sea is about to embark on a ''renaissance'', and that according to UK Oil & Gas 24bn of oil and gas equivalent have yet to be recovered. Such factors, combined with ever more stringent health and safety regulations, I believe place Plexus in an excellent position from which to capitalise on the safety, operational, and time saving advantages that our technology offers.

Ben van Bilderbeek
Chief Executive

18 October 2010

Financial Review

Revenue

Revenue for the year was £13.1m, compared to £15.1m in the previous year.

The rental of exploration wellhead equipment and related services accounted for over 95% of revenue which was a 10% increase from last year reflecting the fact that wellhead product sales associated with the historic BP Shah Deniz contract reduced to £0.2m compared to £1.3m in the prior year. Despite challenging market conditions the rental of HP/HT equipment remained stable at £9.4m and accounted for 71.6% of total sales revenues compared to 62.5% in the previous year. Revenue includes £0.2m of engineering and testing which is an increase from the prior year's level of £0.1m. This is a result of an increased level of development of the Company's proprietary POS-GRIP technology as part of the strategy to capitalise on the significantly increased levels of interest in new technologies and methods following the recent major incident in the Gulf of Mexico.

Margin

Gross margins have increased slightly to 58.5% from 57.9% in the previous year as HP/HT rental sales continue to dominate sales and generate higher margins than low pressure equipment contracts.

Overhead expenses

Overhead expenses were essentially unchanged year on year at £6.9m compared to £6.8m the prior year following a significant 31% increase in 2008/09 when it was necessary to provide a broader global operational support structure to service a growing number of customers across a wider range of territories and regions. In line with year on year total overhead expenses comparables, employee headcount as at the year end was also essentially unchanged at 88 compared to 89 for the prior year.

EBITDA

The EBITDA for the year (before IFRS2 share based payment charges of £0.21m) was £3.4m, down from £4.3m (before IFRS2 share based payment charges of £0.19m) the previous year, a decrease of 20.9%. This performance was in line with market expectations and was achieved during a twelve month period which continued to be volatile for the oil and gas industry and during which a number of major international oil services companies reported significantly reduced sales and earnings numbers. Furthermore oil and gas prices fell back in 2009 to levels which resulted in nearly all oil companies reducing investment plans in 2009/2010 which impacted Plexus during the year. EBITDA margin for the year was marginally lower at 26% as compared to 29% last year which demonstrates that the proprietary nature of the Plexus POS-GRP technology helps protect margins which bodes well for the future as sales revenues recover.

Profit before tax

Profit before tax of £0.65m compares to a profit last year of £1.8m, and again was in line with market expectations. It should be noted that profit before tax was in part adversely impacted as a result of absorbing a 14.7% increase in rental asset and other property, plant and equipment depreciation and amortisation totalling £2.43m, up from £2.1m last year. This once again reflects significant ongoing levels of capital expenditure and the higher level of depreciation of rental assets due to the steady increase in the size of the rental asset inventory. The profit before tax is stated after a higher IFRS2 charge for share based payments under reporting standard IFRS 2; the charge for the full year is £0.21m compared to £0.19m last year.

Tax

The Group UK Corporation Tax charge resulted in a tax credit of £0.06m for the year as compared to a tax charge of £0.78m for the prior year as a result of research and development related tax credit claims.

EPS

The Group reports basic earnings per share of 0.88p compared to 1.27p in the prior year.

Financial Review

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 £8.9m up from £8.3m last year. Capital expenditure on tangibles totalled £2.6m compared to £2.7m last year, of which £1.5m was for the addition of two more HP/HT wellhead equipment sets. Receivables increased to £6.6m as compared to £4.8m as a result of an increase in the level of business being generated from outside the UK and Europe leading to corresponding increases in debtor days but with no perceived increase in credit risk due to the 'blue chip' nature of existing and new customers. Net bank borrowings closed at £2.9m compared to £1.3m last year reflecting net cash outflow for the year of £1.6m, as compared to net cash inflow of £1.8m last year before the draw down on the bank loan of £4m. This movement is accounted for by a combination of debtor inflows reducing to £13m compared to £17.2m in the prior year, an increase of £0.6m in corporation tax payments totalling £1.1m as opposed to £0.5m in the prior year, and dividends paid of £0.6m which was a £0.3m increase over the prior year. In ongoing recognition of the unpredictable nature of the economy and capital markets, and the continued constraints on many banks' lending capacities the Group once again took the decision to review the level of its lending facilities with Bank of Scotland Corporate. As a result post period end in September 2010 Bank of Scotland Corporate agreed to increase the bank facilities available to the Group from £5m to £6m of which £5m of the credit facility is on a three year revolving basis, and £1m is an overdraft facility on a yearly term. This places Plexus in a strong position to fund ongoing R&D, capital expenditure, and associated development programmes.

Intellectual property

The Group carries in its balance sheet goodwill and intangible assets of £7.62m. The Directors have considered whether there have been any indications of impairment and have concluded that there have been no such indications. The Directors therefore consider the current carrying values to be appropriate. Indications of impairment are considered annually.

Research and Development

Ongoing R&D programme continues to be an important element of Plexus' future growth strategy and focuses on the further development of the proprietary POS-GRIP method of engineering both in terms of patent continuations and improvements to extend the life of its extensive patent suite, and also to design and develop new products that incorporate and benefit from the unique advantages of POS-GRIP technology. Examples of these include the 15,000psi Tieback initiative, and the initiation of a JIP for the fast track development of a POS-GRIP HGSS subsea wellhead system which addresses a number of concerns and issues that have arisen following the recent incident in the Gulf of Mexico. Consequently, and excluding this year's spend of £0.14m and last year's spend of £0.55m on the costs of building new test fixtures used in development testing, R&D spend increased by 114% to £0.75m from £0.35m in the prior year.

IFRS 2 (Share Based Payments)

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

Dividends

The Company announced on 18 March 2010 the payment of an interim dividend of 0.33p per share which was approved for payment on 1 April 2010.

The Directors have further decided to propose an increased final dividend of 0.39p per share for the year ending 30 June 2010 compared to 0.38p last year, which will be recommended for formal approval at the Annual General Meeting to be held on 30 November 2010. Subject to this the dividend will be paid on 10 December 2010.

Graham Stevens
Finance Director

18 October 2010

Board of Directors

Robert Fredrik Martin Adair MA(Oxon) ACA CTA FGS (aged 53), 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 AIM listed Leed Petroleum PLC and China Goldmines 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 62), 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 52), Finance Director

Until 2002, Graham was managing director of and joint 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, and until last year, after a 5 year term, was a non-executive director of NRX Global Inc. the global leader in Asset Lifecycle Management (ALIM) software solutions.

Craig Francis Bryce Hendrie M.Eng(Oxon) (aged 37), Technical Director

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

Jerome Jeffrey Thrall BBA MBA (aged 60), 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 71), 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.

Geoffrey Edmund Thompson, BSc (Hons) MEng. (aged 56), Non-Executive Director

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

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2010.

Principal activities

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

Business review

The directors are aware of the obligations under Section 417 of the Companies Act 2006 ('the Act') and the requirements for the provision of a Business Review. A review of the development and performance during the year consistent with the size and complexity of the business together with commentary on future developments including the main trends and factors likely to affect the business is given in the Chairman's Statement on page 4 and the Chief Executive's Review on page 6. In addition the Financial Review on page 8 includes references to and additional explanations of amounts included in the annual accounts. Where guidelines make reference to the provision of key performance indicators the directors are of the opinion that the various key performance indicators included in the highlights on page 1, the Financial Review on page 8, and the Directors' Report on page 11 meet this requirement. The directors have provided a description 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 including the cost of building new test fixtures totalled £0.9m (2009: £0.9m), 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 £0.6m (2009: £1.8m), are set out on page 22.

The directors have proposed a final dividend for the year ended 30 June 2010 of 0.39 p 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 27 in the financial statements.

Financial instruments and risk management

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

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 2010 were as follows:

	Number of Ordinary Shares of 1p each 2010	Number of Ordinary Shares of 1p each 2009
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	–	–
Geoff Thompson	–	–

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

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

Retirement and re-election

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

Mr. Thompson will retire at the Annual General Meeting having been appointed during the year and, being eligible, will offer himself for re-election.

Substantial shareholdings and interests

Shares

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

	% issued share capital
Mutual Holdings Ltd 60,000,001	74.8
J M Finn Nominees Limited 3,645,400	4.5
Skye Investments Limited 3,505,425	4.4

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

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

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 2010 were 76 days and 74 days respectively (2009: 32 days and 31 days respectively), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Group and the Company by its suppliers in the year and the amounts due, at the year end, to trade creditors within one year.

Employees

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

Post balance sheet events

The Directors have no post year end events to report.

Disclosure of information to auditors

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 30 November 2010. 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 8 (inclusive) there are three items of special business, namely the proposed resolutions numbered 9 to 11 (inclusive), the effects of which are to renew the authority given to the directors to allot shares comprised in the authorised, but un-issued share capital of the Company, to authorise the Company to make market purchases, of shares and, to dis-apply pre-emption rights. Your attention is drawn to the Notes on each of these resolutions at the foot of the Notice and to the Notes generally.

Auditors

On 1 October 2010, Horwath Clark Whitehill LLP changed its name to Crowe Clark Whitehill LLP. Crowe Clark Whitehill LLP has indicated its willingness to be reappointed as statutory auditor. In accordance with Section 489 of the Act, two resolutions for the re-appointment of Crowe Clark Whitehill LLP as auditor of the Company and authorising the directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Company number

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

By order of the Board

Martha Bruce FCIS
Company Secretary

18 October 2010

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 four 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 2010 the Board met a total of six times.

Board Committees

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

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

Audit Committee

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

During the year to 30 June 2010 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 2010 the Remuneration Committee met on four occasions.

Retirement and re-election

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

Mr. Thompson having been appointed during the year, is required under the articles of association of the Company to retire at the next Annual General Meeting following his appointment and, being eligible, may offer himself for re-election. A resolution for his re-election will be proposed at the Annual General Meeting.

Corporate Governance Report

Shareholder relations

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

Health and Safety

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

Financial Reporting

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

(b) Technology

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

(c) Competitive risk

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

(d) Liquidity and finance requirements

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

Risk assessment

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

Remuneration Committee Report

Introduction

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

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

Remuneration policy

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

Service contracts

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

Pensions

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

Non-executive Directors

The Non-executive Directors entered into Letters of Appointment with the Company dated 25 November 2005 for an initial term through to the first AGM and having all been re-elected as directors either party can terminate upon three months' notice being given. The newly appointed Non-Executive Director, Geoff Thompson, entered into his Letter of Appointment with the Company dated 8 June 2010.

Directors' remuneration (audited information)

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

	Salary £	Benefits £	Pension £	**2010 Total**	2009 Total
Executive Directors					
Ben van Bilderbeek	263,514	5,644	–	**269,158**	212,656
Graham Stevens	174,475	4,591	12,606	**191,672**	135,966
Craig Hendrie	168,455	255	13,136	**181,846**	144,566
Non-executive Directors					
Robert Adair	25,000	–	–	**25,000**	25,000
J Jeffrey Thrall	20,000	–	–	**20,000**	20,000
Augusto Da Mota	20,000	–	–	**20,000**	20,000
Geoff Thompson	1,278	–	–	**1,278**	–
Total	672,722	10,490	25,742	**708,954**	558,188

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 At 30/06/08	Granted During 08/09	Lapsed During 08/09	No of Options At 30/06/09	Granted During 09/10	Lapsed During 09/10	No of Options At 30/06/10	Date of Grant	No of Options Vested At 30/06/10	Expiry Date	Exercise Price (£)
B. van Bilderbeek	491,525	–	(103,221)	388,304	–	–	388,304	09/12/05	388,304	08/12/15	0.59
B. van Bilderbeek	197,727	–	–	197,727	–	(131,825)	65,902	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
B. van Bilderbeek	–	–	–	–	332,110	–	332,110	17/12/09	–	16/12/19	0.41
G. Stevens	322,034	–	(67,627)	254,407	–	–	254,407	09/12/05	254,407	08/12/15	0.59
G. Stevens	129,545	–	–	129,545	–	(86,368)	43,177	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
G. Stevens	–	–	–	–	217,795	–	217,795	17/12/09	–	16/12/19	0.41
C. Hendrie	322,034	–	(67,627)	254,407	–	–	254,407	09/12/05	254,407	08/12/15	0.59
C. Hendrie	129,545	–	–	129,545	–	(86,368)	43,177	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
C. Hendrie	–	–	–	–	217,795	–	217,795	17/12/09	–	16/12/19	0.41

Non-executive 2005 Share Option Scheme

Name	No of Options At 30/06/08	Granted During 08/09	Lapsed During 08/09	No of Options At 30/06/09	Granted During 09/10	Lapsed During 09/10	No of Options At 30/06/10	Date of Grant	No of Options Vested At 30/06/10	Expiry Date	Exercise Price (£)
R. Adair	101,695	–	(21,356)	80,339	–	–	80,339	09/12/05	80,339	08/12/15	0.59
A. Da Mota	76,271	–	(16,017)	60,254	–	–	60,254	09/12/05	60,254	08/12/15	0.59
J. Thrall	50,847	–	(10,678)	40,169	–	–	40,169	09/12/05	40,169	08/12/15	0.59
G. Thompson	–	–	–	–	100,000	–	100,000	08/06/10	–	07/06/20	0.60

No options are expected to lapse at the AGM.

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

Date Option capable of exercise	Number of Shares over which Option could be capable of exercise depending on TSR Growth
14 days after Company Annual General Meeting (AGM) following end of First Assessment Period – 1 July 2009 to 30 June 2010	Up to $^1/_3$ of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2010 to 30 June 2011	Up to $^1/_3$ of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2011 to 30 June 2012	Up to $^1/_3$ of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2009 to 30 June 2012	Up to all Shares under Option LESS Annual Shares already capable of exercise.

The lowest mid market price of the Company's shares in the year to 30 June 2010 was 32p on 22 January 2010, and the high in the period to 30 June 2010 was 70p on 17 June 2010. The mid market price on 30 June 2010 was 61.5p.

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 2010 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes numbered 1 to 27.

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

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

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 2010 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 2010.

Steve Gale FCA
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP, Statutory Auditor

18 October 2010

London

Consolidated Income Statement

for the year ended 30 June 2010

	Notes	**2010 £'000**	2009 £'000
Revenue	*2*	**13,142**	15,105
Cost of sales		**(5,453)**	(6,364)
Gross profit		**7,689**	8,741
Administrative expenses		**(6,918)**	(6,799)
Operating profit		**771**	1,942
Finance income	*6*	**–**	8
Finance costs	*7*	**(127)**	(197)
Share of profit of associate		**1**	45
Profit before taxation	*4*	**645**	1,798
Income tax expense	*8*	**58**	(780)
Profit after taxation and total comprehensive income for the year attributable to the owners of the parent		**703**	1,018
Earnings per share	*10*		
Profit for the year attributable to Plexus Holdings shareholders			
Basic		**0.88p**	1.27p
Diluted		**0.87p**	1.27p

Consolidated Balance Sheet

at 30 June 2010

	Notes	2010 £'000	2009 £'000
Assets			
Goodwill	*11*	**722**	722
Intangible assets	*12*	**6,897**	6,618
Financial assets	*13*	**60**	60
Investment in associate	*14*	**4**	1
Property, plant and equipment	*15*	**8,866**	8,335
Total non-current assets		**16,549**	15,736
Inventories	*16*	**3,332**	3,794
Trade and other receivables	*17*	**6,624**	4,799
Current income tax assets		**451**	–
Cash and cash equivalents		**1,470**	2,655
Total current assets		**11,877**	11,248
Total Assets		**28,426**	26,984
Equity and Liabilities			
Called up share capital	*20*	**802**	802
Share premium account		**15,596**	15,596
Share based payments reserve		**764**	550
Retained earnings		**1,674**	1,499
Total equity		**18,836**	18,447
Liabilities			
Deferred tax liabilities	*8*	**469**	546
Bank loans	*24*	**4,000**	4,000
Total non-current liabilities		**4,469**	4,546
Trade and other payables	*19*	**4,748**	3,331
Current income tax liabilities		**–**	660
Borrowings		**373**	–
Total current liabilities		**5,121**	3,991
Total liabilities		**9,590**	8,537
Total Equity and Liabilities		**28,426**	26,984

These financial statements were approved and authorised for issue by the board of directors on 18 October 2010 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 2010

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2008	**802**	**15,596**	**360**	**787**	**17,545**
Total comprehensive income for the period	–	–	–	1,018	1,018
Share based payments reserve charge	–	–	190	–	190
Deferred tax movement on share options	–	–	–	(56)	(56)
Dividends	–	–	–	(250)	(250)
Balance as at 30 June 2009	**802**	**15,596**	**550**	**1,499**	**18,447**
Total comprehensive income for the period	–	–	–	703	703
Share based payments reserve charge	–	–	214	–	214
Deferred tax movement on share options	–	–	–	41	41
Dividends	–	–	–	(569)	(569)
Balance as at 30 June 2010	**802**	**15,596**	**764**	**1,674**	**18,836**

Consolidated Cash Flow Statement

for the year ended 30 June 2010

	Notes	2010 £'000	2009 £'000
Cash flows from operating activities			
Profit before taxation		**645**	1,798
Adjustments for:			
Depreciation, amortisation and impairment charges		**2,430**	2,139
Loss on disposal of property, plant and equipment		**19**	24
Charge for share based payments		**214**	190
Investment income		**–**	(8)
Interest expense		**127**	197
Changes in working capital:			
Decrease/(increase) in inventories		**462**	(316)
(Increase)/decrease in trade and other receivables		**(1,825)**	2,084
Increase/(decrease) in trade and other payables		**1,417**	(29)
Cash generated from operations		**3,489**	6,079
Income taxes paid		**(1,089)**	(517)
Net cash generated from operations		**2,400**	5,562
Cash flows from investing activities			
Deferred consideration in respect of acquisition of subsidiary entity		**–**	(151)
Acquisition of financial asset		**–**	(80)
Adjustment to value of associate undertaking		**(3)**	(1)
Purchase of intangible assets		**(707)**	(370)
Purchase of property, plant and equipment		**(2,560)**	(2,736)
Proceeds of sale of property, plant and equipment		**8**	–
Net cash used in investing activities		**(3,262)**	(3,338)
Cash flows from financing activities			
Loans drawn down		**–**	4,000
Interest paid		**(127)**	(207)
Interest received		**–**	32
Equity dividends paid		**(569)**	(250)
Net cash (used in)/generated from financing activities		**(696)**	3,575
Net (decrease)/increase in cash and cash equivalents		**(1,558)**	5,799
Cash and cash equivalents at 1 July 2009		**2,655**	(3,144)
Cash and cash equivalents at 30 June 2010	*23*	**1,097**	2,655

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 1 (amendment) First time adoption of IFRS
- IFRS 2 (amendment) Share based payments
- IFRS 9 Financial instruments (not yet approved by the EU)
- IAS 24 (revised) Related party disclosures
- IAS 32 Financial Instruments – Presentation (amendments)
- IFRIC 14 (amendment) Prepayment of a minimum funding requirement
- IFRIC 19 Extinguishing financial liabilities with equity instruments

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 except where fair value adjustments are required.

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

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

b. Basis of consolidation

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

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

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

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

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

f. Financial asset

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

g. Intangible assets and amortisation

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

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

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

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

Amortisation is charged to the Administrative Expenses line of the 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:

Buildings	Over the remaining life of the lease on the land on which the building is constructed
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.

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. Revenue for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

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

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

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

p. Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between

the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the 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.

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. Management of capital

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

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

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

v. Significant judgements made by management

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

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

w. Key assumptions and sources of estimation

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

	2010	2009
	£'000	£'000
By geography		
UK	**1,341**	5,314
Europe	**4,427**	4,933
Rest of World	**7,374**	4,858
	13,142	15,105

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

By type		
Sale of goods	**2,096**	2,193
Services	**10,859**	11,613
Construction contract	**187**	1,299
	13,142	15,105

3. Segment reporting

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

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

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

	2010	2009
	£'000	£'000
Customer 1	**2,098**	–
Customer 2	**1,840**	905
Customer 3	**1,759**	3,249
Customer 4	**1,536**	203
Customer 5	**1,383**	1,025

4. Notes to the income statement

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

	2010	2009
	£'000	£'000
Depreciation of tangible assets	**2,002**	1,706
Amortisation of intangible assets:		
– Intellectual property rights	**329**	330
– Research and development	**85**	61
– Computer software	**14**	22
Impairment of financial assets	**–**	20
Other research and development charges	**45**	17
Operating lease charges:		
– land and buildings	**271**	256
– other	**57**	48
Foreign currency exchange loss	**17**	41
Loss on disposal of property, plant and equipment	**19**	24
Directors' emoluments	**709**	558
Inventory write down provision	**(25)**	(1)
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**13**	10
The audit of the Company's subsidiary pursuant to legislation	**18**	23
Total audit fees	**31**	33
Non-audit fees: other services	**4**	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:

	2010 Number	2009 Number
Management	**10**	10
Technical	**61**	59
Administrative	**17**	15
	88	84

The aggregate payroll costs of these persons were as follows:

	2010 £'000	2009 £'000
Wages and salaries	**4,215**	3,823
Social security costs	**425**	418
Pension contributions to defined contribution plans	**194**	192
Share based payments	**214**	190
	5,048	4,623

6. Finance income

	2010 £'000	2009 £'000
Bank interest receivable	**–**	5
Other interest	**–**	3
	–	8

7. Finance costs

	2010 £'000	2009 £'000
On bank loans and overdraft	**116**	186
Other interest	**11**	11
	127	197

8. Income tax expense

(i) The taxation charge for the year comprises:	**2010 £'000**	2009 £'000
UK Corporation tax:		
Current tax on income for the year	**245**	678
Adjustment in respect of prior years	**(455)**	(36)
	(210)	642
Foreign tax		
Current tax on income for the year	**188**	25
Total current tax	**(22)**	667
Deferred tax:		
Origination and reversal of timing differences	**(117)**	109
Adjustment in respect of prior years	**81**	4
Total deferred tax	**(36)**	113
Total tax charge	**(58)**	780

(ii) Factors affecting the tax charge for the year	**2010 £'000**	2009 £'000
Profit on ordinary activities before tax	**645**	1,798
Current tax charge at 28% (2009: 28%)	**181**	503
Effects of:		
Expenses not deductible for tax purposes	**111**	145
Capital allowances for the year less than depreciation	**18**	36
Foreign tax	**123**	19
Adjustments in respect of prior year	**(455)**	(36)
Current tax charge for the year	**(22)**	667

(iii) Movement in deferred tax balance	**2010 £'000**	2009 £'000
Deferred tax liability at beginning of year	**546**	377
Charge to income statement	**(36)**	113
Deferred tax movement on share options	**(41)**	56
Deferred tax liability at end of year	**469**	546

(iv) Deferred tax balance	**2010**	2009
The deferred tax balance is made up of the following items:	**£'000**	£'000
Difference between depreciation and capital allowances	**607**	589
Share based payments	**(100)**	(5)
Tax losses	**(38)**	(38)
Deferred tax liability at end of year	**469**	546

9. Dividends

	2010 £'000	2009 £'000
Ordinary Shares Interim paid of 0.33p (2009: 0.3118p) per share for the year ended 30 June 2010	**265**	250
Ordinary Shares Final dividend after the year end of 0.39 p (2009: 0.38p) per share	**313**	305

The proposed final dividend has not been accrued at the balance sheet date.

10. Earnings per share

	2010 £'000	2009 £'000
Profit attributable to shareholders	**703**	1,018
	Number	Number
Weighted average number of shares in issue	**80,182,569**	80,182,569
Dilution effects of share schemes	**47,294**	205,301
Diluted weighted average number of shares in issue	**80,229,863**	80,387,870
Basic earnings per share	**0.88p**	1.27p
Diluted earnings per share	**0.87p**	1.27p

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

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

11. Goodwill

	£'000
Cost	
As at 1 July 2008	722
As at 1 July 2009	722
As at 30 June 2010	**722**
Impairment	
As at 1 July 2008	–
As at 1 July 2009	–
As at 30 June 2010	–
Net Book Value	
As at 30 June 2010	**722**
As at 30 June 2009	722
As at 30 June 2008	722

12. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2008	6,440	1,052	74	7,566
Additions	–	331	39	370
As at 1 July 2009	6,440	1,383	113	7,936
Additions	–	701	6	707
As at 30 June 2010	**6,440**	**2,084**	**119**	**8,643**
Amortisation				
As at 1 July 2008	713	131	61	905
Charge for the year	330	61	22	413
As at 1 July 2009	1,043	192	83	1,318
Charge for the year	329	85	14	428
As at 30 June 2010	**1,372**	**277**	**97**	**1,746**
Net Book Value				
As at 30 June 2010	**5,068**	**1,807**	**22**	**6,897**
As at 30 June 2009	5,397	1,191	30	6,618
As at 30 June 2008	5,727	921	13	6,661

Patent and other development costs are internally generated.

13. Financial assets

	£'000
Cost	
As at 1 July 2008	–
Additions	80
As at 1 July 2009	80
As at 30 June 2010	**80**
Impairment	
As at 1 July 2008	–
Charge for the year	20
As at 1 July 2009	20
As at 30 June 2010	**20**
Net Book Value	
As at 30 June 2010	**60**
As at 30 June 2009	60
As at 30 June 2008	–

The financial asset represents an option to purchase leasehold property.

14. Investments

Included within the consolidated group accounts are the following subsidiary and associated undertakings:

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

Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	49%

The Group's investments are unlisted.

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:

	2010	2009
	£'000	£'000
Assets	**55**	60
Liabilities	**45**	57
Revenue	**325**	360
Profit	**2**	102

Value of associate investment	**£'000**
Investment in associate at 1 July 2009	**1**
Share of profit in the year	**1**
Write-back of loan written-down in previous year	**2**
Investment in associate at 30 June 2010	**4**

15. Property, plant and equipment

	Buildings £'000	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Cost					
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 1 July 2009	–	12,451	138	22	12,611
Additions	661	213	1,684	2	2,560
Transfers	–	1,646	(1,646)	–	–
Disposals	–	(64)	–	(10)	(74)
As at 30 June 2010	**661**	**14,246**	**176**	**14**	**15,097**
Depreciation					
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 1 July 2009	–	4,258	–	18	4,276
Charge for the year	10	1,990	–	2	2,002
On disposals	–	(39)	–	(8)	(47)
As at 30 June 2010	**10**	**6,209**	**–**	**12**	**6,231**
Net book value					
As at 30 June 2010	**651**	**8,037**	**176**	**2**	**8,866**
As at 30 June 2009	–	8,193	138	4	8,335
As at 30 June 2008	–	7,099	222	8	7,329

16. Inventories

	2010 £'000	2009 £'000
Raw materials and consumables	**1,243**	1,389
Work in progress	**97**	214
Finished goods and goods for resale	**1,992**	2,191
	3,332	3,794

17. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	**5,863**	4,263
Receivables due from associate companies	**11**	42
Prepayments and other amounts	**750**	494
	6,624	4,799

18. Construction contracts

	2010 £'000	2009 £'000
For contracts in progress, the details are:		
Aggregate costs incurred	**5,659**	5,527
Aggregate recognised profit	**1,788**	1,733
Advances received	**–**	–
Retentions	**–**	–

At the year end there are no balances for construction work in progress or payments on account included on the balance sheet.

19. Trade and other payables

	2010 £'000	2009 £'000
Trade payables	**1,844**	971
Trade payables due to related parties	**2**	35
Non trade payables and accrued expenses	**2,902**	2,325
	4,748	3,331

20. Share Capital

	2010 £'000	2009 £'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 (2009: 80,182,569) Ordinary shares of 1p each	**802**	802

21. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2020 at prices ranging from £0.385 to £0.78. At 30 June 2010, there were 1,732,869 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.

21. Share based payments (continued)

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

	2010		2009	
	No of Shares	**Weighted average price**	No of Shares	Weighted average price
Outstanding at the beginning of the period	**3,446,152**	**0.56**	3,889,332	0.56
Granted during the period	**2,309,625**	**0.42**	–	–
Lapsed due to failure to meet TSR criteria during the period	**(854,850)**	**0.385**	(347,034)	0.59
Forfeited during the period by leaving employment	**(26,469)**	**0.73**	(96,146)	0.62
Forfeited during the period by voluntary surrender	**(810,471)**	**0.78**	–	
Exercised during the period	**–**	**–**	–	–
Outstanding at the end of the period	**4,063,987**	**0.47**	3,446,152	0.56
Exercisable at the end of the period	**1,732,869**	**0.54**	1,732,869	0.54

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2010 is £676,948 (2009: £515,915). The inputs to the Stochastic model for the computation of the fair value of the options are as follows:

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

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 older options, no dividends had been paid and the directors did not envisage paying one therefore the dividend yield was 0% since then the directors have introduced a dividend policy and at the time of the grants awarded the expected dividend yield varies between 1.2% to 1.7%.

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

The Group has recognised an expense in the current year of £214,132 (2009: £189,868) towards equity settled share based payments.

The weighted average contractual life of the share options outstanding at the end of the period is 8 years and 3 months.

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

	2010 £'000	2009 £'000
(Decrease)/increase in cash in the year	**(1,558)**	5,799
Cash inflow from increase in net debt	**–**	(4,000)
Movement in net debt in year	**(1,558)**	1,799
Net debt at start of year	**(1,345)**	(3,144)
Net debt at end of year	**(2,903)**	(1,345)

23. Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	2,655	(1,185)	1,470
Overdrafts	–	(373)	(373)
	2,655	(1,558)	1,097
Bank loans	(4,000)	–	(4,000)
Total	(1,345)	(1,558)	(2,903)

24. Financial instruments and risk management

Treasury management

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

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

(a) Market risks

(i) Foreign currency exchange risk

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

24. Financial instruments and risk management (continued)

(ii) Interest rate risk

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

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

(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.

The aging of trade receivables at the year end was:	**2010**	2009
	£'000	£'000
Not past due	**2,720**	3,388
Past due 0-30 days	**1,179**	324
Past due 30+ days	**1,964**	651
	5,863	4,263

(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.

24. Financial instruments and risk management (continued)

Financial assets and liabilities

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

		Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2010				
Cash and liquid resources	– Sterling	10	–	10
	– US Dollar	840	–	840
	– Euro	574	–	574
	– Egyptian Pounds	–	46	46
		1,424	46	1,470
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

At 30 June 2010 the Group had £1,470,702 of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 0% and 0.1% on sterling deposits.

The Group has a facility of £5,000,000 that is secured by a fixed and floating charge over the assets of the Group. At 30 June 2010 the Group had drawn £4,372,802 on that facility. The interest payable is on a floating rate basis and ranged between 2.5% and 3.5% 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. Subsequent to the year end, we have negotiated with the bank an extension to the facilities which now comprise a £5,000,000 revolving credit facility repayable in July 2013 and a £1,000,000 overdraft facility due for negotiation in July 2011.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2010 are as follows:

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2010			
Bank revolving credit facility – Sterling	(4,000)	–	(4,000)
Bank overdraft – Sterling	(373)	–	(373)
	(4,373)	–	(4,373)
30 June 2009			
Bank revolving credit facility – Sterling	(4,000)	–	(4,000)

25. Operating lease commitments/Financial commitments

Operating lease commitments where the group is the lessee

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

	2010 £'000	2009 £'000
Within one year	**330**	308
Within two to five years	**755**	794
After five years	**57**	230
	1,142	1,332

25. Operating lease commitments/Financial commitments (continued)

Operating lease commitments where the group is the lessor

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

	2010	2009
	£'000	£'000
Within one year	**1,443**	1,125
Within two to five years	**–**	–
After five years	**–**	–
	1,443	1,125

The Group had no capital commitments as at 30 June 2010 (30 June 2009: £nil).

26. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2010 (30 June 2009: £nil).

27. Related party transactions

Control

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

Ultimate parent company

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

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

Transactions

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

	2010	2009
	£'000	£'000
Purchase of goods and services from Other Related Parties	**228**	255
Purchase of goods and services from Associate Undertakings	**325**	360
Receivables from Associate Undertakings	**11**	42
Payables to Management	**2**	13
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 £234k (2009: £495k). At 30 June 2010 this amount had been repaid in full. At 30 June 2010 the Group owed Mr. van Bilderbeek £2k (2009: £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 £2k (2009: £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 2010 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

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 2010;
- 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 2010.

Steve Gale FCA
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP, Statutory Auditor

18 October 2010

London

Parent Company Balance Sheet

at 30 June 2010

	Notes	2010 £'000	2009 £'000
Assets			
Intangible assets	*3*	**5,957**	–
Investments	*4*	**8,294**	8,294
Total Non-current assets		**14,251**	8,294
Trade and other receivables	*5*	**2,805**	9,802
Deferred tax assets		**67**	39
Cash at bank and in hand	*8*	**10**	100
Total current assets		**2,882**	9,941
Total Assets		**17,133**	18,235
Equity and Liabilities			
Called up share capital	*7*	**802**	802
Share premium account		**15,596**	15,596
Share based payments reserve		**324**	275
Retained earnings		**(404)**	920
Total equity attributable to equity holders of the company		**16,318**	17,593
Trade and other payables	*6*	**815**	642
Current income tax liabilities		**–**	–
Total current liabilities		**815**	642
Total liabilities		**815**	642
Total Equity and Liabilities		**17,133**	18,235

These financial statements were approved and authorised for issue by the board of directors on 18 October 2010 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 2010

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2008	**802**	**15,596**	**213**	**(1,073)**	**15,538**
Total comprehensive income for the period	–	–	–	2,257	2,257
Share based payments reserve charge	–	–	62	–	62
Deferred tax movement relating to share options	–	–	–	(14)	(14)
Dividends	–	–	–	(250)	(250)
Balance as at 30 June 2009	**802**	**15,596**	**275**	**920**	**17,593**
Total comprehensive income for the period	–	–	–	(765)	(765)
Share based payments reserve charge	–	–	49	–	49
Deferred tax movement relating to share options	–	–	–	10	10
Dividends	–	–	–	(569)	(569)
Balance as at 30 June 2010	**802**	**15,596**	**324**	**(404)**	**16,318**

Parent Company Cash Flow Statement

for the year ended 30 June 2010

	Notes	2010 £'000	2009 £'000
Cash flows from operating activities			
(Loss)/profit before taxation		**(782)**	2,300
Adjustments for:			
Amortisation		**31**	–
Charge for share based payments		**49**	62
Investment income		**(61)**	(3)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**6,997**	(1,872)
Increase/(decrease) in trade and other payables		**172**	(140)
Cash generated from operations		**6,406**	347
Income taxes paid		**–**	–
Net cash used in operations		**6,406**	347
Cash flows from investing activities			
Purchase of intangible assets		**(5,988)**	–
Net cash used in investing activities		**(5,988)**	–
Cash flows from financing activities			
Interest received		**61**	3
Equity dividends paid		**(569)**	(250)
Net cash used in financing activities		**(508)**	(247)
Net increase in cash and cash equivalents		**(90)**	100
Cash and cash equivalents at 1 July 2009		**100**	–
Cash and cash equivalents at 30 June 2010	*8*	**10**	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:

- IFRS 1 (amendment) First time adoption of IFRS
- IFRS 2 (amendment) Share based payments
- IFRS 9 Financial instruments (not yet approved by the EU)
- IAS 24 (revised) Related party disclosures
- IAS 32 Financial Instruments – Presentation (amendments)
- IFRIC 14 (amendment) Prepayment of a minimum funding requirement
- IFRIC 19 Extinguishing financial liabilities with equity instruments

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. 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.

c. Investments

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

d. Trade receivables

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

e. Trade payables

Trade and other payables are stated at cost.

f. Cash and cash equivalents

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

g. Foreign currencies

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

h. Taxation

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

i. Pensions

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

j. Dividends

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

k. Classification of financial instruments issued by the Group

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

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

l. Share based payments

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

m. Key assumptions and sources of estimation

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

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

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

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 loss after tax for the year was £765,141 (2009: profit of £2,256,847).

3. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Total £'000
Cost			
As at 1 July 2008	–	–	–
As at 1 July 2009	–	–	–
Additions	4,171	1,817	5,988
As at 30 June 2010	**4,171**	**1,817**	**5,988**
Amortisation			
As at 1 July 2008	–	–	–
As at 1 July 2009	–	–	–
Charge for the year	22	9	31
As at 30 June 2010	**22**	**9**	**31**
Net Book Value			
As at 30 June 2010	**4,149**	**1,808**	**5,957**
As at 30 June 2009	–	–	–
As at 30 June 2007	–	–	–

Patent and other development costs are internally generated.

Notes to the Parent Company Financial Statements

4. Investments

	£'000
Subsidiary undertaking	
As at 1 July 2008	8,294
As at 30 June 2009	8,294
As at 30 June 2010	8,294

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	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Holdings USA, Inc.	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Dormant	100%
Plexus Ocean Systems International Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%

Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	49%

5. Trade and other receivables

	2010 **£'000**	2009 £'000
Receivables due from group companies	**2,773**	9,788
Prepayments and other amounts	**32**	14
	2,805	9,802

6. Trade and other payables

	2010 **£'000**	2009 £'000
Trade payables	**77**	19
Non trade payables and accrued expenses	**738**	623
	815	642

7. Share Capital

	2010 £'000	2009 £'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 (2009: 80,182,569) Ordinary shares of 1p each	**802**	802

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

	2010 £'000	2009 £'000
Movement in net cash in year	**(90)**	100
Net cash at start of year	**100**	–
Net cash at end of year	**10**	100

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.

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 2010 (30 June 2009: £nil).

11. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2010 (30 June 2009: £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:

	2010	2009
	£'000	£'000
Receivables from Subsidiary Undertakings	**2,773**	9,788

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) **Geoffrey Edmund Thompson** (Non-Executive Director) †Member of Audit and Remuneration committees
Registered Office	Thames House Portsmouth Road Esher Surrey KT10 9AD
Company Number	3322928
Company Secretary	**Martha Bruce FCIS** **David Venus & Company Limited** Thames House Portsmouth Road Esher Surrey KT10 9AD
Nominated Adviser and Broker	**Cenkos Securities plc** 66 Hanover Street Edinburgh EH2 1EL 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditor	**Crowe Clark Whitehill LLP** St Bride's House 10 Salisbury Square London EC4Y 8EH
Solicitors to the Company	**Fox Williams LLP** Ten Dominion Street London EC4M 2EE **Ledingham Chalmers LLP** 52-54 Rose Street Aberdeen AB10 1HA
Registrars	**SLC Registrars** Thames House Portsmouth Road Esher Surrey KT10 9AD

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 30 November 2010 at 2:00 p.m., to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10 and 11 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 2010.

Final Dividend

2. To decide a final dividend of 0.39pence per ordinary share as recommended by the directors to the shareholders on the register as at 29 October 2010, such dividend to be paid on 10 December 2010.

Remuneration Report

3. To approve the Report on Directors' Remuneration for the year ended 30 June 2010.

Re-election of Directors

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

5. To re-elect Augusto Carmona Da Mota as a director who is retiring in accordance with article 72.(B) of the Articles and being eligible, offers himself for re-election.

6. To re-elect Geoffrey Thompson as a director who is retiring in accordance with article 69.(B) of the Articles and being eligible, offers himself for re-election.

Re-appointment of Auditor

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

Auditor's Remuneration

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

Special Business:

Directors' Authority to Allot Shares

9. That in substitution for all existing authorities, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £240,547.70 during the period from the date of the passing of this resolution and expiring on the date of the next annual general meeting or on 30 December 2011, whichever is earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would, or might, require shares to be allotted or rights to subscribe for or convert security into shares to be granted after such expiry.

Purchase of Own Shares

10. That the Company be generally and unconditionally authorised to make one or more market purchases, within the meaning of Section 693(2) of the Companies Act 2006 (''the Act''), of Ordinary shares of 1p each in the Company (''Shares'') and to hold such Shares as treasury shares, provided that:

    (a) the maximum number of Shares to be repurchased shall be 4,009,128 Shares representing the nominal value of 5% of the Company's issued share capital at the date of this Notice;

    (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p per share;

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be an amount equal to 105% of the average market value of the Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Share is purchased;

    (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per share as determined by the Directors;

    (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 30 December 2011; and

    (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry.

Authority to Dis-apply Pre-emption Rights

11. That, subject to Resolution 9 above being passed and Section 551 of the Act, the Directors be empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) during the period expiring on the date of the next Annual General Meeting of the Company or, if earlier, on 30 December 2011 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 18 day of October 2010.

By Order of the Board

Martha Bruce FCIS
Company Secretary

Registered Office:
Thames House
Portsmouth Road
Esher
Surrey KT10 9AD

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

Your attention is drawn to the notes appearing overleaf.

Notice of Annual General Meeting

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 Thursday 25th November 2010, are entitled to attend and vote at the meeting in respect of the shares held by them at the relevant time. Any changes made to the register of members of the company after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

4. **Resolutions 4 and 5** – Article 72.(B) of the Company's articles of association require that one third of the directors of the Company who have held office since the last annual general meeting, must retire by rotation and, if they are eligible, may offer themselves for re- election.

5. **Resolution 6** – Article 69.(B) of the Company's articles of association requires that any person who has been appointed as a director since the last annual general meeting, must retire at the next annual general meeting following such appointment and if they are eligible, may offer themselves for re-election. Persons retiring under the provisions of Article 69.(B) are not counted in calculating the number of directors who are required to retire by rotation which is the subject matter of Resolutions 4 and 5 above.

6. **Resolutions 7 & 8** – The Auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the re-appointment of Crowe Clark Whitehill LLP. Resolution 8 is proposed to authorise the Board to fix the remuneration of the Auditors.

7. **Resolution 9 –** This resolution is to renew the authority given to the directors to allot shares or rights to subscribe for or convert security into shares in the capital of the Company subject to the conditions of the Act. The authority to be given by this resolution is limited to the allotment of 25,054,770 Ordinary shares representing 30% of the issued share capital at the date of this Notice and shall be in substitution for all existing authorities but shall be without prejudice to any allotment of shares or grant of rights to subscribe for or convert security into shares already made or offered or agreed to be made pursuant to such authorities.

8. **Resolution 10** – This resolution is to authorise the Company to make market purchases of up to 5% of its own Shares in issue as set out in the resolution. The authority will expire at the next Annual General Meeting or on 30 December 2011, 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 11 and the note thereto).

9. **Resolution 11** – 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 30 December 2011, 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.

10. 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.

MLG Edinburgh 7960

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 30th November 2010 at 2:00p.m.

I/We .....
(in BLOCK CAPITALS please)

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

..... to act as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 30 November 2010 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 2010.			
2.	To declare a final dividend of 0.39p per share as recommended by the directors.			
3.	To approve the Report on Directors' Remuneration.			
4.	To re-elect Jeffrey Thrall as a director of the Company.			
5.	To re-elect Augusto Carmona Da Mota as a director of the Company.			
6.	To re-elect Geoffrey Thompson as a director of the Company.			
7.	To re-appoint Crowe Clark Whitehill LLP as auditors of the Company.			
8.	To authorise the Board to determine the auditors' remuneration.			
9.	To authorised the directors to allot shares in the capital of the Company.			
10.	To authorise the Company to make market purchases as set out in the Notice of the Meeting.			
11.	To dis-apply pre-emption rights on allotment of equity securities as set out in the Notice of the Meeting.			

Signed ..... Dated 2010

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.

THIRD FOLD AND TUCK IN

BUSINESS REPLY SERVICE
Licence No. RRRG-ELUY-YCCB

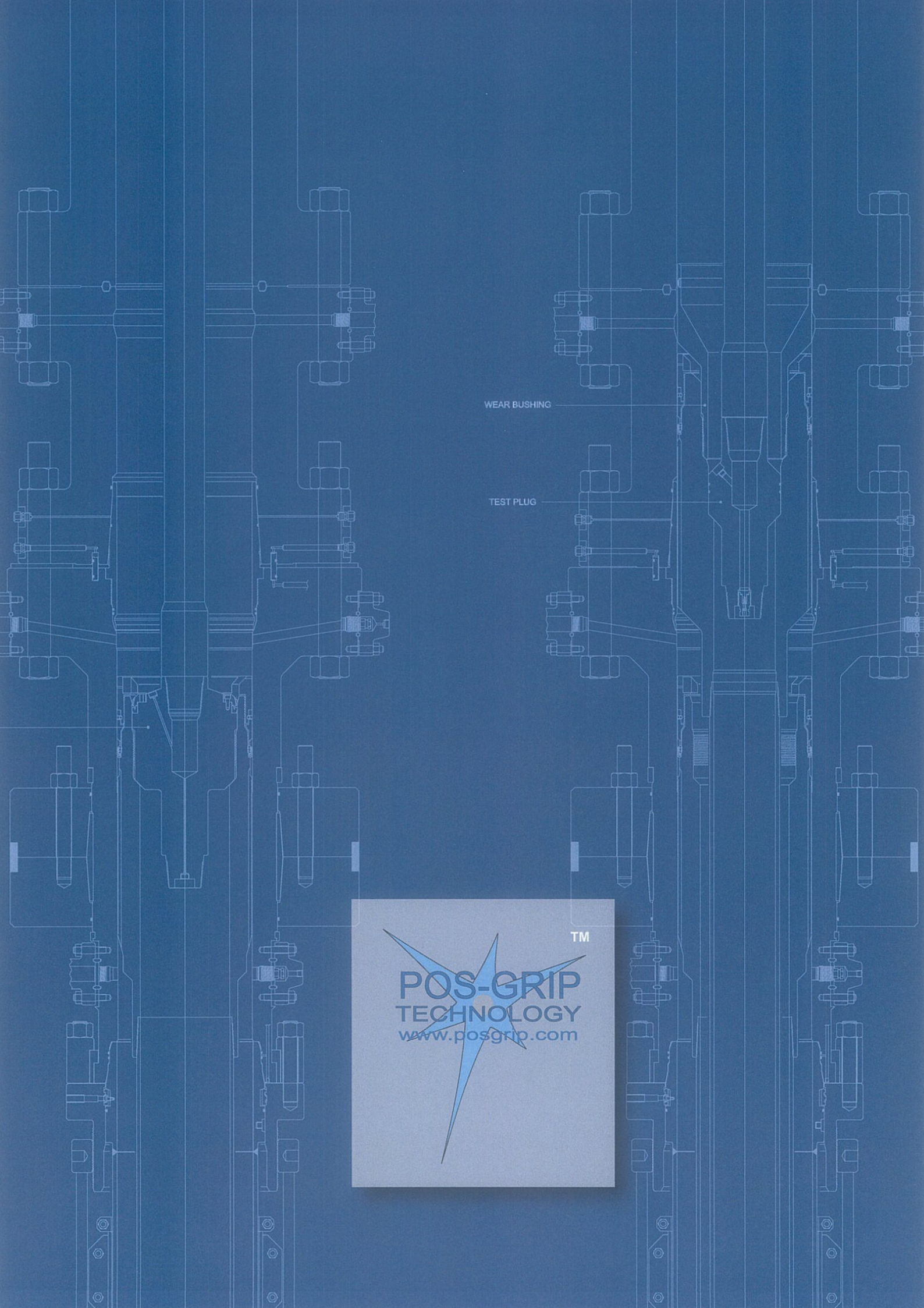
SLC Registrars
Thames House
Portsmouth Road
Esher
KT10 9AD

FIRST FOLD

SECOND FOLD

POS-GRIP HP/HT wellhead system being prepared for installation offshore

New assembly and test facility in Aberdeen opened in May 2010



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